



CITIGROUP GLOBAL MARKETS HOLDINGS INC.
(a corporation duly incorporated and existing under the laws of the State of New York)

the issuer under the
Citi U.S.\$10,000,000,000 Global Structured Note Programme

**Notes issued by Citigroup Global Markets Holdings Inc. will be unconditionally and irrevocably
guaranteed by
CITIGROUP INC.
(incorporated in Delaware)**

Under the Citi U.S.\$10,000,000,000 Global Structured Note Programme (the **Programme**) described in this Base Prospectus, Citigroup Global Markets Holdings Inc. (**CGMHI** or the **Issuer**) may from time to time issue Notes, subject to compliance with all relevant laws, regulations and directives. The aggregate principal amount of securities outstanding under the Programme will not at any time exceed U.S.\$10,000,000,000 (or the equivalent in other currencies), subject to any increase or decrease described herein.

The payment and delivery of all amounts due in respect of Notes issued by CGMHI will be unconditionally and irrevocably guaranteed by Citigroup Inc. (the **CGMHI Guarantor**) pursuant to a deed of guarantee dated 24 March 2016 (such deed of guarantee as amended and/or supplemented and/or replaced from time to time, the **CGMHI Deed of Guarantee**) executed by the CGMHI Guarantor.

The Issuer and the CGMHI Guarantor have a right of substitution as set out in the Terms and Conditions of the Notes set out herein.

Notes may be issued on a continuing basis to Citigroup Global Markets Limited and/or Citigroup Global Markets Inc. and/or any additional dealer appointed under the Programme from time to time by the Issuer (each a **Dealer** and together the **Dealers**) which appointment may be for a specific issue or on an ongoing basis. In relation to each issue of Notes, the Dealer(s) will be specified in the applicable Issue Terms (as defined below). However, the Issuer reserves the right to sell Notes directly on its own behalf to other entities, in accordance with all applicable rules and regulations. Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the Issuer or the relevant Dealer. Notes may also be sold by the Issuer through the Dealer(s), acting as agent of the Issuer.

Pursuant to this Base Prospectus, Notes may be issued whose return is linked to the credit of one or more specified entities (**Credit Linked Notes**) or other securities or item(s) (together, **Underlying Linked Notes**), as more fully described herein.

Notes may provide that settlement will be by way of cash settlement (**Cash Settled Notes**) or physical delivery (**Physical Delivery Notes**) as provided in the Terms and Conditions and the applicable Issue Terms.

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the relevant Terms and Conditions set out herein, in which event, a supplement to this Base Prospectus, if appropriate, which describes the effect of the agreement reached in relation to such Notes, will be made available.

This Base Prospectus has been approved by the Central Bank of Ireland (the **Central Bank**), as competent authority under the Prospectus Directive. For the purpose of this Base Prospectus, **Prospectus Directive** means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) and includes any relevant implementing measure in a relevant Member State of the European Economic Area (the **EEA**). The Central Bank only approves the Base Prospectus as meeting the requirements imposed under Irish and European Union law pursuant to the Prospectus Directive. Such approval relates only to Notes which are to be admitted to trading on the regulated market of the Irish Stock Exchange (the **Main Securities Market**) or on another regulated market for the purposes of Directive 2004/39/EC (the **Markets in Financial Instruments Directive**) and/or that are to be offered to the public in any Member State of the EEA. However, there can be no assurance that such applications will be approved or that, if approved, any such approval will be given within a specified timeframe. Application has been made to the Irish Stock Exchange plc (**Irish Stock Exchange**) for the Notes issued during the period of twelve months after the date of this Base Prospectus to be admitted to its official list (the **Official List**) and trading on the Main Securities Market. An electronic copy of this Base Prospectus will be published on the Central Bank's web-site at www.centralbank.ie.

The requirement to publish a prospectus under the Prospectus Directive only applies to Notes which are to be admitted to trading on a regulated market in the EEA and/or offered to the public in the EEA other than in circumstances where an exemption is available under Article 3.2 of the Prospectus Directive. References in this Base Prospectus to **Exempt Notes** are to Notes for which no prospectus is required to be published under the Prospectus Directive. The Central Bank has neither approved nor reviewed information contained in this Base Prospectus in connection with Exempt Notes.

Each Tranche is either subject to a Final Terms document (the **Final Terms**, and references to the **applicable Final Terms** shall be construed accordingly) or, in the case of Exempt Notes, a pricing supplement (the **Pricing Supplement**, and references to the **applicable Pricing Supplement** shall be construed accordingly). References herein to **Issue Terms** mean either (i) where the Notes are not Exempt Notes, the applicable Final Terms or (ii) where the Notes are Exempt Notes, the applicable Pricing Supplement, and references should be construed accordingly.

References in this Base Prospectus to Notes being **listed** (and all related references) shall mean that such Notes are intended to be admitted to trading on the Irish Stock Exchange's regulated market and are intended to be listed on the Official List of the Irish Stock Exchange. As specified in the applicable Final Terms, an issue of Notes may be listed or admitted to trading, as the case may be, on the Irish Stock Exchange and/or any other regulated market for the purposes of the Markets in Financial Instruments Directive, as may be agreed between the Issuer and the relevant Dealer. As specified in the applicable Pricing Supplement, an issue of Notes may or may not be listed or admitted to trading, as the case may be, on the Global Exchange Market (as defined below) and/or any other stock exchange or market that is not a regulated market for the purpose of the Markets in Financial Instruments Directive, as may be agreed between the Issuer and the relevant Dealer.

Application has been made to the Irish Stock Exchange for the approval of this Base Prospectus as Base Listing Particulars (the **Base Listing Particulars**). Application will be made to the Irish Stock Exchange for Notes issued during the 12 months from the date of the Base Listing Particulars to be admitted to the Official List and to trading on the global exchange market (the **Global Exchange Market**) which is the exchange regulated market of the Irish Stock Exchange. The Global Exchange Market is not a regulated market for the purposes of the Markets in Financial Instruments Directive. Save where expressly provided or the context otherwise requires, where Notes are to be admitted to trading on the Global Exchange Market, references herein to "Base Prospectus" shall be construed to be to "Base Listing Particulars".

Arthur Cox Listing Services Limited is acting solely in its capacity as Irish listing agent for the Issuer in connection with the Notes and is not itself seeking admission of the Notes to the official list or to trading on the Main Securities Market of the Irish Stock Exchange for the purposes of the Prospectus Directive or the Global Exchange Market of the Irish Stock Exchange.

The Issue Terms will specify with respect to the issue of Notes to which it relates, *inter alia*, the specific designation of the Notes, the aggregate principal amount and type of the Notes, the date of issue of the Notes, the issue price, the relevant interest provisions (if any), and the redemption amount of the Notes and, as relevant, the underlying credit of one or more specified entities or other item(s) (each an **Underlying**) to which the Notes relate and certain other terms relating to the offering and sale of such Notes. The applicable Final Terms completes the Terms and Conditions of the relevant Notes. The applicable Pricing Supplement supplements the Terms and Conditions of the relevant Notes and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Terms and Conditions of the relevant Notes, supplement, replace and/or modify such Terms and Conditions. In respect of Notes to be listed on the Irish Stock Exchange, the Issue Terms will be delivered to the Irish Stock Exchange on or before the date of issue of the Notes of that Tranche. The issue price and amount of the Notes of any Tranche will be determined by the Issuer and the relevant Dealer(s) at the time of the issue of such Tranche in accordance with prevailing market conditions.

AN ISSUE OF NOTES MAY BE OF A SPECIALIST NATURE AND SHOULD ONLY BE BOUGHT AND TRADED BY INVESTORS WHO ARE PARTICULARLY KNOWLEDGEABLE IN INVESTMENT MATTERS. PROSPECTIVE PURCHASERS OF NOTES SHOULD ENSURE THAT THEY UNDERSTAND THE NATURE OF THE RELEVANT NOTES AND THE EXTENT OF THEIR EXPOSURE TO RISKS AND THAT THEY CONSIDER THE SUITABILITY OF THE RELEVANT NOTES AS AN INVESTMENT IN LIGHT OF THEIR OWN CIRCUMSTANCES AND FINANCIAL CONDITION. IT IS THE RESPONSIBILITY OF PROSPECTIVE PURCHASERS TO ENSURE THAT THEY HAVE SUFFICIENT KNOWLEDGE, EXPERIENCE AND PROFESSIONAL ADVICE TO MAKE THEIR OWN LEGAL, FINANCIAL, TAX, ACCOUNTING AND OTHER BUSINESS EVALUATION OF THE MERITS AND RISKS OF INVESTING IN THE NOTES AND ARE NOT RELYING ON THE ADVICE OF THE ISSUER, THE CGMHI GUARANTOR OR ANY DEALER IN SUCH REGARD. NOTES MAY INVOLVE A HIGH DEGREE OF RISK, INCLUDING THE PRINCIPAL NOT BEING PROTECTED. POTENTIAL INVESTORS MAY SUSTAIN A LOSS OF ALL OR PART OF THEIR INVESTMENT IN THE NOTES. SEE "RISK FACTORS" SET OUT HEREIN.

Each Tranche of Notes will be issued in registered form and will be represented by registered note certificates (**Registered Note Certificates**), one Registered Note Certificate being issued in respect of each holder's entire holding of Notes of one Series. Notes which are held in Euroclear and Clearstream, Luxembourg or the Depository Trust Company (**DTC**), as the case may be, will be represented by a global Registered Note Certificate (a **Global Registered Note Certificate**) registered in the name of a nominee for either Euroclear and Clearstream, Luxembourg or DTC, as the case may be, and the Global Registered Note Certificate will be delivered to the appropriate depository, common safekeeper or custodian, as the case may be. Interests in a Global Registered Note Certificate will be exchangeable for definitive Registered Note Certificates as described under "*Form of the Notes*" set out herein.

In addition, indirect interests in Notes may be represented via the CREST Depository Interest (**CDI**) mechanism and settled in Euroclear UK and Ireland (**CREST**).

Neither the Notes nor the CGMHI Deed of Guarantee have been nor will 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. Notes may be offered and sold either outside of the United States to non-U.S. persons in reliance on Regulation S under the Securities Act (Regulation S) or within the United States to "qualified institutional buyers" (QIBs) in transactions exempt from registration under the Securities Act in reliance on Rule 144A under the Securities Act (Rule 144A). Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) other than to QIBs in reliance on Rule 144A. For a description of certain restrictions on offers, sales and transfers of Notes, see "*Subscription and Sale and Transfer and Selling Restrictions*". Any purchaser of Notes that is a registered U.S. investment company should consult its own counsel regarding the applicability of Section 12(d) and Section 17 of

the Investment Company Act of 1940 and the rules promulgated thereunder to its purchase of Notes and should reach an independent conclusion with respect to the issues involved in such purchase.

The Notes, the CGMHI Deed of Guarantee, any Asset Amount and any LA Settlement Asset do not constitute, and have not been marketed as, contracts of sale of a commodity for future delivery (or options thereon) subject to the United States Commodity Exchange Act, as amended (the **CEA**), and trading in the Notes has not been approved by the United States Commodity Futures Trading Commission (the **CFTC**) pursuant to the CEA.

The Notes may not be offered or sold to, or acquired by, any person that is, or whose purchase and holding of the Notes is made on behalf of or with "plan assets" of, an employee benefit plan subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended (ERISA), a plan, individual retirement account or other arrangement subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the Code) or an employee benefit plan or plan subject to any laws, rules or regulations substantially similar to Title I of ERISA or Section 4975 of the Code.

CGMHI has a long term/short term senior debt rating of BBB+/A-2 by Standard & Poor's Financial Services LLC (**S&P**), a long term/short term senior debt rating of A/F1 by Fitch, Inc. (**Fitch**) and a long term senior debt rating of Baa1 by Moody's Investors Service, Inc. (**Moody's**). Citigroup Inc. has a long term/short term senior debt rating of BBB+/A-2 by S&P, Baa1/P-2 by Moody's and A/F1 by Fitch. The rating of a certain Tranche of Notes may be specified in the applicable Issue Terms. See also "*Credit Ratings – Rating Agencies of the Issuer and the CGMHI Guarantor*" in the section "*Risk Factors*" below as to whether or not each such credit rating agency is established in the European Union and registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**).

The Notes and the CGMHI Deed of Guarantee constitute unconditional liabilities of CGMHI and the CGMHI Guarantor respectively. Neither the Notes nor the CGMHI Deed of Guarantee is insured by the Federal Deposit Insurance Corporation (**FDIC**) or any other deposit protection insurance scheme.

Arranger of the Programme
Citigroup

Dealers
Citigroup

This Base Prospectus comprises a base prospectus for the purpose of Article 5.4 of the Prospectus Directive.

RESPONSIBILITY STATEMENT

The Issuer accepts responsibility for the information contained in (i) this Base Prospectus and (ii) the Issue Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. This paragraph should be read in conjunction with the second paragraph under the heading "Book Entry Clearance System" in Section D.5 below.

The CGMHI Guarantor accepts responsibility for the information contained in this Base Prospectus (including the information relating to the CGMHI Deed of Guarantee but excluding the information set out under the heading "Description of the Issuer"). To the best of the knowledge of the CGMHI Guarantor (having taken all reasonable care to ensure that such is the case), the information contained in this Base Prospectus (excluding the information set out under the heading "Description of the Issuer") is in accordance with the facts and does not omit anything likely to affect the import of such information. This paragraph should be read in conjunction with the second paragraph under the heading "Book Entry Clearance System" in Section D.5 below.

Unless otherwise expressly stated in the applicable Pricing Supplement, any information contained therein relating to the Underlying(s) will only consist of extracts from, or summaries of, information contained in financial and other information released publicly by each entity that is such Underlying or, as the case may be, is the issuer, owner or sponsor of such Underlying(s). Unless otherwise expressly stated in the applicable Pricing Supplement, the Issuer and the CGMHI Guarantor accept responsibility for accurately reproducing such extracts or summaries and, as far as the Issuer and the CGMHI Guarantor are aware and are able to ascertain from information published by the issuer, owner or sponsor, as the case may be, of such Underlying(s), no facts have been omitted which would render the reproduced information inaccurate or misleading.

This Base Prospectus should be read in conjunction with all documents which are incorporated by reference in it (see "Documents Incorporated by Reference"). This Base Prospectus shall be read and construed on the basis that those documents are incorporated into and form part of this Base Prospectus.

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

IMPORTANT INFORMATION RELATING TO THE USE OF THIS BASE PROSPECTUS AND OFFERS OF NOTES GENERALLY

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the CGMHI Guarantor and the Dealers do not represent that this Base Prospectus

may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the CGMHI Guarantor or the Dealers which is intended to permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States of America, the EEA (including the United Kingdom), the Hong Kong Special Administrative Region, India, Ireland, Japan, Singapore and Taiwan. See "*Subscription and Sale and Transfer and Selling Restrictions for Notes*".

This Base Prospectus has been prepared on a basis that would permit an offer of Notes with a denomination of less than €100,000 (or its equivalent in any other currency) only in circumstances where there is an exemption from the obligation under the Prospectus Directive to publish a prospectus. As a result, any offer of Notes in any Member State of the EEA which has implemented the Prospectus Directive (each, a **Relevant Member State**) must be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer of Notes in that Relevant Member State may only do so in circumstances in which no obligation arises for the Issuer, the CGMHI Guarantor or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

The price and principal amount of Notes will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

The Dealers have not separately verified the information contained in this Base Prospectus. None of the Dealers makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Base Prospectus.

Neither this Base Prospectus nor any other financial statements or other information supplied in connection with the Programme or any Notes are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation or a statement of opinion, or a report of either of those things, by the Issuer, the CGMHI Guarantor or any of the Dealers that any recipient of this Base Prospectus or any other financial statements or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each potential purchaser of any Notes should determine for itself the relevance of the information contained in this Base Prospectus and its purchase of any Notes should be based upon such investigation as it deems necessary. Each potential purchaser is authorised to use this Base Prospectus solely for the purpose of considering the purchase of Notes described in this Base Prospectus; any other usage of this Base Prospectus is unauthorised. None of the Dealers undertakes to review the financial condition or affairs of the Issuer or the CGMHI Guarantor during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in any Notes of any information coming to the attention of any of the Dealers.

For convenience, the website addresses of certain third parties have been provided in this Base Prospectus. Except as expressly set forth in this Base Prospectus, no information in such websites should be deemed to be incorporated in, or form a part of, this Base Prospectus and none of the Issuer, the CGMHI Guarantor and any Dealer takes responsibility for the information contained in such websites.

*In connection with any Tranche (as defined in section D.3 below), one or more of the Dealers may act as stabilisation manager(s) (the **Stabilisation Manager(s)**). The identity of the Stabilisation Manager(s), if any, will be disclosed in the applicable Issue Terms.*

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Issue Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or person(s) acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

Capitalised terms which are used but not defined in any particular section of this Base Prospectus will have the meaning attributed to them in "Terms and Conditions of the Notes" or any other section of this Base Prospectus.

*In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to **Euro** or **euro** are to the single currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union, as amended (the **Treaty**), references to **U.S. dollars** and **U.S.\$** are to the currency of the United States of America, references to **Yen** are to the currency of Japan, references to **Sterling** are to the currency of the United Kingdom and references to **Renminbi**, **RMB** and **CNY** are to the currency of the People's Republic of China (**PRC**). All references to the PRC are to the People's Republic of China excluding the Hong Kong Special Administrative Region of the People's Republic of China (**Hong Kong**), the Macau Special Administrative Region of the People's Republic of China and Taiwan.*

The language of this Base Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

In making an investment decision, investors must rely on their own examination of the Issuer and the CGMHI Guarantor and the terms of the Notes being offered, including the merits and risks involved. None of the Notes has been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Base Prospectus or confirmed the accuracy or determined the adequacy of the information contained in this Base Prospectus. Any representation to the contrary is unlawful. The Notes do not constitute, and have not been marketed as, contracts of sale of a commodity for future delivery (or options thereon) subject to the United States Commodity Exchange Act, as amended, and trading in the Notes has not been approved by the CFTC pursuant to the United States Commodity Exchange Act, as amended.

None of the Issuer, the CGMHI Guarantor and any Dealer makes any representation to any investor in any Notes regarding the legality of its investment under any applicable laws. Any investor in any Notes should be able to bear the economic risk of an investment in such Notes for an indefinite period of time.

U.S. INFORMATION

This Base Prospectus is being submitted in the United States to a limited number of QIBs only for informational use solely in connection with the consideration of the purchase of the Notes being offered hereby. Its use for any other purpose in the United States is not authorised. It may not be

copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

Notes may be offered or sold within the United States only if the applicable Issue Terms specify that they are being offered in reliance on Rule 144A and then only to QIBs in transactions exempt from registration under the Securities Act. Each U.S. purchaser of Notes is hereby notified that the offer and sale of any Notes to it is being made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A under the Securities Act (Rule 144A) and one or more exemptions and/or exclusions from regulation under the CEA.

Each purchaser or holder of Notes will be deemed, by its acceptance or purchase of any such Notes, to have made certain representations and agreements intended to restrict the resale or other transfer of such Notes as set out in "*Subscription and Sale and Transfer and Selling Restrictions*". Unless otherwise stated, terms used in this "*U.S. Information*" section have the meanings given to them in "*Form of the Notes*".

Any tax discussion herein was written to support the promotion or marketing of the Notes to be issued pursuant to this Base Prospectus. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

Notwithstanding any limitation on disclosure by any party provided for herein, or any other provision of this Base Prospectus and its contents or any associated Issue Terms, and effective from the date of commencement of any discussions concerning any of the transactions contemplated herein (the **Transactions**), any party (and each employee, representative, or other agent of any party) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the Transactions and all materials of any kind (including opinions or other tax analyses) that are provided to it relating to such tax treatment and tax structure, except to the extent that any such disclosure could reasonably be expected to cause this Base Prospectus, any associated Issue Terms, or any offering of Notes thereunder not to be in compliance with securities laws. For purposes of this paragraph, the tax treatment of the Transactions is the purported or claimed U.S. federal income tax treatment of the Transactions, and the tax structure of the Transactions is any fact that may be relevant to understanding the purported or claimed U.S. federal income tax treatment of the Transactions.

AVAILABLE INFORMATION

The Issuer and the CGMHI Guarantor have undertaken in a deed poll dated 24 March 2016 (the **Rule 144A Deed Poll**) to furnish, upon the request of a holder of any Notes offered and sold in reliance on Rule 144A or any beneficial interest therein, to such holder or to a prospective purchaser designated by him, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, the CGMHI Guarantor is neither a reporting company under Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the **Exchange Act**), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

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SECTION A – RISK FACTORS

In purchasing Notes, investors assume the risk that the Issuer and the CGMHI Guarantor, may become insolvent or otherwise be unable to satisfy their obligations in respect of the Notes. There is a wide range of factors which individually or together could result in the Issuer and the CGMHI Guarantor becoming unable to satisfy their obligations in respect of the Notes. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer and the CGMHI Guarantor may not be aware of all relevant factors and certain factors which they currently deem not to be material may become material as a result of the occurrence of events outside the Issuer's and the CGMHI Guarantor's control. The Issuer and the CGMHI Guarantor have identified in this Base Prospectus a number of factors which could materially adversely affect their businesses and ability to make payments due under, or to deliver assets on or in connection with, the Notes.

Each of the risks highlighted below could adversely affect the trading price of the Notes and, as a result, investors could lose some or all of their investment.

In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under this Base Prospectus are also described below.

Prospective investors must read the detailed information set out elsewhere in this Base Prospectus, including any documents incorporated by reference herein, and reach their own views prior to making any investment decision.

RISKS RELATING TO THE ISSUER AND THE CGMHI GUARANTOR

Set out below are certain risk factors which could have a material adverse effect on the business, operations, financial condition or prospects of the Issuer and/or the CGMHI Guarantor and cause the Issuer's and/or the CGMHI Guarantor's future results to be materially different from expected results. The Issuer's and/or the CGMHI Guarantor's results could also be affected by competition and other factors. The factors discussed below should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties the Issuer's and the CGMHI Guarantor's businesses face. Each of the Issuer and the CGMHI Guarantor has described only those risks relating to its operations that it considers to be material. There may be additional risks that the Issuer and/or the CGMHI Guarantor currently considers not to be material or of which it is not currently aware, and any of these risks could have the effects set forth above. Investors should note that they bear the Issuer's and the CGMHI Guarantor's solvency risk.

The ability of each of the Issuer and the CGMHI Guarantor to fulfil its obligations under the Notes is dependent on the earnings of the CGMHI Guarantor's subsidiaries.

The CGMHI Guarantor is a holding company that does not engage in any material amount of business activities that generate revenues. The CGMHI Guarantor services its obligations primarily with dividends and advances from its subsidiaries. Its subsidiaries that operate in the banking, insurance and securities businesses can only pay dividends if they are in compliance with applicable regulatory requirements imposed on them by federal and state regulatory authorities. Its subsidiaries may also be subject to credit agreements that also may restrict their ability to pay dividends. If such subsidiaries did not realise sufficient earnings to satisfy applicable regulatory requirements, or if such requirements were changed to further restrict the ability of such subsidiaries to pay dividends to the CGMHI Guarantor, the CGMHI Guarantor's ability to fulfil its obligations under the CGMHI Guarantee in respect of Notes may be adversely affected.

In addition, the Issuer is a holding company that does not engage in any material amount of business activities that generate revenues. The Issuer services its obligations primarily with dividends and advances from its subsidiaries. Its subsidiaries that operate in the securities businesses can only pay dividends if they are in compliance with applicable regulatory requirements imposed on them by federal and state regulatory

authorities. Their respective subsidiaries may also be subject to credit agreements that also may restrict their ability to pay dividends. If such subsidiaries do not realise sufficient earnings to satisfy applicable regulatory requirements, or if such requirements are changed to further restrict the ability of such subsidiaries to pay dividends to the Issuer, the Issuer's ability to fulfil its obligations under the notes issued by it may be adversely affected. Notes issued by the Issuer will have the benefit of a guarantee of the CGMHI Guarantor.

No Events of Default in respect of the CGMHI Guarantor

Prospective investors should note that the Notes will not include any Events of Default in respect of the CGMHI Guarantor. Therefore, in the case of any default by the CGMHI Guarantor (including, without limitation, if the CGMHI Guarantor is declared bankrupt or enters insolvency proceedings or disclaims the CGMHI Deed of Guarantee), holders of the Notes will not be able to trigger an Event of Default under the Notes and thus will not be able to cause the Notes to be immediately due and payable, and the Notes will not redeem until maturity (unless there has been an Event of Default due to the bankruptcy of CGMHI in the meantime). It is possible that holders may receive a lower return at maturity than if they were able to accelerate the Notes for immediate repayment in such circumstances.

Under U.S. banking law, the CGMHI Guarantor may be required to apply its available funds to support the financial position of its banking subsidiaries, rather than to fulfil its obligations under the Notes.

Under longstanding policy of The Board of Governors of the U.S. Federal Reserve System, a bank holding company (such as the CGMHI Guarantor) is expected to act as a source of financial strength for its subsidiary banks and to commit resources to support such banks. As a result of that policy, the CGMHI Guarantor may be required to commit resources (in the form of investments or loans) to its subsidiary banks in amounts or at times that could adversely affect its ability to also fulfil its obligations under the Notes.

A reduction of the Issuer's and/or the CGMHI Guarantor's ratings may reduce the market value and liquidity of the Notes.

The value of the Notes is expected to be affected, in part, by investors' general appraisal of the Issuer's, the CGMHI Guarantor's and/or their affiliates' creditworthiness. Such perceptions are generally influenced by the ratings accorded to the outstanding securities of the Issuer, the CGMHI Guarantor and/or any of their affiliates by standard statistical rating services, such as Moody's, S&P and Fitch. A reduction in the rating, if any, accorded to outstanding debt securities (if any) of the Issuer, the CGMHI Guarantor and/or the securities issued by any of their affiliates by one of these rating agencies could result in a reduction in the trading value of the Notes.

Each rating agency may reduce, suspend or withdraw any such credit ratings of the Issuer and/or the CGMHI Guarantor at any time in the future if, in its judgment, circumstances warrant a change. No rating agency is obligated to maintain its ratings at their current levels. If a rating agency reduces, suspends or withdraws its rating of the Issuer and/or the CGMHI Guarantor and/or any affiliate thereof, the liquidity and market value of the Notes of the Issuer are likely to be adversely affected.

The credit rating agencies continuously review the ratings of Citi (as defined below) and its subsidiaries, and reductions in Citi's and its subsidiaries' credit ratings could have a significant and immediate impact on Citi's funding and liquidity through cash obligations, reduced funding capacity and collateral triggers.

Citi's long-term/short-term senior debt ratings are currently rated investment grade by Fitch, Moody's and S&P. The rating agencies continuously evaluate Citi and its subsidiaries, and their ratings of Citi's and its subsidiaries' long-term and short-term debt are based on a number of factors, including financial strength, as well as factors not entirely within the control of Citi and its subsidiaries, such as conditions affecting the financial services industry generally.

Citi and its subsidiaries may not be able to maintain their current respective ratings. Ratings downgrades by Fitch, Moody's or S&P could have a significant and immediate impact on Citi's funding and liquidity through cash obligations, reduced funding capacity and derivative triggers and additional margin requirements. Ratings downgrades could also have a negative impact on other funding sources, such as secured financing and other margin requirements, for which there are no explicit triggers. Some entities may also have ratings limitations as to their permissible counterparties, of which Citi may or may not be aware. A reduction in Citi's or its subsidiaries' credit ratings could also widen Citi's credit spreads or otherwise increase its borrowing costs and limit its access to the capital markets.

Credit Ratings - Rating Agencies of the Issuer and the CGMHI Guarantor

The Issuer has a long term/short term senior debt rating of BBB+/A-2 by S&P and A/F1 by Fitch, and a long term senior debt rating of Baa1 by Moody's. The CGMHI Guarantor has a long term/short term senior debt rating of BBB+/A-2 by S&P, Baa1/P-2 by Moody's and A/F1 by Fitch. The rating of a certain Tranche of Notes may be specified in the applicable Issue Terms.

S&P is not established in the European Union and has not applied for registration under the CRA Regulation. The S&P ratings have been endorsed by Standard & Poor's Credit Market Services Europe Ltd. Standard & Poor's Credit Market Services Europe Ltd. is established in the European Union and registered under the CRA Regulation. As such, Standard & Poor's Credit Market Services Europe Ltd. is included in the list of credit rating agencies published by the European Securities Market Authority (**ESMA**) on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation. ESMA has indicated that ratings issued in the United States of America which have been endorsed by Standard & Poor's Credit Market Services Europe Ltd. may be used in the European Union by the relevant market participants.

Moody's is not established in the European Union and has not applied for registration under the CRA Regulation. The Moody's ratings have been endorsed by Moody's Investors Service Ltd. in accordance with the CRA Regulation. Moody's Investors Service Ltd. is established in the European Union and registered under the CRA Regulation. As such, Moody's Investors Service Ltd. is included in the list of credit rating agencies published by ESMA on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation. ESMA has indicated that ratings issued in the United States of America which have been endorsed by Moody's Investors Service Ltd. may be used in the European Union by the relevant market participants.

Fitch is not established in the European Union and has not applied for registration under the CRA Regulation. The Fitch ratings have been endorsed by Fitch Ratings Limited in accordance with the CRA Regulation. Fitch Ratings Limited is established in the European Union and registered under the CRA Regulation. As such, Fitch Ratings Limited is included in the list of credit rating agencies published by ESMA on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation. ESMA has indicated that ratings issued in the United States of America which have been endorsed by Fitch Ratings Limited may be used in the European Union by the relevant market participants.

Whether or not each credit rating applied for in relation to a relevant Tranche of Notes will be issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the applicable Issue Terms.

OECD base erosion and profit shifting

In May 2013, the Organisation for Economic Co-operation and Development (**OECD**) Council at Ministerial Level adopted a declaration on base erosion and profit shifting urging the OECD's Committee on Fiscal Affairs to develop an action plan to address base erosion and profit shifting in a comprehensive manner and in July 2013 the OECD launched an Action Plan on Base Erosion and Profit Shifting, identifying 15 specific

actions to achieve this (the **BEPS Project**). These action points relate to, amongst other things, restricting the deductibility of interest payments (Action 4), preventing the granting of tax treaty benefits in inappropriate circumstances (Action 6) and preventing the artificial avoidance of permanent establishment status (Action 7).

All of the action points have been subject to public consultation and on 5 October 2015 the OECD Secretariat published 13 final reports and an explanatory statement outlining consensus actions. The BEPS Project is expected to generate changes to tax policy and systems in numerous jurisdictions. While some aspects of the BEPS Project have been provided for in some jurisdictions (such as in the European Union by Council Directive (EU) 2016/1164 of 12 July 2016 laying down rules against tax avoidance practices that directly affect the functioning of the internal market, which is to be implemented in the national laws of EU Member States by no later than 1 January 2019), it remains unclear the extent to which actions will be implemented and which countries will implement them. It is not possible to assess at this stage what impact the BEPS Project will have on the tax payable by Citi or whether there would be any other adverse tax consequences, any of which could reduce amounts available for distribution to Noteholders.

The following risk factors have been extracted from the "Risk Factors" section of the Citigroup Inc. 2016 Form 10-K, incorporated by reference in this Base Prospectus and reproduced without material amendment and references in such risk factors to "Citigroup" and "Citi" are to "Citigroup Inc. and its Consolidated Subsidiaries" and other terms used but not defined in such risk factors are as defined in the Citigroup Inc. 2016 Form 10-K.

STRATEGIC RISKS

Citi's Inability to Address the Shortcomings Identified by the Federal Reserve Board and FDIC as a Result of the Agencies' Review of Citi's 2015 Resolution Plan Submission and the 2017 Resolution Plan Guidance Could Subject Citi to More Stringent Capital, Leverage or Liquidity Requirements, or Restrictions on Its Growth, Activities or Operations, and Could Eventually Require Citi to Divest Assets or Operations.

Title I of the Dodd-Frank Act requires Citi annually to prepare and submit a plan to the Federal Reserve Board and the FDIC for the orderly resolution of Citigroup (the bank holding company) and its significant legal entities, under the U.S. Bankruptcy Code in the event of future material financial distress or failure (**Resolution Plan**). Citi's next Resolution Plan submission is due by 1 July 2017.

In April 2016, the Federal Reserve Board and the FDIC notified Citi of certain "shortcomings" (as opposed to "deficiencies") they had jointly identified in Citi's 2015 Resolution Plan which Citi is required to address in its 2017 Resolution Plan submission. The shortcomings related to (i) governance mechanisms, including the lack of detail regarding Citi's entry into resolution, specific actions to be taken at each stage surrounding Citi's entry into resolution and a more robust analysis of potential challenges to Citi's provision of capital and liquidity support to its subsidiaries prior to entry into resolution as well as mitigants to those challenges; (ii) certain of Citi's assumptions regarding its ability to successfully wind down its derivatives portfolios under its Resolution Plan; and (iii) Citi's approach to estimating the minimum operating liquidity for its key operating subsidiaries and the minimum amount of liquidity needed for daily operations of such subsidiaries during resolution.

In addition, also in April 2016, the Federal Reserve Board and FDIC issued guidance for 2017 Resolution Plan submissions (**2017 Guidance**). The 2017 Guidance sets forth regulatory expectations for 2017 Resolution Plans across numerous areas, including (i) capital; (ii) liquidity; (iii) governance mechanisms; (iv) operational matters such as management information systems and payment and clearing activities; (v) legal entity rationalization and separability; and (vi) derivatives and trading activities. Citi must also address the 2017 Guidance in its 2017 Resolution Plan submission. For additional information on certain actions Citi currently expects to take in connection with its 2017 Resolution Plan submission, see "Liquidity Risk—Resolution Plan" in the Citigroup Inc. 2016 Form 10-K.

Under Title I, if the Federal Reserve Board and the FDIC jointly determine that Citi's Resolution Plan is not "credible" (which, although not defined, is generally believed to mean the regulators do not believe the plan is feasible or would otherwise allow the regulators to resolve Citi in a way that protects systemically important functions without severe systemic disruption), or would not facilitate an orderly resolution of Citi under the U.S. Bankruptcy Code, and Citi fails to resubmit a resolution plan that remedies any identified deficiencies, Citi could be subjected to more stringent capital, leverage or liquidity requirements, or restrictions on its growth, activities or operations. If within two years from the imposition of any requirements or restrictions Citi has still not remediated any identified deficiencies, then Citi could eventually be required to divest certain assets or operations. Any such restrictions or actions would negatively impact Citi's reputation, market and investor perception, operations and strategy.

Citi's Ability to Return Capital to Shareholders Substantially Depends on the CCAR Process and the Results of Regulatory Stress Tests.

In addition to Board of Director approval, any decision by Citi to return capital to shareholders, whether through its common stock dividend or through a share repurchase program, substantially depends on regulatory approval, including through the CCAR process required by the Federal Reserve Board and the supervisory stress tests required under the Dodd-Frank Act.

Citi's ability to accurately predict, interpret or explain to stakeholders the outcome of the CCAR process, and thus address any such market or investor perceptions, is difficult as the Federal Reserve Board's assessment of Citi's capital adequacy is conducted using the Board's proprietary stress test models, as well as a number of qualitative factors, including a detailed assessment of Citi's "capital adequacy process", as defined by the Board. The Federal Reserve Board has stated that it expects leading capital adequacy practices will continue to evolve and will likely be determined by the Board each year as a result of its cross-firm review of capital plan submissions. Similarly, the Federal Reserve Board has indicated that, as part of its stated goal to continually evolve its annual stress testing requirements, several parameters of the annual stress testing process may be altered from time to time, including the severity of the stress test scenario, the Federal Reserve Board modeling of Citi's balance sheet and the addition of components deemed important by the Federal Reserve Board (e.g., additional macroprudential considerations such as funding and liquidity shocks).

Moreover, during the latter part of 2016, senior officials at the Federal Reserve Board indicated that the Board was considering integration of the annual stress testing requirements with ongoing regulatory capital requirements. While there has been no formal proposal from the Federal Reserve Board to date, changes to the stress testing regime being discussed, among others, include introduction of a firm specific "stress capital buffer" (SCB) which would be equal to the maximum decline in a firm's Common Equity Tier 1 Capital ratio under a severely adverse scenario over a nine quarter CCAR measurement period, subject to a minimum requirement of 2.5%. Accordingly, a firm's SCB would change annually based on its stress test results in the prior year. Officials discussed the idea that the SCB would replace the capital conservation buffer in both the firm's ongoing regulatory capital requirements and as part of the floor for capital distributions in the CCAR process. Federal Reserve Board senior officials also noted that introduction of the SCB would have the effect of incorporating a firm's then-effective GSIB surcharge into its post-stress test minimum capital requirements, which the Board has previously indicated it is considering.

Although various uncertainties exist regarding the extent of, and the ultimate impact to Citi from, these changes to the Federal Reserve Board's stress testing and CCAR regimes, these changes would likely further increase the level of capital Citi must hold as part of the stress tests, thus potentially impacting the extent to which Citi is able to return capital to shareholders.

Citi, its Management and Businesses Must Continually Review, Analyze and Successfully Adapt to Ongoing Regulatory Uncertainties and Changes in the U.S. and Globally.

Despite the adoption of final regulations in numerous areas impacting Citi and its businesses over the past several years, Citi, its management and businesses continually face ongoing regulatory uncertainties and changes, both in the U.S. and globally. While the areas of ongoing regulatory uncertainties and changes facing Citi are too numerous to list completely, various examples include, but are not limited to: (i) uncertainties and potential changes arising from a new U.S. Presidential administration and Congress, including the potential modification or repeal of regulatory requirements enacted and implemented by Citi in recent years; (ii) potential changes to various aspects of the regulatory capital framework applicable to Citi (see the CCAR risk factor and "Capital Resources—Regulatory Capital Standards Developments" in the Citigroup Inc. 2016 Form 10-K); and (iii) the terms of and other uncertainties resulting from the U.K.'s vote to withdraw from the European Union (EU) (see "*Uncertainties Arising as a Result of the Vote in the U.K. to Withdraw from the EU Could Negatively Impact Citi's Businesses, Results of Operations or Financial Condition*" below).

Ongoing regulatory uncertainties and changes make Citi's and its management's long-term business, balance sheet and budget planning difficult or subject to change. For example, the new U.S. Presidential administration has discussed various changes to certain regulatory requirements, which would require ongoing assessment by management as to the impact to Citi, its businesses and business planning. Business planning is required to be based on possible or proposed rules or outcomes, which can change dramatically upon finalization, or upon implementation or interpretive guidance from numerous regulatory bodies worldwide, and such guidance can change.

Moreover, U.S. and international regulatory initiatives have not always been undertaken or implemented on a coordinated basis, and areas of divergence have developed and continue to develop with respect to the scope, interpretation, timing, structure or approach, leading to inconsistent or even conflicting regulations, including within a single jurisdiction. For example, during the latter part of 2016, the European Commission proposed to introduce a new requirement for major banking groups headquartered outside the EU (which would include Citi) to establish an intermediate EU holding company where the foreign bank has two or more institutions (broadly meaning banks, broker-dealers and similar financial firms) established in the EU. While the proposal mirrors an existing U.S. requirement for non-U.S. banking organizations to form U.S. intermediate holding companies, if adopted, it could lead to additional complexity with respect to Citi's resolution planning, capital and liquidity allocation and efficiency in various jurisdictions. Regulatory changes have also significantly increased Citi's compliance risks and costs (see "Operational Risks" in the Citigroup Inc. 2016 Form 10-K).

Uncertainties Arising as a Result of the Vote in the U.K. to Withdraw from the EU Could Negatively Impact Citi's Businesses, Results of Operations or Financial Condition.

As a result of a referendum held in June 2016, the U.K. elected to withdraw from the EU. The result of the referendum has raised numerous uncertainties, including as to when the U.K. may begin the official process of withdrawal (despite indications this may occur by the end of March 2017) and the commencement of negotiations with the EU regarding the withdrawal as well as the terms of the withdrawal.

Additional areas of uncertainty that could impact Citi include, among others: (i) whether Citi will need to make changes to its legal entity and booking model strategy and/or structure in both the U.K. and the EU based on the outcome of negotiations relating to the regulation of financial services; (ii) the potential impact of the withdrawal to the U.K. economy as well as more broadly throughout Europe; (iii) the potential impact to Citi's exposures to counterparties as a result of any macroeconomic slowdown; (iv) the impact of any withdrawal or the terms of the withdrawal on U.S. monetary policy, such as changes to interest rates; and (v) the potential impact to foreign exchange rates, particularly the Euro and the pound sterling, and the resulting impacts to Citi's results of operations or financial condition. These or other uncertainties arising from any U.K. decision to withdraw from the EU could negatively impact Citi's businesses, results of operations or financial condition.

The Value of Citi's DTAs Could Be Significantly Reduced if Corporate Tax Rates in the U.S. or Certain State, Local or Foreign Jurisdictions Decline or as a Result of Other Changes in the U.S. Corporate Tax System.

Over the past several years, there have been discussions regarding decreasing the U.S. federal corporate tax rate, and such discussions have taken on a new focus and prominence given the new U.S. presidential administration and Congress. Similar discussions have taken place in certain local, state and foreign jurisdictions.

While Citi may benefit on a prospective net income basis from any decrease in corporate tax rates, proposals being discussed currently—such as lowering the corporate tax rate or moving from a worldwide tax system to a territorial tax system—could result in a material decrease in the value of Citi's DTAs, which would also result in a material reduction to Citi's net income during the period in which the change is enacted. Citi's regulatory capital could also be reduced if the decrease in the value of Citi's DTAs exceeds certain levels (for additional information on the potential impact to Citi's regulatory capital arising from U.S. corporate tax reform, see the notes to the tables regarding the components of Citi's regulatory capital under both current (transitional) and Basel III full implementation in "Capital Resources" in the Citigroup Inc. 2016 Form 10-K). Given the number of uncertainties relating to the ultimate form any corporate tax reform may take, it is not possible to quantify the potential negative impact to Citi's income or regulatory capital that could result from corporate tax reform.

Citi's Ability to Utilize Its DTAs, and Thus Reduce the Negative Impact of the DTAs on Citi's Regulatory Capital, Will Be Driven by Its Ability to Generate U.S. Taxable Income.

At 31 December 2016, Citi's net DTAs were approximately \$46.7 billion, of which approximately \$29.3 billion was excluded from Citi's Common Equity Tier 1 Capital, on a fully implemented basis, under the U.S. Basel III rules (for additional information, see "Capital Resources—Components of Citigroup Capital Under Basel III (Advanced Approaches with Full Implementation)" in the Citigroup Inc. 2016 Form 10-K). In addition, of the net DTAs as of year-end 2016, approximately \$14.2 billion related to foreign tax credit carry-forwards (FTCs). The carryforward utilization period for FTCs is 10 years and represents the most time-sensitive component of Citi's DTAs. Of the FTCs at year-end 2016, approximately \$2.7 billion expire in 2018 and the remaining \$11.5 billion expire over the period of 2019-2025. Citi must utilize any FTCs generated in the then current year tax return prior to utilizing any carry-forward FTCs.

The accounting treatment for realization of DTAs, including FTCs, is complex and requires significant judgment and estimates regarding future taxable earnings in the jurisdictions in which the DTAs arise and available tax planning strategies. Citi's ability to utilize its DTAs, including the FTC components, and thus use the capital supporting the DTAs for more productive purposes, will be dependent upon Citi's ability to generate U.S. taxable income in the relevant tax carry-forward periods. Failure to realize any portion of the DTAs would also have a corresponding negative impact on Citi's net income.

In addition, with regard to FTCs, utilization will be influenced by actions to optimize U.S. taxable earnings for the purpose of consuming the FTC carry-forward component of the DTAs prior to expiration. These FTC actions, however, may serve to increase the DTAs for other less time sensitive components. Moreover, tax return limitations on FTCs and general business credits that cause Citi to incur current tax expense, notwithstanding its tax carry-forward position, could impact the rate of overall DTA utilization. DTA utilization will also continue to be driven by movements in Citi's AOCI, which can be impacted by changes in interest rates and foreign exchange rates.

For additional information on Citi's DTAs, including the FTCs, see "Significant Accounting Policies and Significant Estimates—Income Taxes" and Note 9 to the Consolidated Financial Statements, in each case, in the Citigroup Inc. 2016 Form 10-K.

Citi's Interpretation or Application of the Extensive Tax Laws to Which It Is Subject Could Differ from Those of the Relevant Governmental Authorities, Which Could Result in the Payment of Additional Taxes, Penalties or Interest.

Citi is subject to the various tax laws of the U.S. and its states and municipalities, as well as the numerous foreign jurisdictions in which it operates. These tax laws are inherently complex and Citi must make judgments and interpretations about the application of these laws to its entities, operations and businesses. Citi's interpretations and application of the tax laws, including with respect to withholding tax obligations and stamp and other transactional taxes, could differ from that of the relevant governmental taxing authority, which could result in the payment of additional taxes, penalties or interest, which could be material.

Citi's Ongoing Investments in Its Businesses May Not Be as Successful as it Projects or Expects.

Citi continues to make targeted investments in its businesses, including in its global cards and wealth management businesses in *Global Consumer Banking* as well as in certain businesses in *Institutional Clients Group*. Citi also continues to invest in its technology systems to enhance its digital capabilities. In addition, during the latter part of 2016, Citi announced a more than \$1 billion investment in Citibanamex expected to be completed by 2020. Citi's investment strategy will likely continue to evolve and change as its business strategy and priorities change.

There is no guarantee that investments Citi has made, or may make, in its businesses or operations will be as productive or effective as Citi expects or at all. Further, Citi's ability to achieve its expected returns on its investments in part depends on factors which it cannot control, such as macroeconomic conditions, customer and client reactions, and ongoing regulatory changes, among others.

Citi Has Co-Branding and Private Label Credit Card Relationships with Various Retailers and Merchants and the Failure to Maintain These Relationships Could Have a Negative Impact on Citi's Results of Operations or Financial Condition.

Through its Citi-branded cards and Citi retail services credit card businesses, Citi has co-branding and private label relationships with various retailers and merchants globally in the ordinary course of business whereby Citi issues credit cards to customers of the retailers or merchants. Citi's co-branding and private label agreements provide for shared economics between the parties and generally have a fixed term. The five largest relationships constituted an aggregate of approximately 11% of Citi's revenues for 2016.

Competition among card issuers, including Citi, for these relationships is significant and it has become increasingly difficult in recent years to maintain such relationships on the same terms or at all. These relationships could also be negatively impacted due to, among other things, operational difficulties of the retailer or merchant, termination due to a breach by Citi, the retailer or merchant of its responsibilities, or external factors, including bankruptcies, liquidations, restructurings, consolidations and other similar events. While various mitigating factors could be available to Citi if any of these events were to occur—such as by replacing the retailer or merchant or offering other card products—such events could negatively impact Citi's results of operations or financial condition, including as a result of loss of revenues, impairment of purchased credit card relationships and contract related intangibles or other losses (for information on Citi's credit card related intangibles generally, see Note 16 to the Consolidated Financial Statements in the Citigroup Inc. 2016 Form 10-K).

Macroeconomic and Geopolitical Challenges Globally Could Have a Negative Impact on Citi's Businesses and Results of Operations.

Citi has experienced, and could experience in the future, negative impacts to its businesses and results of operations as a result of macroeconomic and geopolitical challenges, uncertainties and volatility.

For example, energy and other commodity prices significantly deteriorated during the second half of 2015 and into 2016, which impacted various financial markets, countries and industries. The economic and fiscal situations of several European countries remain fragile, and concerns and uncertainties remain in Europe over the potential exit of additional countries from the EU. In addition, governmental fiscal and monetary actions, or expected actions, have impacted the volatilities of global financial markets, foreign exchange rates and capital flows among countries. Moreover, the new U.S. Presidential administration has indicated it may pursue protectionist trade and other policies, which could result in additional macroeconomic and/or geopolitical challenges, uncertainties and volatilities.

These and other global macroeconomic and geopolitical challenges, uncertainties and volatilities have negatively impacted, and could continue to negatively impact, Citi's businesses, results of operations and financial condition, including its credit costs, revenues in its *Markets and securities services* and other businesses, and AOCI (which would in turn negatively impact Citi's book and tangible book value).

Citi's Presence in the Emerging Markets Subjects It to Various Risks as well as Increased Compliance and Regulatory Risks and Costs.

During 2016, emerging markets revenues accounted for approximately 36% of Citi's total revenues (Citi generally defines emerging markets as countries in *Latin America*, Asia (other than Japan, Australia and New Zealand), Central and Eastern Europe, the Middle East and Africa).

Citi's presence in the emerging markets subjects it to a number of risks, including sovereign volatility, political events, foreign exchange controls, limitations on foreign investment, sociopolitical instability (including from hyperinflation), fraud, nationalization or loss of licenses, business restrictions, sanctions or asset freezes, potential criminal charges, closure of branches or subsidiaries and confiscation of assets. For example, Citi operates in several countries that have, or have had in the recent past, strict foreign exchange controls, such as Argentina and Venezuela, that limit its ability to convert local currency into U.S. dollars and/or transfer funds outside the country. In prior years, Citi has also discovered fraud in certain emerging markets in which it operates. Political turmoil and other instability have occurred in certain countries, such as in Russia, Ukraine and the Middle East, which have required management time and attention in prior years (e.g., monitoring the impact of sanctions on the Russian economy as well as Citi's businesses and results of operations).

Citi's emerging markets presence also increases its compliance and regulatory risks and costs. For example, Citi's operations in emerging markets, including facilitating crossborder transactions on behalf of its clients, subject it to higher compliance risks under U.S. regulations primarily focused on various aspects of global corporate activities, such as antimoney-laundering regulations and the Foreign Corrupt Practices Act. These risks can be more acute in less developed markets and thus require substantial investment in compliance infrastructure or could result in a reduction in certain of Citi's business activities. Any failure by Citi to comply with applicable U.S. regulations, as well as the regulations in the countries and markets in which it operates as a result of its global footprint, could result in fines, penalties, injunctions or other similar restrictions, any of which could negatively impact Citi's results of operations and its reputation.

The Federal Reserve Board's Recently Issued Final Total Loss-Absorbing Capacity Requirements Raise Uncertainties Regarding the Consequences of Noncompliance and the Potential Impact on Citi's Estimates of its Eligible Debt.

Title II of the Dodd-Frank Act grants the FDIC the authority, under certain circumstances, to resolve systemically important financial institutions, including Citi. The FDIC has released a notice describing its preferred "single point of entry strategy" for such resolution, pursuant to which, generally, a bank holding company, such as Citigroup, would be placed into resolution, Citi's operating subsidiaries would be recapitalized and remain outside of any resolution proceedings, and the shareholders and unsecured creditors of Citigroup—including unsecured long-term debt holders—would bear any losses resulting from Citi's resolution.

Consistent with this strategy, on 15 December 2016, the Federal Reserve Board issued final rules requiring GSIBs, including Citi, to (i) issue and maintain minimum levels of external "total loss-absorbing capacity" (TLAC) and longterm debt (LTD), and (ii) adhere to various "clean holding company" requirements at the bank holding company level. For a summary of the final TLAC requirements, see "Liquidity Risk—Total Loss-Absorbing Capacity (TLAC)" in the Citigroup Inc. 2016 Form 10-K.

While the final TLAC rules addressed several areas of uncertainty arising from the proposed rules, uncertainties regarding certain key aspects of the recently-issued rules remain and will likely require additional clarification or interpretive guidance. First, the consequences of a breach of the external LTD requirement are not clear. Given that there is no "cure" period in the final rules, Citi could be required to issue additional external LTD above the minimum requirements to ensure compliance. Similarly, the consequences of a breach of the clean holding company requirements are uncertain, and there is no cure period. Accordingly, Citi will need to determine if it should reduce its third party, non-contingent liabilities at the bank holding company level to well below the 5% cap required under the clean holding company requirements in order to avoid inadvertently breaching the 5% cap, particularly since certain of the liabilities at issue are outside of Citi's control.

In addition, the final rules introduced a new "anti evasion" provision that authorizes the Federal Reserve Board to exclude from a bank holding company's outstanding external LTD any debt having certain features that would, in the Board's view, "significantly impair" the debt's ability to absorb losses. In effect, this provision could allow the Federal Reserve Board, after notice and opportunity for Citi to respond, to exclude certain LTD, such as certain customerrelated debt, from Citi's reported external LTD. This could result in noncompliance with the required external LTD minimums, leading to the uncertainty described above, and negatively impact Citi's reputation in the market.

CREDIT RISKS

Concentrations of Risk Can Increase the Potential for Citi to Incur Significant Losses.

Concentrations of risk, particularly credit and market risk, can increase Citi's risk of significant losses. As of 31 December 2016, Citi's most significant concentration of credit risk was with the U.S. government and its agencies, which primarily results from trading assets and investments issued by the U.S. government and its agencies (for additional information, see Note 23 to the Consolidated Financial Statements in the Citigroup Inc. 2016 Form 10-K). Citi also routinely executes a high volume of securities, trading, derivative and foreign exchange transactions with counterparties in the financial services industry, including banks, insurance companies, investment banks, governments, central banks and other financial institutions.

To the extent regulatory or market developments lead to increased centralization of trading activity through particular clearing houses, central agents, exchanges or other financial market utilities, Citi could also experience an increase in concentration of risk to these industries. These concentrations of risk as well as the risk of failure of a large counterparty, central counterparty clearing house or financial market utility could limit the effectiveness of Citi's hedging strategies and cause Citi to incur significant losses.

LIQUIDITY RISKS

The Maintenance of Adequate Liquidity and Funding Depends on Numerous Factors, Including Those Outside of Citi's Control, Such as Market Disruptions and Increases in Citi's Credit Spreads.

As a global financial institution, adequate liquidity and sources of funding are essential to Citi's businesses. Citi's liquidity and sources of funding can be significantly and negatively impacted by factors it cannot control, such as general disruptions in the financial markets, governmental fiscal and monetary policies, regulatory changes or negative investor perceptions of Citi's creditworthiness.

In addition, Citi's costs to obtain and access deposits, secured funding and long-term unsecured funding are directly related to its credit spreads. Changes in credit spreads constantly occur and are market driven, including both external market factors and factors specific to Citi, and can be highly volatile. Citi's credit spreads may also be influenced by movements in the costs to purchasers of credit default swaps referenced to Citi's long-term debt, which are also impacted by these external and Citi-specific factors.

Moreover, Citi's ability to obtain funding may be impaired if other market participants are seeking to access the markets at the same time, or if market appetite is reduced, as is likely to occur in a liquidity or other market crisis. A sudden drop in market liquidity could also cause a temporary or more lengthy dislocation of underwriting and capital markets activity. In addition, clearing organizations, regulators, clients and financial institutions with which Citi interacts may exercise the right to require additional collateral based on these market perceptions or market conditions, which could further impair Citi's access to and cost of funding.

As a holding company, Citi relies on interest, dividends, distributions and other payments from its subsidiaries to fund dividends as well as to satisfy its debt and other obligations. Several of Citi's U.S. and non-U.S. subsidiaries are or may be subject to capital adequacy or other regulatory or contractual restrictions on their ability to provide such payments, including any local regulatory stress test requirements. Limitations on the payments that Citi receives from its subsidiaries could also impact its liquidity.

The Credit Rating Agencies Continuously Review the Credit Ratings of Citi and Certain of Its Subsidiaries, and Ratings Downgrades Could Have a Negative Impact on Citi's Funding and Liquidity Due to Reduced Funding Capacity and Increased Funding Costs, Including Derivatives Triggers That Could Require Cash Obligations or Collateral Requirements.

The credit rating agencies, such as Fitch, Moody's and S&P, continuously evaluate Citi and certain of its subsidiaries, and their ratings of Citi and its more significant subsidiaries' longterm/ senior debt and short-term/commercial paper, as applicable, are based on a number of factors, including standalone financial strength, as well as factors not entirely within the control of Citi and its subsidiaries, such as the agencies' proprietary rating agency methodologies and assumptions and conditions affecting the financial services industry and markets generally.

Citi and its subsidiaries may not be able to maintain their current respective ratings. Ratings downgrades could negatively impact Citi's ability to access the capital markets and other sources of funds as well as the costs of those funds, and its ability to maintain certain deposits. A ratings downgrade could also have a negative impact on Citi's funding and liquidity due to reduced funding capacity, as well as the impact of derivative triggers, which could require Citi to meet cash obligations and collateral requirements. In addition, a ratings downgrade could also have a negative impact on other funding sources, such as secured financing and other margined transactions for which there may be no explicit triggers, as well as on contractual provisions and other credit requirements of Citi's counterparties and clients, which may contain minimum ratings thresholds in order for Citi to hold third-party funds.

Moreover, credit ratings downgrades can have impacts, which may not be currently known to Citi or which are not possible to quantify. For example, some entities may have ratings limitations as to their permissible counterparties, of which Citi may or may not be aware. In addition, certain of Citi's corporate customers and trading counterparties, among other clients, could re-evaluate their business relationships with Citi and limit the trading of certain contracts or market instruments with Citi in response to ratings downgrades. Changes in customer and counterparty behavior could impact not only Citi's funding and liquidity but also the results of operations of certain Citi businesses. For additional information on the potential impact of a reduction in Citi's or Citibank's credit ratings, see "Managing Global Risk— Liquidity Risk" in the Citigroup Inc. 2016 Form 10-K.

OPERATIONAL RISKS

A Disruption of Citi's Operational Systems Could Negatively Impact Citi's Reputation, Customers, Clients, Businesses or Results of Operations and Financial Condition.

A significant portion of Citi's operations relies heavily on the secure processing, storage and transmission of confidential and other information as well as the monitoring of a large number of complex transactions on a minute-by-minute basis. For example, through its *Global Consumer Banking* and credit card and securities services businesses in *Institutional Clients Group*, Citi obtains and stores an extensive amount of personal and client-specific information for its retail, corporate and governmental customers and clients and must accurately record and reflect their extensive account transactions.

With the evolving proliferation of new technologies and the increasing use of the Internet, mobile devices and cloud technologies to conduct financial transactions, large, global financial institutions such as Citi have been, and will continue to be, subject to an increasing risk of operational disruption or cyber or information security incidents from these activities (for additional information on cybersecurity risk, see the discussion below). These incidents are unpredictable and can arise from numerous sources, not all of which are in Citi's control, including among others human error, fraud or malice on the part of employees, accidental technological failure, electrical or telecommunication outages, failures of computer servers or other similar damage to Citi's property or assets. These issues can also arise as a result of failures by third parties with which Citi does business such as failures by Internet, mobile technology, cloud service providers or other vendors to adequately safeguard their systems and prevent system disruptions or cyber attacks.

Such events could cause interruptions or malfunctions in the operations of Citi (such as the temporary loss of availability of Citi's online banking system or mobile banking platform), as well as the operations of its clients, customers or other third parties. Given Citi's global footprint and the high volume of transactions processed by Citi, certain errors or actions may be repeated or compounded before they are discovered and rectified, which would further increase these costs and consequences. Any such events could also result in financial losses as well as misappropriation, corruption or loss of confidential and other information or assets, which could negatively impact Citi's reputation, customers, clients, businesses or results of operations and financial condition, perhaps significantly.

Citi's Computer Systems and Networks Have Been, and Will Continue to Be, Subject to an Increasing Risk of Continually Evolving Cybersecurity Risks Which Could Result in the Theft, Loss, Misuse or Disclosure of Confidential Client or Customer Information, Damage to Citi's Reputation, Additional Costs to Citi, Regulatory Penalties, Legal Exposure and Financial Losses.

Citi's computer systems, software and networks are subject to ongoing cyber incidents such as unauthorized access, loss or destruction of data (including confidential client information), account takeovers, unavailability of service, computer viruses or other malicious code, cyber attacks and other similar events.

These threats can arise from external parties, including criminal organizations, extremist parties and certain foreign state actors that engage in cyber activities. Third parties with which Citi does business, as well as retailers and other third parties with which Citi's customers do business, may also be sources of cybersecurity risks, particularly where activities of customers are beyond Citi's security and control systems. For example, Citi outsources certain functions, such as processing customer credit card transactions, uploading content on customer-facing websites, and developing software for new products and services. These relationships allow for the storage and processing of customer information by third-party hosting of or access to Citi websites, which could result in compromise or the potential to introduce vulnerable or malicious code, resulting in security breaches impacting Citi customers. Furthermore, because financial institutions are becoming increasingly interconnected with central agents, exchanges and clearing houses, including as a result of the derivatives reforms over the last few years, Citi has increased exposure to cyber attacks through third parties.

As further evidence of the increasing and potentially significant impact of cyber incidents, in recent years, several U.S. retailers and financial institutions and other multinational companies reported cyber incidents

that compromised customer data, resulted in theft of funds or theft or destruction of corporate information or other assets. In addition, in prior years, the U.S. government as well as several multinational companies reported cyber incidents affecting their computer systems that resulted in the data of millions of customers and employees being compromised.

While Citi has not been materially impacted by these reported or other cyber incidents, Citi has been subject to other intentional cyber incidents from external sources over the last several years, including (i) denial of service attacks, which attempted to interrupt service to clients and customers; (ii) data breaches, which obtained unauthorized access to customer account data; and (iii) malicious software attacks on client systems, which attempted to allow unauthorized entrance to Citi's systems under the guise of a client and the extraction of client data. While Citi's monitoring and protection services were able to detect and respond to the incidents targeting its systems before they became significant, they still resulted in limited losses in some instances as well as increases in expenditures to monitor against the threat of similar future cyber incidents. There can be no assurance that such cyber incidents will not occur again, and they could occur more frequently and on a more significant scale.

Further, although Citi devotes significant resources to implement, maintain, monitor and regularly upgrade its systems and networks with measures such as intrusion detection and prevention and firewalls to safeguard critical business applications, there is no guarantee that these measures or any other measures can provide absolute security. In addition, because the methods used to cause cyber attacks change frequently or, in some cases, are not recognized until launched, Citi may be unable to implement effective preventive measures or proactively address these methods until they are discovered. In addition, while Citi engages in certain actions to reduce the exposure resulting from outsourcing, such as performing onsite security control assessments and limiting third-party access to the least privileged level necessary to perform job functions, these actions cannot prevent all external cyber attacks, information breaches or similar losses.

Cyber incidents can result in the disclosure of personal, confidential or proprietary customer or client information, damage to Citi's reputation with its clients and the market, customer dissatisfaction, additional costs (including credit costs) to Citi (such as repairing systems, replacing customer payment cards or adding new personnel or protection technologies), regulatory penalties, exposure to litigation and other financial losses, including loss of funds, to both Citi and its clients and customers (for additional information on the potential impact from cyber incidents, see the risks relating to operational systems above).

While Citi maintains insurance coverage that may, subject to policy terms and conditions including significant self-insured deductibles, cover certain aspects of cyber risks, such insurance coverage may be insufficient to cover all losses.

Incorrect Assumptions or Estimates in Citi's Financial Statements Could Cause Significant Unexpected Losses in the Future, and Changes to Financial Accounting and Reporting Standards or Interpretations Could Have a Material Impact on How Citi Records and Reports Its Financial Condition and Results of Operations.

Citi is required to use certain assumptions and estimates in preparing its financial statements under U.S. GAAP, including reserves related to litigation and regulatory exposures, valuation of DTAs, the estimate of the allowance for credit losses and the fair values of certain assets and liabilities, among other items. If Citi's assumptions or estimates underlying its financial statements are incorrect or differ from actual future events, Citi could experience unexpected losses, some of which could be significant.

The Financial Accounting Standards Board (**FASB**) has issued several financial accounting and reporting standards that will govern key aspects of Citi's financial statements or interpretations thereof when those standards become effective, including those areas where Citi is required to make assumptions or estimates. For example, the FASB's new accounting standard on credit losses, which will become effective for Citi on 1 January 2020, will require earlier recognition of credit losses on financial assets. The new accounting model requires that lifetime "expected credit losses" on financial assets not recorded at fair value through net

income, such as loans and held-to-maturity securities, be recorded at inception of the financial asset, replacing the multiple existing impairment models under U.S. GAAP which generally require that a loss be "incurred" before it is recognized (for additional information on this and other accounting standards, see Note 1 to the Consolidated Financial Statements in the Citigroup Inc. 2016 Form 10-K).

Changes to financial accounting or reporting standards or interpretations, whether promulgated or required by the FASB or other regulators, could present operational challenges and could require Citi to change certain of the assumptions or estimates it previously used in preparing its financial statements, which could negatively impact how it records and reports its financial condition and results of operations generally and/or with respect to particular businesses. For additional information on the key areas for which assumptions and estimates are used in preparing Citi's financial statements, see "Significant Accounting Policies and Significant Estimates" and Note 27 to the Consolidated Financial Statements, in each case, in the Citigroup Inc. 2016 Form 10-K.

Ongoing Implementation and Interpretation of Regulatory Changes and Requirements in the U.S. and Globally Have Increased Citi's Compliance Risks and Costs.

As referenced above, over the past several years, Citi has been required to implement a significant number of regulatory changes across all of its businesses and functions, and these changes continue. In some cases, Citi's implementation of a regulatory requirement is occurring simultaneously with changing or conflicting regulatory guidance, legal challenges or legislative action to modify or repeal final rules. Moreover, in many cases, these are entirely new regulatory requirements or regimes, resulting in much uncertainty regarding regulatory expectations as to what is definitely required in order to be in compliance with the requirements. Accompanying this compliance uncertainty is heightened regulatory scrutiny and expectations in the U.S. and globally for the financial services industry with respect to governance and risk management practices, including its compliance and regulatory risks (for a discussion of heightened regulatory expectations on "conduct risk" at, and the overall "culture" of, financial institutions such as Citi, see the legal and regulatory proceedings risk factor in the Citigroup Inc. 2016 Form 10-K). All of these factors have resulted in increased compliance risks and costs for Citi.

Examples of regulatory changes that have resulted in increased compliance risks and costs include (i) the Volcker Rule, which requires Citi to maintain an extensive global compliance regime, including significant documentation to support the prohibition against proprietary trading, and (ii) a proliferation of laws relating to the limitation of cross-border data movement, including data localization and protection and privacy laws, which can conflict with or increase compliance complexity with respect to anti-money laundering laws.

Extensive compliance requirements can result in increased reputational and legal risks, as failure to comply with regulations and requirements, or failure to comply as expected, can result in enforcement and/or regulatory proceedings (for additional discussion, see the legal and regulatory proceedings risk factor in the Citigroup Inc. 2016 Form 10-K). In addition, increased and ongoing compliance requirements and uncertainties have resulted in higher costs for Citi. For example, Citi employed approximately 29,000 risk, regulatory and compliance staff as of year-end 2016, out of a total employee population of 219,000, compared to approximately 14,000 as of year-end 2008 with a total employee population of 323,000. These higher regulatory and compliance costs can impede Citi's ongoing, business-as-usual cost reduction efforts, and can also require management to reallocate resources, including potentially away from ongoing business investment initiatives, as discussed above.

Citi Is Subject to Extensive Legal and Regulatory Proceedings, Investigations and Inquiries That Could Result in Significant Penalties and Other Negative Impacts on Citi, Its Businesses and Results of Operations.

At any given time, Citi is defending a significant number of legal and regulatory proceedings and is subject to numerous governmental and regulatory examinations, investigations and other inquiries. Over the last several years, the frequency with which such proceedings, investigations and inquiries are initiated have

increased substantially, and the global judicial, regulatory and political environment has generally been unfavorable for large financial institutions. The complexity of the federal and state regulatory and enforcement regimes in the U.S., coupled with the global scope of Citi's operations, also means that a single event or issue may give rise to a large number of overlapping investigations and regulatory proceedings, either by multiple federal and state agencies in the U.S. or by multiple regulators and other governmental entities in different jurisdictions.

Moreover, U.S. and non-U.S. regulators have been increasingly focused on "conduct risk", a term that is used to describe the risks associated with behavior by employees and agents, including third-party vendors utilized by Citi, that could harm clients, customers, investors or the markets, such as improperly creating, selling, marketing or managing products and services or improper incentive compensation programs with respect thereto, failures to safeguard a party's personal information, or failures to identify and manage conflicts of interest. In addition to increasing Citi's compliance risks, this focus on conduct risk could lead to more regulatory or other enforcement proceedings and civil litigation, including for practices which historically were acceptable but are now receiving greater scrutiny. Further, while Citi takes numerous steps to prevent and detect conduct by employees and agents that could potentially harm clients, customers, investors or the markets, such behavior may not always be deterred or prevented. Banking regulators have also focused on the overall culture of financial services firms, including Citi. In addition to regulatory restrictions or structural changes that could result from perceived deficiencies in Citi's culture, such focus could also lead to additional regulatory proceedings.

Further, the severity of the remedies sought in legal and regulatory proceedings to which Citi is subject has increased substantially in recent years. U.S. and certain international governmental entities have increasingly brought criminal actions against, or have sought criminal convictions from, financial institutions, and criminal prosecutors in the U.S. have increasingly sought and obtained criminal guilty pleas or deferred prosecution agreements against corporate entities and other criminal sanctions from those institutions. In May 2015 an affiliate of Citi pleaded guilty to an antitrust violation and paid a substantial fine to resolve a DOJ investigation into Citi's foreign exchange business practices. These types of actions by U.S. and international governmental entities may, in the future, have significant collateral consequences for a financial institution, including loss of customers and business, and the inability to offer certain products or services and/or operate certain businesses. Citi may be required to accept or be subject to similar types of criminal remedies, consent orders, sanctions, substantial fines and penalties or other requirements in the future, including for matters or practices not yet known to Citi, any of which could materially and negatively affect Citi's businesses, business practices, financial condition or results of operations, require material changes in Citi's operations or cause Citi reputational harm.

Further, many large claims—both private civil and regulatory—asserted against Citi are highly complex, slow to develop and may involve novel or untested legal theories. The outcome of such proceedings is difficult to predict or estimate until late in the proceedings. Although Citi establishes accruals for its legal and regulatory matters according to accounting requirements, Citi's estimates of, and changes to, these accruals, involve significant judgment and may be subject to significant uncertainty and the amount of loss ultimately incurred in relation to those matters may be substantially higher than the amounts accrued. In addition, certain settlements are subject to court approval and may not be approved.

For additional information relating to Citi's legal and regulatory proceedings and matters, including Citi's policies on establishing legal accruals, see Note 27 to the Consolidated Financial Statements in the Citigroup Inc. 2016 Form 10-K.

If Citi's Risk Models Are Ineffective or Require Modification or Enhancement, Citi Could Incur Significant Losses or Its Regulatory Capital and Capital Ratios Could Be Negatively Impacted.

Citi utilizes models extensively as part of its risk management and mitigation strategies, including in analyzing and monitoring the various risks Citi assumes in conducting its activities. For example, Citi uses models as part of its various stress testing initiatives across the firm. Management of these risks is made even

more challenging within a global financial institution such as Citi, particularly given the complex, diverse and rapidly changing financial markets and conditions in which Citi operates.

These models and strategies are inherently limited because they involve techniques, including the use of historical data in many circumstances, and judgments that cannot anticipate every economic and financial outcome in the markets in which Citi operates, nor can they anticipate the specifics and timing of such outcomes. Citi could incur significant losses if its risk management models or strategies are ineffective in properly anticipating or managing these risks.

Moreover, Citi's Basel III regulatory capital models, including its credit, market and operational risk models, currently remain subject to ongoing regulatory review and approval, which may result in refinements, modifications or enhancements (required or otherwise) to these models. Modifications or requirements resulting from these ongoing reviews, as well as any future changes or guidance provided by the U.S. banking agencies regarding the regulatory capital framework applicable to Citi, have resulted in, and could continue to result in, significant changes to Citi's risk-weighted assets. These changes can negatively impact Citi's capital ratios and its ability to achieve its regulatory capital requirements as it projects or as required.

Citi's Performance and the Performance of Its Individual Businesses Could Be Negatively Impacted if Citi Is Not Able to Hire and Retain Highly Qualified Employees for Any Reason.

Citi's performance and the performance of its individual businesses is largely dependent on the talents and efforts of highly skilled employees. Specifically, Citi's continued ability to compete in its businesses, to manage its businesses effectively and to continue to execute its overall global strategy depends on its ability to attract new employees and to retain and motivate its existing employees. If Citi is unable to continue to attract and retain the most highly qualified employees for any reason, Citi's performance, including its competitive position, the successful execution of its overall strategy and its results of operations could be negatively impacted.

Citi's ability to attract and retain employees depends on numerous factors, some of which are outside of its control. For example, given the heightened regulatory and political environment in which Citi operates relative to competitors for talent both within and outside of the financial services area, it may be more difficult for Citi to hire or retain highly qualified employees in the future. Other factors that impact Citi's ability to attract and retain employees include its culture, compensation, the management and leadership of the company as well as its individual businesses, Citi's presence in the particular market or region at issue and the professional opportunities it offers. Generally, the banking industry is subject to more stringent regulation of executive and employee compensation than other industries, including deferral and clawback requirements for incentive compensation and other limitations. Citi often competes in the market for talent with entities that are not subject to such significant regulatory restrictions on the structure of incentive compensation and other limitations.

RISKS RELATING TO NOTES

Prospective investors in Notes should determine whether an investment in Notes is appropriate in their particular circumstances and should consult with their legal, business and tax advisers to determine the consequences of an investment in Notes and to arrive at their own evaluation of the investment. In particular, the Issuer and the CGMH Guarantor recommend that investors take independent tax advice before committing to purchase any Notes. Neither the Issuer nor the CGMH Guarantor provide tax advice and therefore responsibility for any tax implications of investing in any Notes rests entirely with each investor. Investors should note that the tax treatment will differ from jurisdiction to jurisdiction. Investors will assume and be solely responsible for any and all taxes of any jurisdiction or governmental or regulatory authority, including (without limitation) any state or local taxes or other similar assessment or charge that may be applicable to any payment in respect of the Notes.

An investment in Notes is only suitable for investors who:

- (a) have the requisite knowledge and experience in financial and business matters to evaluate the merits and risks of an investment in Notes;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate such merits and risks in the context of their financial situation;
- (c) are capable of bearing the economic risk of an investment in Notes for an indefinite period of time; and
- (d) recognise that it may not be possible to dispose of Notes for a substantial period of time, if at all.

Prospective investors in Notes should make their own independent decision to invest in Notes and as to whether the investment in Notes is appropriate or proper for them based upon their own judgement and upon advice from such advisers as they may deem necessary. Prospective investors in Notes should not rely on any communication (written or oral) of the Issuer, the CGMHI Guarantor, any Dealer or any of their affiliates or their respective officers or agents as investment advice or as a recommendation to invest in Notes, it being understood that information and explanations related to Notes shall not be considered to be investment advice or a recommendation to invest in Notes. No communication (written or oral) received from the Issuer, the CGMHI Guarantor, any Dealer or any of their affiliates or their respective officers or agents shall be deemed to be an assurance or guarantee as to the expected results of an investment in Notes.

An investment in Notes involves risks and should only be made after assessing the direction, timing and magnitude of potential future market changes (e.g. in the value of the obligations of, or creditworthiness or ability to pay of, any Reference Entity or other items which comprise or relate to the Underlying(s)), as well as the terms and conditions of the Notes. More than one risk factor may have simultaneous effects with regard to the Notes such that the effect of a particular risk factor may not be predictable. In addition, more than one risk factor may have a compounding effect, which may not be predictable. No assurance can be given as to the effect that any combination of risk factors may have on the value of the Notes.

Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under this Base Prospectus. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common features. Investors must also refer to such risk factors to understand the particular risks related to the features of the provisions for payment of interest (if any) and determination of the amount payable and/or, as the case may be, assets deliverable on redemption or final settlement of the Notes that may be issued under this Base Prospectus.

Certain factors affecting the value and trading price of Notes linked to one or more Reference Entities or other Underlying(s)

The amounts due and/or value of any assets to be delivered in respect of the Notes at any time prior to the relevant maturity date is typically expected to be less than the trading price of such Notes at that time. The difference between the trading price and such amounts due and/or value of any assets to be delivered, as the case may be, will reflect, among other things, the "time value" of the Notes. The "time value" of the Notes will depend partly upon the length of the period remaining to maturity and expectations concerning the creditworthiness of any Reference Entity or other Underlying(s). Notes offer hedging and investment diversification opportunities but also pose some additional risks with regard to interim value. The interim value of Notes varies as the creditworthiness or value of the Reference Entities or other Underlying(s) varies, as well as due to a number of other interrelated factors, including those specified herein.

Before purchasing Notes, Noteholders should carefully consider, among other things, (i) the trading price of the relevant Notes, (ii) the value, creditworthiness and volatility of the relevant Reference Entities or other Underlying(s), (iii) the remaining tenor, (iv) any change(s) in market interest rates and yield rates, if applicable, (v) any change(s) in currency exchange rates, (vi) the depth of the market or liquidity of any

obligations of any entity or other items which comprise or relate to the Underlying(s) and (vii) any related transaction costs.

An investment in Notes linked to one or more Reference Entities or other Underlying(s) may have significant risks that are not associated with a similar investment in a conventional security such as a debt instrument that:

- has a pre-determined specified principal amount;
- is denominated and/or settled in the investor's currency; and
- bears interest at either a fixed or a floating rate based on nationally published interest rate references.

The risks associated with a particular Note linked to one or more Reference Entities or other Underlying(s) will generally depend on factors over which neither of the Issuer nor the CGMHI Guarantor has any control and which cannot readily be foreseen. These risks include:

- economic events;
- political events; and
- the supply of, and demand for, and any actual or perceived expectations concerning the value of obligations of or the creditworthiness of, any relevant Reference Entities or other Underlying(s).

In recent years, prices for, and perceptions as to the creditworthiness of, various entities which may constitute Reference Entities or other Underlying(s) have been highly volatile. Such volatility may be expected in the future. Fluctuations in the rates, levels, spreads or prices that have occurred in the past are not necessarily indicative, however, of fluctuations that may occur during the term of any Notes linked to one or more Reference Entities or other Underlying(s).

In addition, investors should be aware that credit spreads or other projections of the creditworthiness of any relevant Reference Entity or other Underlying(s) may be determined or published by the Issuer and/or the CGMHI Guarantor or an affiliate thereof or determined or published by third parties or entities which are not subject to regulation under the laws of the United States or the EEA.

The risk of loss as a result of linking principal and/or interest payments to the non-occurrence of a Credit Event or Risk Event (being a Credit Event or an Additional Risk Event, each as described below), as applicable, of any Reference Entity or Underlying(s) can be substantial. Each investor should consult their own financial and legal advisers as to the risks of an investment in credit-linked Notes.

Risks related to implementation of regulatory reform

Implementation of U.S. federal financial reform legislation may affect the value of Reference Entities or other Underlying(s), which may ultimately affect the value, trading price and viability of Notes. For example, the Dodd-Frank Act would, upon full implementation, impose limits on the maximum position that could be held by a single dealer in certain of the Underlying(s) and may subject certain transactions to new forms of regulation that could create barriers to some types of hedging activity by the Issuer and/or any Hedging Party or any of their respective affiliates. Other provisions of the Dodd-Frank Act could require certain Underlying(s) or hedging transactions to be cleared, traded on a regulated exchange and reported to regulators, central data repositories and, in some cases, the public. The Dodd-Frank Act also expands entity registration requirements and imposes business conduct requirements on persons active in the swaps market (which may include new capital and margin requirements), which may affect the value of relevant Reference Entities or other Underlying(s) or value and/or cost of hedging transactions. Such regulation may consequently affect the market value, trading price and viability of the Notes. The implementation of the

Dodd-Frank Act and future rulemaking thereunder could potentially limit or completely restrict the ability of the Issuer to hedge its exposure on Notes, increase the costs of hedging or make hedging strategies less effective, which may then constitute an Adjustment Event in respect of certain Notes.

Reform of LIBOR and EURIBOR and regulation of other "benchmarks"

The London Inter-Bank Offered Rate (**LIBOR**{ XE "LIBOR" }), the Euro Interbank Offered Rate (**EURIBOR**{ XE "EURIBOR" }) and other rates and indices which are deemed to be "benchmarks" are the subject of recent national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to such a "benchmark".

Key international regulatory initiatives relating to the reform of "benchmarks" include (i) IOSCO's Principles for Oil Price Reporting Agencies (October 2012) and Principles for Financial Benchmarks (July 2013) (the **IOSCO Benchmark Principles**{ XE "IOSCO Benchmark Principles " }), (ii) FSB's report on Reforming Major Interest Rate Benchmarks, (iii) ESMA-EBA's Principles for the benchmark-setting process (June 2013) and (iv) the EU Regulation on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the **Benchmark Regulation**{ XE " Benchmark Regulation " }), which was published in the official journal on 29 June 2016. Most of the provisions of the Benchmark Regulation will apply from 1 January 2018 with the exception of provisions specified in Article 59 (mainly on critical benchmarks) that apply from 30 June 2016.

The IOSCO Benchmark Principles aim to create an overarching framework of principles for benchmarks to be used in financial markets, specifically covering (among other things) governance and accountability as well as the quality, integrity and transparency of a benchmark's design, determination and methodologies. A first review published by IOSCO in July 2014 and a second review published by IOSCO in February 2016 of the status of the voluntary market adoption of the IOSCO Benchmark Principles, each noted that administrators have proactively engaged in addressing the issues raised and contained recommendations in order to strengthen the implementation of the IOSCO Benchmark Principles. The second review also recommended that relevant national authorities monitor the progress made to implement the recommendations. On 16 December 2016, IOSCO published a report setting out guidance to improve the consistency and quality of reporting on compliance with its July 2013 Principles for Financial Benchmarks.

In July 2014 the Financial Stability Board (**FSB**{ XE " FSB " }) published a report on Reforming Major Interest Rate Benchmarks. This report, which was published in conjunction with the findings of the first review of the IOSCO Benchmark Principles and a report by the Market Participants Group, called on the IBOR administrators to address the recommendations arising from the first review of the IOSCO Benchmark Principles and made additional recommendations around underpinning the benchmarks, to the greatest extent possible, in transaction data — this process was referred to as IBOR+ — and developing alternative risk-free rates. A first progress report was published in July 2015, followed by a further progress report in July 2016. The 2016 progress report found that the IBOR administrators have continued to take important steps towards implementing the FSB's recommendations to strengthen the existing benchmarks through adapting their methodology to underpin the rates with transaction data to the extent possible. However, while substantial progress has been made, the reforms of the IBORs have not been completed. The 2016 report found that administrators should now focus on transition and decide how to anchor rates in transactions and objective market data as far as practicable. The FSB is monitoring progress in implementing the workplan on reform of major interest rate benchmarks and is expected to issue a final report by the end of 2017.

The Benchmark Regulation applies to "contributors", "administrators" and "users" of "benchmarks" in the EU, and will, among other things, (i) require benchmark administrators to be authorised or registered (or, if located outside the EU, to be subject to an equivalent regime or otherwise recognised or endorsed) and to comply with extensive requirements in relation to the administration of "benchmarks" (or, if located outside

the EU, to be subject to equivalent requirements) and (ii) prevent certain uses by EU supervised entities of "benchmarks" of administrators that are not authorised/registered (or, if located outside the EU, deemed equivalent or recognised or endorsed). The scope of the Benchmark Regulation is wide and, in addition to so-called "critical benchmark" indices, applies, for example, to many interest rate and foreign exchange rate indices, commodity indices, equity indices and other indices (including "proprietary" indices or strategies) where used to determine the amount payable under or the value of certain financial instruments traded on a trading venue or via a systematic internaliser, or to measure the performance of certain investment funds with the purpose of tracking the return or defining the asset allocation or computing the performance fees.

The Benchmark Regulation could have a material impact on any Notes traded on a trading venue or via a "systematic internaliser" linked to a "benchmark" index, including in any of the following circumstances:

- an index which is a "benchmark" could not be used by a supervised entity in certain ways if its administrator does not obtain authorisation or registration or, if located outside the EU, the administrator is not recognised as equivalent or recognised or endorsed and the transitional provisions do not apply; and
- the methodology or other terms of the "benchmark" could be changed in order to comply with the terms of the Benchmark Regulation, and such changes could (amongst other things) have the effect of reducing or increasing the rate or level or affecting the volatility of the published rate or level of the benchmark.

Either of the above could potentially lead to the Notes being de-listed, adjusted or redeemed early or otherwise impacted depending on the particular "benchmark" and the applicable terms of the Notes.

More broadly, any of the international, national or other proposals for reform or the general increased regulatory scrutiny of "benchmarks" could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain "benchmarks", trigger changes in the rules or methodologies used in certain "benchmarks" or lead to the disappearance of certain "benchmarks". By way of example, the disappearance of a "benchmark" or changes in the manner of administration of a "benchmark" may result in an adjustment to the terms and conditions of the Notes, early redemption, valuation by the Calculation Agent, delisting or other consequences, depending on the specific provisions of the relevant terms and conditions applicable to the Notes.

In addition to the international proposals for reform of "benchmarks" described above, there are numerous other proposals, initiatives and investigations which may impact "benchmarks". For example, there have been global investigations into the potential manipulation of LIBOR and related interest rates, ISDAFIX (now restructured and re-named the ICE Swap Rate) and foreign exchange rate "benchmarks", which may result in further regulation and restructuring of these "benchmarks". On 23 February 2015 the Financial Services and Markets Act 2000 (Regulated Activities) Amendment Order 2015 (SI 2015/369) was published which (as of 1 April 2015) brought an additional seven major benchmarks (namely, SONIA, RONIA, ICE Swap Rate, WM/Reuters London 4 pm Closing Spot Rate, LBMA Gold Price (formerly London Gold Fixing), LBMA Silver Price and ICE Brent Index) into the UK regulatory framework originally implemented for LIBOR and subjecting administrators of and submitters to regulated benchmarks to a number of specified rules and pieces of guidance. The market manipulation offence under the EU Market Abuse Regulation (Regulation (EU) No 596/2014) (**MAR**) extends to the manipulation of benchmarks (as defined in MAR) and as of 3 January 2018, the Markets in Financial Instruments Regulation (Regulation (EU) No 600/2014) will introduce requirements relating to non-discriminatory access to benchmarks by central counterparties and trading venues for the purposes of trading and clearing.

In July 2015 the United Kingdom's Financial Conduct Authority also released a Thematic Review of oversight and controls in relation to financial benchmarks. This considered the activities of UK regulated

financial services firms in relation to a much broader spectrum of "benchmarks" that ultimately could impact inputs, governance and availability of certain benchmarks.

Any of the above changes or any other consequential changes to LIBOR, EURIBOR or any other "benchmark" as a result of international, national or other proposals for reform or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to a "benchmark".

Changes in exchange rates and exchange controls could result in a loss of the value of the Notes and payments in respect thereof in relation to the currency of the jurisdiction of an investor

An investment in Notes denominated in a Specified Currency and/or payable in a Settlement Currency other than the currency of the jurisdiction of a particular investor (the **investor's currency**) entails significant risks that are not associated with a similar investment in a security denominated in the investor's currency. These risks include, but are not limited to:

- the possibility of significant market changes in rates of exchange between the investor's currency and the Specified Currency and/or Settlement Currency;
- the possibility of significant changes in rates of exchange between the investor's currency and the Specified Currency and/or Settlement Currency resulting from the official redenomination or revaluation of the Specified Currency and/or Settlement Currency; and
- the possibility of the imposition or modification of foreign exchange controls by either the jurisdiction of the investor's or foreign governments.

These risks generally depend on factors over which neither the Issuer nor the CGMHI Guarantor has any control and which cannot be readily foreseen, such as:

- economic events;
- political events; and
- the supply of, and demand for, the relevant currencies.

In recent years, rates of exchange between some foreign currencies in which the Notes may be denominated and/or payable have been volatile. This volatility may be expected in the future. Fluctuations that have occurred in any particular exchange rate in the past are not necessarily indicative, however, of fluctuation that may occur in the rate during the term of any Note. Depreciation of the Specified Currency and/or Settlement Currency of a Note against an investor's currency would result in a decrease in the effective yield of such Note below its coupon rate (if applicable) and could result in a substantial loss to the investor in terms of the investor's currency.

Governments and monetary authorities have imposed from time to time, and may in the future impose, exchange controls that could affect applicable exchange rates as well as the availability of a Settlement Currency at the time of payment of principal, any premium, or interest on any Note. There can be no assurance that exchange controls will not restrict or prohibit payments of principal, any premium, or interest denominated in any such Settlement Currency.

Even if there are no actual exchange controls, it is possible that a Settlement Currency would not be available to the Issuer and/or the CGMHI Guarantor when payments on a Note are due because of circumstances beyond the control of the Issuer and/or the CGMHI Guarantor. Each investor should consult their own financial and legal advisers as to the risks of an investment in Notes denominated in a currency other than the investor's currency.

The above risks may be increased if any Specified Currency and/or Settlement Currency and/or an investor's currency is the currency of an emerging market jurisdiction.

The unavailability of currencies could result in a loss of value of the Notes and payments thereunder

The currency in which payments on a Note are required to be made may be redenominated, for example, because such currency is:

- unavailable due to the imposition of exchange controls or other circumstances beyond the Issuer's and/or the CGMHI Guarantor's control;
- no longer used by the government of the country issuing the currency; or
- no longer used for the settlement of transactions by public institutions of the international banking community.

Where the currency in which payments in respect of a Note is officially redenominated, other than as a result of Economic and Monetary Union, such as by an official redenomination of any such currency that is a composite currency, then the payment obligations of the Issuer and/or the CGMHI Guarantor on such Note immediately following the redenomination will be the amount of redenominated currency that represents the amount of the Issuer's and/or the CGMHI Guarantor's obligations immediately before the redenomination.

The Notes will not provide for any adjustment to any amount payable as a result of:

- any change in the value of the Specified Currency and/or Settlement Currency of those Notes relative to any other currency due solely to fluctuations in exchange rates; or
- any redenomination of any component currency of any composite currency, unless that composite currency is itself officially redenominated.

Leveraging Risk

Borrowing to fund the purchase of the Notes (leveraging) can have a significant negative impact on the value of and return on the investment. Investors considering leveraging the Notes should obtain further detailed information as to the applicable risks from the leverage provider.

Illegality in relation to Notes

If the Issuer determines that the performance of its obligations under an issue of Notes or the CGMHI Guarantor determines that the performance of its obligations under the CGMHI Deed of Guarantee in respect of such Notes or that any arrangements made to hedge the Issuer's obligations under such Notes and/or the CGMHI Guarantor's obligations under the CGMHI Deed of Guarantee, as the case may be, has become illegal in whole or in part for any reason, the Issuer may redeem the Notes early and, if and to the extent permitted by applicable law, will pay to each Noteholder (i) in respect of Underlying Linked Notes, an amount equal to either (a) the fair market value of such holder's Notes notwithstanding such illegality less the cost to the Issuer and/or any of its affiliates of unwinding any underlying related hedging arrangement where "Fair Market Value" is specified in the applicable Issue Terms; (b) the "recovery value" determined by reference to dealer quotes for the purchase of the relevant LA Settlement Assets less the cost to the Issuer and/or any of its affiliates of unwinding any related hedging arrangements where "Recovery Value" is specified in respect of the early redemption amount in the applicable Issue Terms in relation to Credit Linked Notes (note that in these circumstances, the Recovery Value in the case of fixed recovery Notes will not be fixed, notwithstanding that this would be the case on redemption following a Risk Event); or (c) such other amount as is specified in the Valuation and Settlement Schedule and in the applicable Issue Terms and (ii) in respect of Notes other than Underlying Linked Notes, an amount calculated pursuant to the relevant Terms

and Conditions thereof. There is no guarantee that the amount repaid to investors will be equal to or higher than the investor's initial investment in the relevant Notes and such amount may be substantially less than the investor's initial investment.

Regulatory Changes and Regulatory Redemption Event

If Obligor Regulatory Call Event is specified as applicable in the applicable Issue Terms and the Issuer at any time determines that an Obligor Regulatory Event has occurred, then the Issuer may redeem all or some only of the Notes early.

An Obligor Regulatory Event is, in summary, circumstances in which the Issuer, the CGMHI Guarantor or any of their affiliates has become subject to less favourable capital adequacy treatment with respect to the relevant Notes (or any of them); the Issuer, the CGMHI Guarantor or any of their affiliates suffers or will suffer any increased costs in connection with the Notes, including any costs associated with hedging the Notes or costs in maintaining any applicable capital reserves in respect of the Notes; or the Issuer would be materially restricted from performing any of its obligations under the Notes or, as the case may be, the CGMHI Guarantor would be materially restricted from performing its obligations under the CGMHI Deed of Guarantee, in each case as a result of an enactment of, or supplement or amendment to, or a change in, law by any relevant governmental authority or a change in policy or interpretation, implementation or application of any relevant laws or regulations, including any accord, standard, official communication or recommendation of the Basle Committee on Banking Supervision, by any relevant governmental authority or the Issuer or any of its affiliates.

If the Notes are so redeemed early, the Issuer will pay to each Noteholder (i) in respect of Underlying Linked Notes, an amount equal to either (a) the fair market value of such holder's Notes notwithstanding such Obligor Regulatory Event less the cost to the Issuer and/or any of its affiliates of unwinding any underlying related hedging arrangement where "Fair Market Value" is specified in the applicable Issue Terms; (b) the "recovery value" determined by reference to dealer quotes for the purchase of the relevant LA Settlement Assets less the cost to the Issuer and/or any of its affiliates of unwinding any related hedging arrangements where "Recovery Value" is specified in respect of the early redemption amount in the applicable Issue Terms in relation to Credit Linked Notes (note that in these circumstances, the Recovery Value in the case of fixed recovery Notes will not be fixed, notwithstanding that this would be the case on redemption following a Risk Event); or (c) such other amount as is specified in the Valuation and Settlement Schedule and in the applicable Issue Terms and (ii) in respect of Notes other than Underlying Linked Notes, an amount calculated pursuant to the relevant Terms and Conditions thereof. There is no guarantee that the amount repaid to investors will be equal to or higher than the investor's initial investment in the relevant Notes and such amount may be substantially less than the investor's initial investment.

Meetings of Noteholders and Modifications

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters which may have a general or specific effect upon their interests. These provisions permit defined majorities to bind all Noteholders, including those Noteholders who did not attend and vote at the relevant meeting, and Noteholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Notes also provide that the Issuer and the CGMHI Guarantor may make, without the consent of the Noteholders, (i) any modification to the Notes, the Fiscal Agency Agreement, the CGMHI Deed of Covenant and/or the CGMHI Deed of Guarantee which, in the opinion of the Issuer, is not materially prejudicial to the interests of the Noteholders or (ii) any modification to the Notes, the Fiscal Agency Agreement, the CGMHI Deed of Covenant and/or the CGMHI Deed of Guarantee, which is of a formal, minor or technical nature or is made to correct a manifest error or proven error or to comply with mandatory provisions of the law.

In determining what is "materially prejudicial", the Issuer shall not consider the individual circumstances of any Noteholder or the tax or other consequences of such modification in any jurisdiction. Any such amendment may have an adverse effect on the value of the Notes or, without limitation, a Noteholder's tax, regulatory or accounting treatment of such Notes.

Substitution

Investors should note that, in relation to any Notes, either of the Issuer and/or the CGMHI Guarantor may, without the consent of the holders but subject to certain conditions, substitute for itself in respect of such Notes or, if applicable, in respect of the CGMHI Deed of Guarantee any company which is, on the date of such substitution, in the opinion of the Issuer or the CGMHI Guarantor, as the case may be, of at least equivalent standing and creditworthiness to it.

Determinations

The terms of the Notes confer on the Issuer, the Calculation Agent and certain other persons some discretion in making judgements, determinations and calculations in relation to the Notes including, *inter alia*, the occurrence of various events including Credit Events and Risk Events (as applicable). In certain cases the relevant party will act in good faith and a commercially reasonable manner, in certain cases in its sole and absolute discretion and in certain cases either in good faith and in its sole and absolute discretion or in good faith and in a commercially reasonable manner (as specified in the applicable Issue Terms), but in each case the exercise of any such discretion is not subject to any dispute resolution or similar procedure and there can be no assurance that the exercise of any such discretion will not affect the value of the Notes or the occurrence of an early repayment.

In exercising its discretions, the relevant party will not be under any obligation to consider the interests of the Noteholders or any other person in relation to such discretion or to mitigate their losses. The relevant party and its affiliates may in fact benefit from the exercise of a discretion (for example the determination that a Credit Event or a Risk Event (as applicable) has occurred or one or more related determinations) that may increase losses to Noteholders.

Change of law

The Conditions of the Notes are based on relevant laws in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to such laws or administrative practices after the date of this Base Prospectus.

Notes subject to optional redemption by the Issuer

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

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

Investors should note, *inter alia*, the circumstances in Condition 5 of the General Conditions (as defined therein) of the Notes when the Issuer is entitled to redeem the relevant Notes and any related provisions set out in the applicable Issue Terms.

Fixed Rate Notes

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

Cessation of Interest

Investors should be aware that, in the case of interest-bearing Notes, no interest will be payable in respect of the Notes from the interest period commencing or, in the case of a Non-Accruing Note, interest payment date immediately preceding the occurrence of a Credit Event Determination Date or a Risk Event Determination Date (as applicable), in each case in respect of a Credit Event or the effective delivery of a Risk Event Notice (as applicable). Interest payments may also be suspended during the periods that the Credit Derivatives Determinations Committees are sitting if DC Determinations is applicable in respect of the Notes.

Cessation of Instalments

Investors should be aware that, in the case of Instalment Notes, no instalments will be payable on or after the occurrence of a Credit Event Determination Date or a Risk Event Determination Date (as applicable), in each case in respect of a Credit Event or the effective delivery of a Risk Event Notice (as applicable).

Notes issued at a substantial discount or premium

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

Risks in investing in the form of certificateless depositary interests in CREST

Investors may also hold indirect interests in Notes through Euroclear UK & Ireland Limited (formerly known as CRESTCo Limited) (**CREST**) through the issuance of CREST Depositary Interests (**CDIs**) issued, held, settled and transferred through CREST. CDIs are independent securities constituted under English law and transferred through CREST and will be issued by CREST Depositary Limited (the **CREST Depositary**) to investors (**CDI Holders**) pursuant to the global deed poll dated 25 June 2001 (as subsequently modified, supplemented and/or restated) (the **CREST Deed Poll**).

The rights of CDI Holders to Notes are represented by the relevant entitlements against the CREST Depositary which (through CREST International Nominees Limited (the **CREST Nominee**)) holds interests in such Notes. Accordingly, rights under Notes underlying CDIs cannot be enforced by CDI Holders except indirectly through the intermediary depositaries and custodians. The enforcement of rights under such Notes will be subject to the local law of the relevant intermediaries. This could result in an elimination or reduction in the payments that otherwise would have been made in respect of such Notes in the event of any insolvency or liquidation of any of the relevant intermediaries, in particular where Notes held in clearing systems are not held in special purpose accounts and are fungible with other securities held in the same accounts on behalf of other customers of the relevant intermediaries.

The rights of the CDI Holders will be governed by the arrangements between CREST, Euroclear, Clearstream, Luxembourg and the Issuer, including the CREST Deed Poll. Potential investors should note that the provisions of the CREST Deed Poll, the CREST Manual and the CREST Rules (each as described in section D.5 below) contain indemnities, warranties, representations and undertakings to be given by CDI Holders and limitations on the liability of the CREST Depositary. CDI Holders are bound by such provisions and may incur liabilities pursuant to or resulting from a breach of any such indemnities, warranties, representations and undertakings in excess of the amounts originally invested by them. As a result, the rights

of and returns received by CDI Holders may differ from those of holders of Notes which are not represented by CDIs.

In addition, CDI Holders may be required to pay fees, charges, costs and expenses to the CREST Depository in connection with the use of the CREST International Settlement Links Service (as defined in section D.5 below). These will include the fees and expenses charged by the CREST Depository in respect of the provision of services by it under the CREST Deed Poll and any taxes, duties, charges, costs or expenses which may be or become payable in connection with the holding of Notes through the CREST International Settlement Links Service.

Potential investors should note that none of the Issuer, the CGMHI Guarantor, any Dealer, any distributor, any Paying Agent, the Registrar and any Transfer Agent will have any responsibility for the performance by any intermediaries or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

Risks related to the market generally

Impact of fees, commissions and/or inducements on the Issue Price and/or offer price

Investors should note that the Issue Price and/or offer price of Notes may include fees and/or other commissions and inducements (e.g. placement fees, distribution fees, structuring fees). Any such fees and/or other commissions and inducements will not be taken into account for the purposes of determining the price of such Notes in the secondary market and will result in a difference between the Issue Price and/or offer price of the Notes and the bid/offer price quoted by any intermediary in the secondary market. Any such difference will result in a decrease in the value of an issue of Notes, particularly in relation to any such Notes sold immediately following the issue date or offer period relating to the relevant Tranche of such Notes.

The secondary market

Notes may have no established trading market when issued, and one may never develop. If a market for the Notes does develop, it may not be very liquid and an investor may not be able to find a timely and/or suitable counterpart. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market or at prices higher than the relevant investor's initial investment. Investors seeking to liquidate/sell positions in the Notes prior to the stated maturity date may receive substantially less than their original purchase price. Therefore, in establishing their investment strategy, investors should ensure that the term of the Notes is in line with their future liquidity requirements. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes. The liquidity of Notes is also influenced by the type of investor to whom such Notes are sold. To the extent that an issue of Notes is or becomes illiquid, investors may have to hold the relevant Notes until maturity before they are able to realise value.

The Issuer may, but is not obliged to, list an issue of Notes on a stock exchange or regulated market. If Notes are not listed or traded on any stock exchange or regulated market, pricing information for the relevant Notes may be more difficult to obtain and the liquidity of such Notes may be adversely affected.

If Notes are not listed or traded on a stock exchange or regulated market, they may be traded on trading systems governed by the laws and regulations in force from time to time (e.g. multilateral trading systems or "MTF") or in other trading systems (e.g. bilateral systems or equivalent trading systems). In the event that trading in such Notes takes place outside any such stock exchange, regulated market or trading systems, the manner in which the price of such Notes is determined may be less transparent and the liquidity of such

Notes may be adversely affected. Investors should note that none of the Issuer, the CGMHI Guarantor and any Dealer grants any warranty to Noteholders as to the methodologies used to determine the price of Notes which are traded outside a trading system. However, where the Issuer or any of its affiliates determines the price of such Notes, it will take into account the market parameters applicable at such time in accordance with applicable provisions of law. Even if Notes are listed and/or admitted to trading, this will not necessarily result in greater liquidity.

Each of the Issuer, the CGMHI Guarantor and any Dealer may, but is not obliged to, at any time purchase Notes at any price in the open market or by tender or private agreement. Any Notes so purchased may be held or resold or surrendered for cancellation. If any Notes are redeemed in part, then the number of Notes outstanding will decrease, which will reduce liquidity for the outstanding Notes. Any such activities may have an adverse effect on the price of the relevant Notes in the secondary market and/or the existence of a secondary market.

Any of the Issuer, the CGMHI Guarantor or any Dealer or affiliate thereof, as, where applicable, part of its activities as a broker and dealer in fixed income and equity securities and related products or otherwise, may make a secondary market in relation to any Notes and may provide an indicative bid price on a daily basis. Any indicative prices so provided shall be determined by the relevant party in its sole discretion taking into account prevailing market conditions and shall not be a representation by such party that any Notes can be purchased or sold at such prices (or at all).

Notwithstanding the above, any of the parties specified above may suspend or terminate making a market and providing indicative prices without notice, at any time and for any reason.

Consequently, there may be no market for the relevant Notes and investors should not assume that such a market will exist. Accordingly an investor must be prepared to hold the Notes until the maturity date.

Where a market does exist, to the extent that an investor wants to sell any Notes, the price may, or may not, be at a discount from the outstanding principal amount.

If it is possible to sell Notes, they would be sold for the prevailing bid price in the market and may be subject to a transaction fee. The prevailing bid price may be affected by several factors including the performance of any relevant Underlying, prevailing interest rates at the time of sale, the time remaining to the stated maturity date, the creditworthiness of the Issuer and/or the CGMHI Guarantor and factors affecting the capital markets generally. The introduction of additional or competing products in the market may also have a negative effect on the price of any Notes. It is therefore possible that an investor selling Notes in the secondary market may receive substantially less than their original purchase price.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to securities issued under the Programme, including any Notes. The credit rating agencies may have different rating methodologies, criteria, models and requirements from one another. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. The ratings of any Notes may be reduced, withdrawn or qualified at any time by the applicable rating agency. If the ratings on any Notes are reduced, withdrawn or qualified, it could adversely affect the liquidity or the market value of such Notes.

Additionally, the global landscape of financial sector regulation itself is undergoing significant change. In the U.S., the Dodd-Frank Act, among other things, expands regulatory oversight of the CGMHI Guarantor (and its subsidiaries) and credit rating agencies. It is not clear how this expanded regulatory oversight will impact the ratings on the Notes or the rating of the Issuer and/or the CGMHI Guarantor.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by the ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out above. Information relating to the current rating of the CGMHI Guarantor is available at www.citigroup.com.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Risks related to the United States federal income tax treatment

Section 871(m) Withholding on Dividend Equivalents

Section 871(m) of the U.S. Internal Revenue Code of 1986, as amended (the **Code**), and the Treasury regulations thereunder (**Section 871(m)**) impose a 30 per cent. (or lower treaty rate) withholding tax on "dividend equivalents" paid or deemed paid to Non-U.S. Holders (as defined under "*Section D.8—Taxation of Notes*" in this Base Prospectus) with respect to certain financial instruments linked to U.S. equities (**U.S. Underlying Equities**) or indices that include U.S. Underlying Equities. Section 871(m) generally applies to financial instruments that substantially replicate the economic performance of one or more U.S. Underlying Equities, as determined based on tests set forth in the applicable Treasury regulations and discussed further below. Section 871(m) provides certain exceptions to this withholding regime, in particular for instruments linked to certain broad-based indices that meet requirements set forth in the applicable Treasury regulations (**Qualified Indices**) as well as securities that track such indices (**Qualified Index Securities**). The discussion herein refers to a Note subject to Section 871(m) as a **Specified Note**.

Although the Section 871(m) regime is effective as of 2017, the Internal Revenue Service (the **IRS**) regulations phase in the application of Section 871(m) as follows:

- For financial instruments issued in 2017, Section 871(m) will generally apply only to financial instruments that have a "delta" of one.
- For financial instruments issued after 2017, Section 871(m) will apply if either (i) the "delta" of the financial instruments is at least 0.80, if they are "simple" contracts, or (ii) the financial instruments meet a "substantial equivalence" test, if they are "complex" contracts.

Delta is generally defined as the ratio of the change in the fair market value of a financial instrument to a small change in the fair market value of the number of shares of the U.S. Underlying Equity. The "substantial equivalence" test measures whether a complex contract tracks its "initial hedge" (shares of the U.S. Underlying Equity that would fully hedge the contract) more closely than would a "benchmark" simple contract with a delta of 0.80.

The calculations are generally made at the earlier of (i) the time of pricing of the Note, i.e., when all material terms have been agreed on, and (ii) the issuance of the Note. However, if the time of pricing is more than 14 calendar days before the issuance of the Note, the calculations are required to be made at the issuance of the Note. In those circumstances, information regarding the Issuer's final determinations for purposes of Section 871(m) may be available only after the issuance of the Note. As a result, a Non-U.S. Holder should acquire such a Note only if it is willing to accept the risk that the Note is treated as a Specified Note subject to withholding.

If the terms of a Note are subject to a "significant modification" (for example, upon an Issuer substitution, as discussed under "*Section D.8—Taxation of Notes—United States Federal Tax Considerations—Tax Consequences to U.S. Holders*" and "*—Tax Consequences to Non-U.S. Holders*" in this Base Prospectus), the Note generally will be treated as reissued for this purpose at the time of the significant modification, in which case the Notes could become Specified Notes at that time.

If a Note is a Specified Note, withholding in respect of dividend equivalents will, depending on the applicable withholding agents' circumstances, generally be required either (i) on the underlying dividend payment date or (ii) when cash payments are made on the Note or upon the date of maturity, lapse or other disposition of the Note by the Non-U.S. Holder, or possibly upon certain other events. Depending on the circumstances, the applicable withholding agent may withhold the required amounts from payments on the Note, from proceeds of the retirement or other disposition of the Note, or from the Non-U.S. Holder's other cash or property held by the withholding agent.

The dividend equivalent amount will include the amount of any actual or, under certain circumstances, estimated dividend. If the dividend equivalent amount is based on the actual dividend, it will be equal to the product of: (i) in the case of a "simple" contract, the per-share dividend amount, the number of shares of a U.S. Underlying Equity and the delta; or (ii) in the case of a "complex" contract, the per-share dividend amount and the initial hedge. The dividend equivalent amount for Specified Notes issued in 2017 that have a "delta" of one will be calculated in the same manner as (i) above, using a "delta" of one. The per-share dividend amount will be the actual dividend (including any special dividends) paid with respect to a share of the U.S. Underlying Equity. If the dividend equivalent amount is based on an estimated dividend, the Issue Terms will generally state the estimated amounts.

Depending on the terms of a Note and whether it is issued in 2017 or later, the Issue Terms may contain additional information relevant to Section 871(m), such as whether the Note references a Qualified Index or Qualified Index Security; whether it is a "simple" contract; the "delta" and the number of shares multiplied by delta (for a simple contract); and whether the "substantial equivalence test" is met and the initial hedge (for a complex contract).

The Issuer's determination regarding Section 871(m) is generally binding on Non-U.S. Holders, but it is not binding on the IRS. The Section 871(m) regulations require complex calculations to be made with respect to Notes linked to U.S. Underlying Equities and their application to a specific issue of Notes may be uncertain. Accordingly, even if the Issuer determines that certain Notes are not Specified Notes, the IRS could challenge the Issuer's determination and assert that withholding is required in respect of those Notes.

The application of Section 871(m) to a Note may be affected if a Non-U.S. Holder enters into another transaction in connection with the acquisition of the Note. For example, if a Non-U.S. Holder enters into other transactions relating to a U.S. Underlying Equity, the Non-U.S. Holder could be subject to withholding tax or income tax liability under Section 871(m) even if the relevant Notes are not Specified Notes subject to Section 871(m) as a general matter. Non-U.S. Holders should consult their tax advisors regarding the application of Section 871(m) in their particular circumstances.

The Issuer will not be required to pay any additional amounts in respect of amounts withheld under Section 871(m).

The United States tax treatment of certain Notes is unclear

The Issuer intends to treat the Notes as debt instruments for U.S. federal income tax purposes, as described below under "*United States Federal Tax Considerations - Tax Consequences to U.S. Holders*". However, it is possible that all or any portion of a Note could be recharacterised as a non-debt instrument, in which case the character and timing of income may be different for U.S. federal income tax purposes. In particular, if a Note were treated as an instrument other than debt, interest payments on the Note could be subject to withholding at a rate of 30 per cent., subject to reduction under an applicable income tax treaty.

If the Issuer designates a Substitute for itself, the Notes could be treated for U.S. federal income tax purposes, in whole or in part, as retired and reissued, in which case a U.S. Holder would generally be required to recognise gain or loss (subject in the case of loss to the possible application of the wash sale rules) with respect to the Notes. Moreover, the treatment of the Notes after such a substitution could differ from their prior treatment. U.S. Holders should consult their tax advisors regarding such a substitution. Except where specifically stated, the discussion herein assumes that no such deemed retirement and reissuance has occurred.

In 2007, the IRS and United States Treasury Department issued a notice (the **Notice**) that requests public comments on a comprehensive list of tax policy issues raised by certain securities that are not classified as debt for U.S. federal income tax purposes. The Notice focuses in particular on whether to require holders of these securities to accrue income over the term of their investment. It also asks for comments on a number of related topics, including the character of income or loss with respect to these securities; whether short-term securities should be subject to any such accrual regime; the relevance of factors such as the exchange-traded status of the securities and the nature of the underlying property to which the securities are linked; whether these securities are or should be subject to the "constructive ownership" regime, which very generally can operate to recharacterise certain long-term capital gain as ordinary income and impose an interest charge; and the degree, if any, to which income (including any mandated accruals) realised by non-U.S. investors should be subject to withholding tax. Prospective purchasers of the Notes are urged to consult their tax advisors about the potential effect of the Notice on the Notes.

Insofar as it has responsibility as a withholding agent in respect of the Notes, the Issuer currently does not intend to withhold on payments on the Notes to Non-U.S. Holders (subject to the certification requirements and certain exceptions discussed in "*United States Federal Tax Considerations — Tax Consequences to Non-U.S. Holders*"). However, it is possible that other withholding agents may withhold on interest payments on the Notes, and in the future the Issuer may determine that it is required to so withhold. The Issuer will not be required to pay any additional amounts with respect to amounts withheld.

Reportable Transactions

In October 2015, the U.S. Treasury Department and the IRS released notices designating certain "basket options", "basket contracts" and substantially similar transactions as reportable transactions. The notices apply to specified transactions in which a taxpayer or its "designee" has, and exercises, discretion to change the assets or an algorithm underlying the transaction. While an exercise of the type of discretion that would give rise to such reporting requirements in respect of the Notes is not expected, if the Issuer, an index sponsor or calculation agent or other person were to exercise discretion under the terms of a Note or an index underlying a Note and were treated as a holder's "designee" for these purposes, unless an exception applied certain holders of the relevant Notes would be required to report certain information to the IRS, as set forth in the applicable Treasury regulations, or be subject to penalties. The Issuer might also be required to report information regarding the transaction to the IRS.

Prospective purchasers of the Notes are urged to consult their tax advisors regarding the U.S. federal tax consequences of an investment in the Notes.

Changes in any applicable tax law or practice may have an adverse effect on a Noteholder

Any relevant tax law or practice applicable as at the date of this Base Prospectus and/or the date of purchase or subscription of any Notes may change at any time (including during any subscription period or the term of any Notes). Any such change may have an adverse effect on a Noteholder, including that Notes may be redeemed before their due date, their liquidity may decrease and/or the tax treatment of amounts payable or receivable by or to an affected Noteholder may be less than otherwise expected by such Noteholder.

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

The Proposed Financial Transaction Tax (FTT)

On 14 February 2013 the European Commission issued proposals, including a draft Directive (the **Commission's proposal**{ XE "Commission's proposal" }) for a financial transaction tax (**FTT**{ XE "FTT" }) to be adopted in certain participating EU member states (including Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia, although Estonia has since stated that it will not participate). If the Commission's proposal was adopted, the FTT would be a tax primarily on "financial institutions" (which could include the Issuer) in relation to "financial transactions" (which would include the conclusion or modification of derivative contracts and the purchase and sale of financial instruments).

Under the Commission's proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument is issued in a participating Member State.

The FTT may give rise to tax liabilities for the Issuer with respect to certain transactions if it is adopted based on the Commission's proposal. Examples of such transactions are the conclusion of a derivative contract in the context of the Issuer's hedging arrangements or the purchase or sale of securities. The Issuer is, in certain circumstances, able to pass on any such tax liabilities to holders of Notes and therefore this may result in holders of the Notes receiving less than expected in respect of the Notes. It should also be noted that the FTT could be payable in relation to relevant transactions by investors in respect of the Notes (including secondary market transactions) if conditions for a charge to arise are satisfied and the FTT is adopted based on the Commission's proposal. Primary market transactions referred to in Article 5(c) of the Regulation EC No 1287/2006 are expected to be exempt. There is however some uncertainty in relation to the intended scope of this exemption for certain money market instruments and structured issues.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

Potential conflicts of interest

Where the Calculation Agent is an affiliate of the Issuer, potential conflicts of interest may exist between the Calculation Agent and Noteholders, including with respect to certain determinations, calculations and judgements that the Calculation Agent may make pursuant to the Notes (for example whether a Credit Event or a Risk Event (as applicable) has occurred and calculations or valuations with respect to underlying instruments, transactions or risks including, without limitation, Reference Assets, Unwind Costs, Undeliverable Obligations, Hedge Disruption Obligations and Undeliverable Assets) that may influence the

amount receivable or specified assets deliverable in respect of the Notes. See also "Determinations" above for risks in relation to discretions in making determinations, calculations and judgments under the Notes, including by the Calculation Agent.

Any of the Issuer, the CGMHI Guarantor and/or their affiliates may publish credit spreads or other values or prices in respect of, or of the obligations of, a Reference Entity or any other Underlying. The Issuer, the CGMHI Guarantor and/or any of their affiliates may also from time to time engage in transactions with, in relation to or in respect of, any Reference Entity or other Underlying(s) for their proprietary accounts or for other accounts under their management, subject to requirements of all applicable laws and regulations. The Issuer, the CGMHI Guarantor and/or their affiliates may also issue other derivative instruments in respect of any Reference Entity or other Underlying(s). The Issuer, the CGMHI Guarantor and/or their affiliates may also act as underwriter or counterparty in connection with future offerings of securities, debt or other obligations related to an issue of Notes, or may act as financial adviser to certain companies who are Reference Entities in respect of one or more issues of Notes or in a commercial banking capacity for such companies. These activities may have a positive or negative effect on the value or creditworthiness of, or the likelihood of a Credit Event or Risk Event occurring to, a Reference Entity or other Underlying(s) and consequently upon the value of the Notes.

Any of the Issuer, the CGMHI Guarantor any Dealer and/or any of their affiliates may at the date hereof or at any time hereafter be in possession of information in relation to an Underlying that is or may be material and may or may not be publicly available to Noteholders. There is no obligation on the Issuer, the CGMHI Guarantor or any Dealer to disclose to any potential investors in Notes or to Noteholders any such information.

Any of the Issuer, the CGMHI Guarantor, any Dealer and/or any of their affiliates may have existing or future business relationships with the issuer or any other entity that is, or is associated with, a Reference Entity or any Underlying(s) (including, but not limited to, lending, depositary, risk management, advisory and banking relationships), and may pursue actions and take steps that they or it deem(s) necessary or appropriate to protect their and/or its interests arising therefrom without regard to the consequences for a Noteholder.

Post issuance information

Neither the Issuer nor the CGMHI Guarantor will provide any post issuance information, except if required by any applicable laws and regulations.

Information concerning the Underlying(s) and historic interest rates in the case of Floating Rate Notes

Information in relation to any Reference Entity where the Notes are Credit Linked Notes is available from internationally recognised published or electronically displayed sources such as Bloomberg and any web-site of the Reference Entity.

Information relating to historic interest rates in the case of Floating Rate Notes is available from internationally recognised published or electronically displayed sources, including the Page or, as the case may be, page referred to in the applicable Floating Rate Option, in each case as specified in the applicable Issue Terms.

Risks Relating to Renminbi Notes

Notes denominated in Renminbi (**Renminbi Notes**) may be issued under the Programme. Renminbi Notes contain particular risks for potential investors, including:

Renminbi is not completely freely convertible and there are still significant restrictions on remittance of Renminbi into and out of the PRC which may adversely affect the liquidity of investments in Renminbi Notes.

Renminbi is not completely freely convertible as of the date of this Base Prospectus. The government of the PRC (the **PRC Government**) continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar, despite significant reduction in the control by the PRC Government in recent years over trade transactions involving the import and export of goods and services, as well as other frequent routine foreign exchange transactions. These transactions are known as current account items. However, remittance of Renminbi by foreign investors into the PRC for purposes such as capital contributions, known as capital account items, is generally only permitted upon obtaining specific approvals from the relevant authorities on a case-by-case basis and subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are developing gradually.

On 7 April 2011, SAFE promulgated the "Circular on Issues Concerning the Capital Account Items in connection with Cross-Border Renminbi" (the **SAFE Circular**), which became effective on 1 May 2011. According to the SAFE Circular, in the event that foreign investors intend to use Renminbi (including offshore Renminbi and onshore Renminbi held in the capital accounts of non-PRC residents) to make contribution to an onshore enterprise or make payment for the transfer of equity interest of an onshore enterprise by a PRC resident, such onshore enterprise shall be required to submit the prior written consent of the relevant Ministry of Commerce (**MOFCOM**) to the relevant local branch of SAFE of such onshore enterprise and register for a foreign invested enterprise status. Further, the SAFE Circular clarifies that the foreign debts borrowed, and the foreign guarantee provided, by an onshore entity (including a financial institution) in Renminbi shall, in principle, be regulated under the current PRC foreign debt and foreign guarantee regime.

Although from 1 October 2016, the Renminbi has been added to the Special Drawing Rights basket created by the International Monetary Fund, there is no assurance that the PRC Government will continue to gradually liberalise control over cross border remittance of Renminbi in the future or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that funds cannot be repatriated outside the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer to source Renminbi to finance its obligations under Renminbi Notes.

There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of Renminbi Notes and the Issuer's ability to source Renminbi outside the PRC to service such Renminbi Notes.

As a result of the restrictions imposed by the PRC Government on cross border Renminbi fund flows, the availability of Renminbi outside the PRC is limited. As of the date of this Base Prospectus, licensed banks in Singapore and Hong Kong may offer limited Renminbi denominated banking services to Singapore residents, Hong Kong residents and specified business customers. While the People's Bank of China (the **PBOC**) has entered into agreements on the clearing of Renminbi business (the **Settlement Agreements**) with financial institutions in a number of financial centres and cities (the **RMB Clearing Bank**), including but not limited to Hong Kong, and is in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions, the current size of Renminbi denominated financial assets outside the PRC is limited.

Renminbi business participating banks do not have direct Renminbi liquidity support from the PBOC. The relevant RMB Clearing Bank only has access to onshore liquidity support from the PBOC for the purpose of squaring open positions of participating banks for limited types of transactions. The relevant RMB Clearing Bank is not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services and the participating banks will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Agreements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of the Renminbi Notes. To the extent the Issuer is required to source Renminbi outside the PRC to service the Renminbi Notes, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all. If Renminbi is not available in certain circumstances as described in the Conditions applicable to Renminbi Notes, the Issuer can make payments in U.S. dollars or other specified currencies as set out in the applicable Issue Terms.

Investment in Renminbi Notes is subject to exchange rate risks.

The value of Renminbi against the U.S. dollar and other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions and by many other factors. In August 2015, the PBOC implemented changes to the way it calculates the midpoint against U.S. dollars to take into account market-maker quotes before announcing the daily midpoint. This change, among others that may be implemented, may increase the volatility in the value of the Renminbi against other currencies. All payments of interest, principal or instalments of principal in respect of Notes which are Instalment Notes, with respect to Renminbi Notes will be made in Renminbi unless otherwise specified. As a result, the value of these Renminbi payments in other foreign currency terms may vary with the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against other foreign currencies, the value of investment in other applicable foreign currency terms will decline.

In the event that access to Renminbi becomes restricted to the extent that, by reason of RMB Inconvertibility, RMB Non-Transferability or RMB Illiquidity (as defined in the Conditions), it is impossible, impractical, illegal or impracticable for the Issuer (or, if applicable, any party to a Hedge Position), to pay interest, principal or instalments of principal in respect of Notes which are Instalment Notes in Renminbi, the Conditions allow the Issuer to delay such payment in Renminbi until certain time after the relevant RMB Currency Event ceases to exist or to make payment in U.S. dollars or other specified foreign currency at the prevailing spot rate of exchange, all as provided in more detail in the Conditions. As a result, the value of these Renminbi payments may vary with the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against the U.S. dollar or other foreign currencies, the value of a holder's investment in U.S. dollar or other foreign currency terms will decline.

An investment in Renminbi Notes is subject to interest rate risk.

The PRC Government has gradually liberalised the regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. The Renminbi Notes may carry a fixed interest rate. Consequently, the trading price of such Renminbi Notes will vary with fluctuations in Renminbi interest rates. If a holder of Renminbi Notes tries to sell any Renminbi Notes before their maturity, they may receive an offer that is less than the amount invested.

Payments in respect of Renminbi Notes will only be made to investors in the manner specified in the terms and conditions of the relevant Notes.

Investors may be required to provide certification and other information (including Renminbi account information) in order to be allowed to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in the RMB Settlement Centre(s). All Renminbi payments to investors in respect of the Renminbi Notes will be made solely (i) for so long as the Renminbi Notes are represented by Global Registered Note Certificates held in Euroclear and Clearstream, Luxembourg or any alternative clearing system, by transfer to a Renminbi bank account maintained in the RMB Settlement Centre(s) in accordance with prevailing Euroclear and/or Clearstream, Luxembourg rules and procedures, or (ii) for so long as the Renminbi Notes are in definitive form, by transfer to a Renminbi

bank account maintained in the RMB Settlement Centre(s) in accordance with prevailing rules and regulations. Other than described in the Conditions, the Issuer cannot be required to make payment by any other means (including in any other currency or in bank notes, by cheque or draft or by transfer to a bank account in the PRC).

An investment in Renminbi Notes is subject to risk of change in the regulatory regime governing the issuance of Renminbi Notes.

Renminbi Notes issuance is subject to laws and regulations of the relevant RMB Settlement Centre(s). There can be no assurance that the PRC Government will continue to encourage issuance of RMB-denominated debt instruments outside of mainland China and any change in the Chinese government's policy or the regulatory regime governing the issuance of RMB-denominated debt instruments may adversely affect the Renminbi Notes.

General risks and risks relating to Underlying(s)

Notes linked to the credit risk of Underlying(s) involve a high degree of risk, which may include, among others, interest rate, foreign exchange, time value and political risks. Prospective purchasers of such Notes should recognise that their Notes, other than any Notes that include fixed recovery or minimum redemption provisions or otherwise have a minimum redemption value, may be worthless on redemption. Purchasers should be prepared to sustain a total loss of the purchase price of their Notes, except to the extent any fixed recovery or minimum redemption provisions are applicable to such Notes. See "*Certain factors affecting the value and trading price of Notes linked to one or more Reference Entities or other Underlying(s)*" above and, in relation to Credit Linked Notes, "*Risks relating to Credit Linked Notes*", "*Risks relating to LA Credit Linked Notes*" and "*Certain Risks Associated with Notes relating to Inflation Indices*" below. Prospective purchasers of such Notes should be experienced with respect to credit derivative transactions and credit-linked debt instruments, should understand the risks of the relevant Notes and should reach an investment decision only after careful consideration, with their advisers, of the suitability of such Notes in light of their particular financial circumstances, the information set forth herein and the information regarding the relevant Notes and the particular Underlying(s), as specified in the applicable Issue Terms.

The risk of the loss of some or all of the purchase price of a Note linked to one or more Reference Entities or other Underlying(s) upon redemption means that, in order to recover and realise a return upon his or her investment, a purchaser of a Note must generally be correct about the creditworthiness of the relevant Underlying(s). Assuming all other factors are held constant, the more a Note is "out-of-the-money" (or the higher the risk of default in respect of the relevant Underlying(s)) and the shorter its remaining term to maturity, the greater the risk that purchasers of such Notes will lose all or part of their investment. The only means through which a Noteholder can realise value from a Note prior to the maturity date in relation to such Note is to sell it at its then market price in an available secondary market. See "*The secondary market*" generally above.

Prospective investors should understand that although the Notes do not create an actual interest in, or ownership of, the relevant Reference Entities or other Underlying(s), the return on the Notes may attract certain of the same risks as an actual investment in obligations of the relevant Reference Entities or other Underlying(s).

Fluctuations in the value or creditworthiness, as applicable, of the relevant Reference Entities or other Underlying(s) or in the yield (if applicable), the relevant rates of exchange between the currency of investment and any other currencies specified in the terms of the Notes (if applicable), the obligations or creditworthiness of any other entity or other items which comprise or relate to any such Reference Entity or other Underlying(s) will affect the value of the relevant Notes. Purchasers of Notes risk losing their entire investment if the creditworthiness of any relevant Reference Entity or other relevant Underlying(s) or any entity or other items comprising or relating to any such Reference Entity or other Underlying(s) deteriorates such that a Credit Event occurs or if any other applicable Risk Event occurs.

The Issuer may issue several issues of Notes relating to a particular Reference Entity or other Underlying(s). However, no assurance can be given that the Issuer will issue any Notes other than the Notes to which the applicable Issue Terms relates. At any given time, the number of Notes outstanding may be substantial. Notes provide opportunities for investment and pose risks to investors as a result of fluctuations in the creditworthiness or value of the relevant Reference Entities or Underlying(s).

All Notes will be unsecured and unsubordinated obligations of the Issuer and all Notes issued by it will rank equally among themselves and with all other unsecured and unsubordinated obligations of the Issuer. The obligations of the CGMHI Guarantor under the CGMHI Deed of Guarantee will be unsecured and unsubordinated obligations of the CGMHI Guarantor and will rank *pari passu* with all other outstanding unsecured and unsubordinated obligations of the CGMHI Guarantor. The Issuer's obligations under the Notes issued by it and the CGMHI Guarantor's obligations under the CGMHI Deed of Guarantee represent general contractual obligations of each respective entity and of no other person.

A Note will not represent a claim against any Reference Entity or other Underlying and, in the event that the amount paid on redemption of the Notes is less than the nominal amount of the Notes, a Noteholder will not have recourse under any relevant Note to any entity, obligation or other item which may comprise or be related to the relevant Reference Entities or other Underlying(s) in respect of such Notes. Although the performance and creditworthiness of the relevant Reference Entities or other Underlying(s) will have an effect on the market value of the Notes and ultimately their value at redemption, the obligations of any relevant Reference Entity or other Underlying(s) and the Notes are separate obligations of different legal entities. Except in respect of Notes that are Physical Delivery Notes and where such Notes are settled by physical settlement, investors will have no legal or beneficial interest in any obligations (direct or indirect) of any relevant Reference Entity or other Underlying(s). The Issuer is not an agent of Noteholders for any purpose and Noteholders will not have any voting or other rights in relation to such obligations. The Issuer does not grant any security interest over any such obligations. In addition, the Issuer, the CGMHI Guarantor and/or any of their affiliates may enter into arrangements to hedge the Issuer's and/or the CGMHI Guarantor's obligations under the Notes and/or the CGMHI Guarantee but are not required to do so. If they do so, the Issuer and/or the CGMHI Guarantor and/or any such affiliate will have certain rights under such hedging arrangements and may pursue actions and take steps that they deem appropriate to protect their own interests under such hedging arrangements without regard to the consequences for Noteholders. A Noteholder will not have recourse to the applicable counterparty under any such hedging arrangements and any such hedging arrangements will not confer any rights or Asset Amounts or LA Settlement Assets on any Noteholders and will constitute separate obligations of the Issuer and/or the CGMHI Guarantor and/or any such affiliate.

The Notes will only redeem at an amount equivalent to at least par if the applicable Issue Terms provide for the Redemption Amount at maturity to be an amount equivalent to at least such amount, the Notes have not otherwise been redeemed or repaid early in accordance with their terms and a Credit Event or a Risk Event (as applicable) has not occurred. However, investors should note that this is subject to the credit risk of the Issuer. Furthermore, where the Notes are traded or redeemed early, the price for which such Notes may be sold or redeemed early may be less than the principal amount outstanding of such Note and/or an investor's initial investment in such Notes.

The Issuer's obligations in respect of the Notes are not dependent on the existence or amount of the Issuer's and/or any of its affiliates' credit exposure to any Reference Entity or other Underlying(s) and the Issuer and/or any affiliate will not need to suffer any loss nor provide evidence of any loss as a result of the occurrence or existence of any Credit Event or Risk Event (as applicable).

RISKS RELATING TO CREDIT LINKED NOTES

Credit Linked Notes may be redeemed by the Issuer on the Maturity Date by payment of the Redemption Amount or by the physical delivery of a given number of specified assets and/or by payment of a cash amount on an alternative date (or on the Maturity Date if the Credit Linked Notes are Maturity Date Settled

Notes) depending on whether any of certain credit related events (Credit Events, as described below) has occurred in respect of one or more Reference Entities, in the case of LA Credit Linked Notes whether any of certain Additional Risk Events has occurred and, in either case if so (unless in the case of LA Credit Linked Notes such Notes are fixed recovery or zero recovery LA Credit Linked Notes), on the value of certain specified assets of any such Reference Entities or if on settlement the Issuer's obligation is to deliver certain specified assets. Any such settlement following a Credit Event or an Additional Risk Event will also be reduced to take into account Unwind Costs and so will depend upon the level of such Unwind Costs, as set out under "Unwind Costs" below.

Prospective investors in the Notes should be aware that depending on the terms thereof (i) they may receive no or a limited amount of interest, (ii) payment of principal or interest or delivery of any specified assets may occur at a different time than expected and (iii) they may lose all or a substantial portion of their investment. The market price of the Notes may be volatile and as set out above will be affected by, amongst other things, the time remaining to the maturity date and the creditworthiness of the Reference Entity, which in turn may be affected by the economic, financial and political events in one or more jurisdictions.

Events that will constitute a Credit Event for these purposes are as specified in the applicable Issue Terms and may include, without limitation, the occurrence of one or more of the following:

- (a) Bankruptcy - the Reference Entity goes bankrupt;
- (b) Failure to Pay - subject to a minimum threshold amount, the Reference Entity fails to pay any amounts due on any of its borrowings (including its bonds or loans) or, where applicable, guarantees;
- (c) Obligation Acceleration - the Reference Entity defaults on a minimum amount of its borrowings (including its bonds or loans) or, where applicable, guarantees and as a result such obligations are accelerated;
- (d) Obligation Default - the Reference Entity defaults on a minimum amount of its borrowings (including its bonds or loans) or, where applicable, guarantees and as a result such obligations are capable of being accelerated;
- (e) Restructuring - following a deterioration of the Reference Entity's creditworthiness, any of its borrowings (including its bonds or loans) or, where applicable, guarantees, subject to a minimum threshold amount of such borrowings or, where applicable, guarantees, are restructured in such a way as to adversely affect a creditor (such as a reduction or postponement of the interest or principal payable on a bond or loan);
- (f) Repudiation/Moratorium - (i) the Reference Entity repudiates or rejects, in whole or in part, its obligations in relation to its borrowings (including its bonds or loans) or, where applicable, its guarantees, or it declares or imposes a moratorium with respect to its borrowings (including its bonds or loans) or, where applicable, guarantees and (ii) thereafter within a certain period it fails to pay any amounts due on any of its borrowings (including its bonds or loans) or, where applicable, its guarantees, or it restructures any of its borrowings (including its bonds or loans) or, where applicable, guarantees in such a way as to adversely affect a creditor; and
- (g) if Underlying Schedule 2 – Credit Linked Conditions (2014 Definitions) applies to the Credit Linked Notes, Governmental Intervention – any of the Reference Entity's borrowings or, where applicable, guarantees are restructured in such a way as to adversely affect a creditor (such as a reduction or postponement of the interest or principal payable on a bond or loan), are expropriated or amended in such a way that the beneficial holder is changed or are mandatorily cancelled, converted or exchanged or any similar event occurs with respect thereto, in each case as a result of Governmental Authority action or announcement pursuant to or by means of a restructuring and resolution law or regulation (or similar).

Prospective investors should note that not all of the possible Credit Events require an actual default with respect to the obligations of a relevant Reference Entity. Noteholders could bear losses based on deterioration in the credit of any relevant Reference Entity short of a default, subject to the provisions set out in the applicable terms and conditions of the Notes.

Events that will constitute an Additional Risk Event are described under "Additional Risk Events" under "Risks relating to LA Credit Linked Notes" below.

Reference Entity Credit Risk

Holders of Credit Linked Notes will be exposed to the credit of each Reference Entity, which exposure shall be to the full extent of their investment in the Notes or, in the case of fixed recovery Notes, to the extent of their investment above the fixed recovery amount. Upon the occurrence of any specified Credit Event with respect to a Reference Entity, the Noteholders may suffer significant losses at a time when losses may be suffered by a direct investor in obligations of such Reference Entity. However, the holding of a Note may not reflect the impact of investing in an obligation of a Reference Entity, and losses in relation to the Notes could be considerably greater than would be suffered by a direct investor in the obligations of such Reference Entity and/or could arise for reasons unrelated to such Reference Entity. Noteholders should also note that a Credit Event may occur even if the obligations of a Reference Entity are unenforceable or their performance is prohibited by any applicable law or exchange controls.

ISDA Credit Derivatives Definitions

This Base Prospectus contains Terms and Conditions for Credit Linked Notes some of which terms are based on the 2003 ISDA Credit Derivatives Definitions (as supplemented) (the **2003 ISDA Definitions**) (see Underlying Schedule 1 – Credit Linked Conditions) and further Terms and Conditions for Credit Linked Notes some of which terms are based on the 2014 Credit Derivatives Definitions (the **2014 ISDA Definitions**) (see Underlying Schedule 2 – Credit Linked Conditions (2014 Definitions)). While there are similarities between the terms used in such Underlying Schedules and the terms used in the 2003 ISDA Definitions or 2014 ISDA Definitions, as applicable, there are a number of differences (including, without limitation, whether or not Credit Derivatives Determinations Committee determinations are applicable (see further below), the operation of the credit protection period and, if auction settlement applies, the auction(s) which may be applicable on a M(M)R Restructuring Credit Event). In particular, the Issuer has determined that certain provisions of the Credit Derivatives Definitions, which are intended for use by market participants in "over the counter" transactions, require amendment when incorporated in the terms of an offering of securities such as the Credit Linked Notes. Therefore, a prospective investor should understand that the complete terms and conditions of the Credit Linked Notes are as set out in this Base Prospectus and the applicable Issue Terms and that neither the 2003 ISDA Definitions nor the 2014 ISDA Definitions are incorporated by reference herein. Consequently, investing in Credit Linked Notes is not necessarily equivalent to investing a credit default swap that incorporates either set of ISDA Definitions.

While ISDA has published and, where applicable, supplemented the 2003 ISDA Definitions and 2014 ISDA Definitions in order to facilitate transactions and promote uniformity in the credit derivatives market, the credit derivatives market has evolved over time and is expected to continue to change. Consequently, the 2003 ISDA Definitions and 2014 ISDA Definitions and the terms applied to credit derivatives, including Credit Linked Notes are subject to further evolution. Past events have shown that the view of market participants may differ as to how the Credit Derivatives Definitions operate or should operate. As a result of the continued evolution of the market, the Credit Linked Notes may not conform to future market standards. Such a result may have a negative impact on the Credit Linked Notes. Furthermore, there can be no assurances that changes to the terms applicable to credit derivatives generally will be predicable or favourable to the Issuer or the Noteholders.

Differences between the 2003 ISDA Definitions and the 2014 ISDA Definitions

There are a number of important differences between the 2003 ISDA Definitions and the 2014 ISDA Definitions. In particular the 2014 ISDA Definitions have:

- (a) introduced a new Credit Event of "Governmental Intervention", which is intended to capture "bail-in" procedures to which financial institutions may be subject;
- (b) made certain amendments to the Restructuring Credit Event to provide for the possibility of a Euro exit;
- (c) reduced the number of buckets applicable in circumstances where Mod Mod R is applicable and deleted the concept of the "Enabling Obligation" which was previously applicable to both Mod R and Mod Mod R;
- (d) introduced the concept of Asset Package Delivery in respect of certain Financial Reference Entities and Sovereigns. This provides that if Deliverable Obligations are exchanged into non-Deliverable assets or written-down in part or in full, in certain circumstances, the credit protection buyer will be able to deliver the resultant package of Assets or the written-down Deliverable Obligation to realise its protection;
- (e) split credit protection between senior and subordinated coverage in respect of a Governmental Intervention and Restructuring Credit Event for Financial Reference Entities, i.e. a Senior Transaction will only be triggered by a Restructuring or Governmental Intervention of Senior Obligations and a Subordinated Transaction will not be capable of being triggered by a Restructuring or Governmental Intervention of an obligation which is Subordinated to the Subordinated Reference Obligation;
- (f) made a number of changes to the provisions for determining a Successor to a Reference Entity, particularly with respect to Financial and Sovereign Reference Entities;
- (g) provided for a new election of "Standard Reference Obligation" which, if chosen, will mean that the Reference Obligation will be the obligation of the relevant seniority level published in respect of the relevant Reference Entity on a List maintained by ISDA. A transaction on the terms of the 2014 ISDA Definitions may elect not to apply that election such that the Reference Obligation would remain as chosen by the parties, although, if this is the case, the procedure for selecting a Substitute Reference Obligation has also changed significantly in the 2014 ISDA Definitions;
- (h) replaced the Not Contingent Deliverable Obligation Characteristic with the concept of Outstanding Principal Balance. In order for an obligation (including the Reference Obligation) to constitute a Deliverable Obligation, it must have an Outstanding Principal Balance greater than zero;
- (i) amended the definition of "Qualifying Guarantee" to expand the universe of guarantees that can constitute Qualifying Guarantees (with a particular emphasis on including, to some extent, guarantees with caps or transfer provisions); and
- (j) introduced a large number of technical and other changes.

These changes in the 2014 ISDA Definitions as compared to the 2003 ISDA Definitions have been reflected in Underlying Schedule 2 – Credit Linked Conditions (2014 Definitions), but in each case subject to important differences, including to reflect the nature of the Credit Linked Notes as compared to "over-the-counter" transactions and to reflect hedging arrangement of the Issuer. Some changes, such as the inclusion of a new Credit Event, may have significant economic effect on the Credit Linked Notes and may mean the value of the Credit Linked Notes and the return (if any) to investors is significantly different from Credit Linked Notes using Underlying Schedule 1 – Credit Linked Conditions. Some changes may be

disadvantageous to Noteholders and prospective investors should review carefully the terms of any issue of Credit Linked Notes and, where in any doubt, take advice from suitably qualified professional advisers.

Amendment of terms in accordance with market convention

The Calculation Agent may from time to time amend the terms of the Credit Linked Notes in any manner which the Calculation Agent determines in a commercially reasonable manner is necessary or desirable:

- (i) to incorporate and/or reflect further or alternative documents or protocols from time to time published by ISDA with respect to the documentation, trading or settlement of credit derivative transactions and/or the operation or application of determinations by the ISDA Credit Derivatives Determinations Committees; and/or
- (ii) to reflect or account for market practice for market practice for credit derivative transactions.

No Investigation or Due Diligence of Reference Entities

No investigation, due diligence or other enquiries have been made by the Issuer, any Dealer or any other related person in respect of any Reference Entity (including its existing or future creditworthiness) or any Reference Obligation, Reference Asset, Obligation, Deliverable Obligation, LA Settlement Assets or other obligations of the Reference Entity (as applicable). No representations, warranties or undertakings whatsoever have been or will be made by the Issuer, any Dealer or any other related person in respect of the Reference Entity (including its existing or future creditworthiness) or any Reference Obligation, Reference Asset, Obligation, Deliverable Obligation, LA Settlement Assets or other obligations of the Reference Entity (as applicable). Prospective investors in Credit Linked Notes should make their own evaluation as to the creditworthiness of each Reference Entity and the likelihood of the occurrence of a Credit Event or Risk Event.

Sovereign Reference Entities

Credit Linked Notes may be linked to the credit of one or more sovereign or governmental entity or quasi-governmental entity, and therefore payment of amounts due or delivery of any assets pursuant to the terms and conditions of the Credit Linked Notes, including any applicable interest payments, may be subject to sovereign risks. These include the potential default by such sovereign, government/quasi government issuer or the occurrence of political or economic events resulting in or from governmental action such as the declaration of a moratorium on debt repayment or negating repayment obligations of the sovereign issuer. If any such event were to occur, holders of such Notes may lose up to all of their initial investment in such Notes.

Successions

The Credit Linked Notes provide that a Reference Entity may be subject to replacement by one or more Successors. In such event, the Noteholders will be subject to the credit risk of each Successor. Prospective investors should note that if Succession Event Backstop Date (if Underlying Schedule 1 – Credit Linked Conditions applies to the Credit Linked Notes) or Successor Backstop Date (if Underlying Schedule 2 – Credit Linked Conditions (2014 Definitions) applies to the Credit Linked Notes) is applicable in respect of the Notes, the event that would otherwise give rise to the relevant succession must occur no more than 90 calendar days prior to the relevant Succession Event Resolution Request Date (if Underlying Schedule 1 – Credit Linked Conditions applies to the Credit Linked Notes) or Successor Resolution Request Date (if Underlying Schedule 2 –Credit Linked Conditions (2014 Definitions) applies to the Credit Linked Notes) or the date on which the Calculation Agent becomes aware of the occurrence of the relevant Succession Event (if Underlying Schedule 1 – Credit Linked Conditions applies to the Credit Linked Notes) or gives notice to the Issuer of the relevant succession (if Underlying Schedule 2 –Credit Linked Conditions (2014 Definitions) applies to the Credit Linked Notes).

If more than one Successor has been identified, the Calculation Agent shall adjust such of the Terms and Conditions and/or the applicable Issue Terms as it in its sole and absolute discretion acting in a commercially reasonable manner shall determine to be appropriate to reflect that the relevant Reference Entity has been succeeded by more than one Successor and shall determine the effective date of that adjustment. The Calculation Agent shall be deemed to be acting in a commercially reasonable manner if it adjusts such of the Terms and Conditions and/or the applicable Issue Terms in such a manner as to reflect the adjustment to and/or division of any credit derivative transaction(s) related to or underlying the Notes under the provisions of the 2003 ISDA Definitions (if Underlying Schedule 1 – Credit Linked Conditions applies to the Credit Linked Notes) or the 2014 ISDA Definitions (if Underlying Schedule 2 – Credit Linked Conditions (2014 Definitions) applies to the Credit Linked Notes).

Early Redemption upon Merger Event

If applicable, in the event that in the determination of the Calculation Agent a Merger Event has occurred the Issuer may give notice to the Noteholders and redeem the Credit Linked Notes early at the Early Redemption Amount.

Early Redemption on redemption in whole of Reference Obligation for Reference Obligation Only Notes relating to a single Reference Entity

If Underlying Schedule 2 – Credit Linked Conditions (2014 Definitions) applies and the Credit Linked Notes are Reference Obligation Only Notes relating to a single Reference Entity and the Reference Obligation is redeemed in whole, the Issuer will redeem the Credit Linked Notes early at the Early Redemption Amount.

Unwind Costs

Investors should note that each of the Credit Event Redemption Amount, any Asset Amount, any Cash Settlement Amount, any LA Redemption Amount, any Undeliverable LA Redemption Amount, any Early Redemption Amount and any amount delivered in respect of physical delivery of a Credit Linked Note that is specified to be an LA Credit Linked Note in the applicable Issue Terms (an **LA Credit Linked Note**) will have deducted from it an amount equal to either (a) the amount specified in the relevant Issue Terms to be the Unwind Costs or (b) an amount determined by the Calculation Agent equal to the sum of (without duplication) all costs, fees, charges, expenses (including loss of funding), tax and duties incurred by the Issuer and/or any of its Affiliates in connection with the redemption of the Credit Linked Notes and (if the Issuer has elected to hedge its exposure and such hedge is held at the related redemption) the related termination, settlement or re-establishment of any hedge or related trading position, such amount to be apportioned *pro rata* amongst the Notes. Investors may therefore receive back less than their initial investment or, in the case of redemption following the occurrence of a Credit Event or Risk Event (as applicable), losses may be greater than if the investor were to hold obligations of the Reference Entity directly.

Settlement Risk in respect of Credit Linked Notes

Credit Linked Notes may be settled by physical delivery of the Deliverable Obligation(s), by payment of cash amount(s) calculated by reference to the value of certain obligation(s) or an auction price of certain obligation(s) or by any combination of such settlement methods, as set out below. Since the obligations or deliverable obligations, as applicable, will be issued or guaranteed by the Reference Entity affected by the Credit Event, the value of such obligations at the relevant time may be considerably less than would be the case if the Credit Event had not occurred

Risks relating to auction settlement of Credit Linked Notes

Following the satisfaction of the Conditions to Settlement (if Underlying Schedule 1 – Credit Linked Conditions applies to the Credit Linked Notes) or the occurrence of a Credit Event Determination Date (if

Underlying Schedule 2 – Credit Linked Conditions (2014 Definitions) applies to the Credit Linked Notes) in each case in respect of a Credit Event, the Issuer's obligation to repay principal may be replaced by an obligation to pay other amounts calculated by reference to the price of certain obligations of the relevant Reference Entity determined at an Auction (applicable to credit derivatives transactions incorporating the 2009 ISDA Credit Derivatives Determinations Committees and Auction Settlement Supplement to the 2003 ISDA Definitions (published on 12 March 2009) (the **2009 Supplement**) if Underlying Schedule 1 – Credit Linked Conditions applies to the Credit Linked Notes or applicable to credit derivatives transactions incorporating the 2014 ISDA Definitions if Underlying Schedule 2 – Credit Linked Conditions (2014 Definitions) applies to the Credit Linked Notes). Noteholders holding Notes which are auction settled will be subject to the risk that the price determined pursuant to an auction may be less than the price that would otherwise have been determined pursuant to alternative valuation methods. Such amounts may (a) be substantially less than the outstanding principal amount of the Credit Linked Notes and (b) be subject to exchange rate risk. In addition, if the Credit Derivatives Determinations Committee does not decide to hold an Auction with respect to obligations of an appropriate seniority of the Reference Entity or no auction is held on or prior to the Auction Cut-off Date for any other reason or no price is determined pursuant to an auction on or prior to the Auction Final Price Cut-off Date, then the Credit Linked Notes will be settled by either cash or physical settlement as a fallback settlement method.

If an Auction is held in respect of the Reference Entity for which a Risk Event has occurred, there is a possibility that the Issuer, any Dealer or any other related person would act as a participating bidder in such Auction. In such capacity, it may take certain actions which may influence the Auction Final Price including, without limitation, (i) providing rates of conversion to determine the applicable currency conversion rates to be used to convert any obligations which are not denominated in the auction currency into such currency for the purposes of the Auction and (ii) submitting bids, offers and physical settlement requests with respect to the relevant obligation(s) subject to the Auction. In deciding whether to take any such action, or whether to act as a participating bidder in any auction, such persons shall be under no obligation to consider the interests of any Noteholder.

Risks relating to physical settlement of Credit Linked Notes

Following the satisfaction of Conditions to Settlement (if Underlying Schedule 1 – Credit Linked Conditions applies to the Credit Linked Notes) or the occurrence of a Credit Event Determination Date (if Underlying Schedule 2 – Credit Linked Conditions (2014 Definitions) applies to the Credit Linked Notes) or the effective delivery of a Risk Event Notice (as applicable), the Issuer's obligation to repay principal may be replaced by an obligation either to deliver an Asset Amount or LA Settlement Assets (as applicable) to an affiliate of the Issuer and to procure that such affiliate delivers such obligations to holders of the Credit Linked Notes or to deliver such obligations directly.

Where as of the Final Delivery Date or the LA Physical Settlement Date (as applicable) the Issuer or the Calculation Agent (as applicable) determines that such delivery is impossible, illegal or impracticable for the Issuer (including if the Issuer and/or any of its Affiliates have not received the relevant obligations due to the occurrence of a Hedge Disruption Event) or, in the case of LA Credit Linked Notes, that it would be in breach of any restriction and/or commercially unreasonable to obtain, hold or deliver some or all of the LA Settlement Assets and/or it is unable to deliver some or all of the LA Settlement Assets due to circumstances within the control of the Noteholder, the Issuer will instead partially cash settle the Credit Linked Notes. In those circumstances in addition to delivering those obligations of the Reference Entity which were deliverable, it will make a payment of the Cash Settlement Amount or Undeliverable LA Redemption Amount (as applicable), calculated by reference to the value of the Undeliverable Obligation(s), Hedge Disruption Obligations or Undeliverable Assets (as applicable and being the relevant non-delivered obligations) and less Unwind Costs.

As the market value of the Undeliverable Obligation(s), Hedge Disruption Obligations or Undeliverable Assets may be highly volatile following the occurrence of a Credit Event or Risk Event (as applicable) in respect of the relevant Reference Entity, such obligations may not reflect their full recovery value and as

such any such Cash Settlement Amount or Undeliverable LA Redemption Amount may be different to, and in some cases substantially less than, the value of the Undeliverable Obligation(s), Hedge Disruption Obligations or Undeliverable Assets (as applicable) on the date originally scheduled for delivery. Any such Cash Settlement Amount or Undeliverable LA Redemption Amount payable will be due after the Final Delivery Date or LA Physical Settlement Date (as applicable) and accordingly holders will continue to be exposed to fluctuations in the value of the relevant Undeliverable Obligation(s), Hedge Disruption Obligations or Undeliverable Assets (as applicable) during this period. In addition, such payments may be less than the recovery which would ultimately be realised by a holder of debt obligations of the relevant Reference Entity, whether by means of enforcement of rights following a default or receipt of distributions following an insolvency or otherwise.

The Asset Amount or LA Settlement Assets (as applicable) delivered to a Noteholder pursuant to physical settlement of the Notes may not recover in value in the future and may also be illiquid, and the holder must be prepared to hold such Asset Amount or LA Settlement Assets (as applicable) to their maturity or be prepared to sustain further loss associated with their disposal.

Delivery of the Asset Amount or LA Settlement Assets (as applicable) may be delayed if the Issuer is unable (whether due to impossibility, illegality or impracticability or otherwise) to procure delivery of the relevant obligations on or prior to the scheduled delivery date, and holders of the Credit Linked Notes will continue to be exposed to fluctuations in the value of the relevant portion of the Asset Amount or LA Settlement Assets (as applicable) during this period.

Noteholders that are physically settled will be responsible for any taxes, any stamp duty, any costs, any expenses and/or any fees in relation to or as a result of such delivery. Investors would also be exposed to the foreign exchange risk associated with the currency in which such Asset Amount or LA Settlement Assets are denominated.

Failure to deliver an Asset Transfer Notice

If a Noteholder fails to give an Asset Transfer Notice on or prior to the date falling 180 days after the Cut-off Date, then the Issuer's and any Intermediary's obligations in respect of the Notes held by such Noteholder for which no Asset Transfer Notice has been given shall be discharged and the Issuer and the Intermediary (if any) shall have no further liability in respect thereof.

Risks relating to cash settlement of Credit Linked Notes

Following the satisfaction of Conditions to Settlement (if Underlying Schedule 1 – Credit Linked Conditions applies to the Credit Linked Notes) or the occurrence of a Credit Event Determination Date (if Underlying Schedule 2 – Credit Linked Conditions (2014 Definitions) applies to the Credit Linked Notes) or the effective delivery of a Risk Event Notice (as applicable), if cash settlement applies the Issuer's obligation to repay principal will be replaced by an obligation to pay other amounts calculated, if so specified in the Issue Terms, by reference to the value of either the Reference Obligation, certain Deliverable Obligations selected by the Calculation Agent or the LA Settlement Assets and less Unwind Costs.

Such payments may be less than the recovery which would ultimately be realised by a holder of debt obligations of the relevant Reference Entity, whether by means of enforcement of rights following a default or receipt of distributions following an insolvency or otherwise.

Selection of Deliverable Obligations for purposes of the determination of the Deliverable Obligation Final Price or Recovery Value or for physical delivery

The Issuer will be the entity responsible for selecting Deliverable Obligations that will (as applicable) (a) constitute any Asset Amount or LA Settlement Assets to be physically delivered to Noteholders or (b) be valued in order to determine the Final Price for the purposes of calculating any Credit Event Redemption

Amount if Deliverable Obligation Final Price is specified as applicable in the applicable Issue Terms or the Recovery Value for the purposes of calculating any LA Redemption Amount. In making such selection, the Issuer will not be under any obligation to consider the interests of the Noteholders or any other person in relation to such selection or to mitigate their losses. Such entity will be entitled to select any Deliverable Obligations, as long as the Deliverable Obligation(s) selected fall within the criteria set out in the terms of the Credit Linked Notes, even if such selection may result in the greatest loss to the holders of the Credit Linked Notes and may be more advantageous to the Issuer (whether by reference to price, credit quality or otherwise). The Issuer has the discretion to select the cheapest and most illiquid Deliverable Obligation(s) and will have no liability to account to the holders of the Credit Linked Notes or any other person for any profit or other benefit to it or any of its affiliates which may result directly or indirectly from such selection.

Credit Event Backstop Date

Investors should note that a Credit Event occurring prior to the Issue Date may result in a Credit Event being triggered under the Notes if Credit Event Backstop Date is applicable in respect of the Notes since a look-back period of 60 calendar days will apply from the relevant Credit Event Notice or Credit Event Resolution Request Date (as applicable). Investors should conduct their own review of any recent developments with respect to each Reference Entity by consulting publicly available information. If a request to convene a Credit Derivatives Determinations Committee has been delivered prior to the Issue Date to determine whether a Credit Event has occurred with respect to the Reference Entity, details of such request may be found on the ISDA website. If a Credit Derivatives Determinations Committee has not been convened to determine such matter as of the Issue Date, one may still be convened after the Issue 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.

Determinations by the Credit Derivatives Determinations Committee

The determination as to whether or not a Credit Event has occurred may, if Underlying Schedule 1 – Credit Linked Notes applies to the Credit Linked Notes and DC Determinations is specified as applicable in the Issue Terms, be made on the basis of a determination of a committee established by ISDA pursuant to the 2009 ISDA Supplement for the purposes of making certain determinations in connection with credit derivative transactions that are relevant to the majority of the credit derivatives market (a **Credit Derivatives Determinations Committee**). In such circumstances the relevant determination pursuant to the terms and conditions of the Credit Linked Notes is subject to the announcements, publications, determinations and resolutions made by ISDA and/or the Credit Derivatives Determinations Committees, unless the Calculation Agent determines that it is inappropriate to follow such announcements, publications, determinations and resolutions as provided therein (see "*Disapplication of DC Resolution*" below). Credit Derivatives Determinations Committees also apply under the 2014 ISDA Definitions and if Underlying Schedule 2 – Credit Linked Conditions (2014 Definitions) applies to the Credit Linked Notes and DC Determinations is specified as applicable in the Issue Terms, the determination as to whether or not a Credit Event has occurred may also be subject to the announcements, publications, determinations and resolutions made by those Credit Derivatives Determinations Committees (unless the Calculation Agent determines inappropriate). In each case certain other determinations under the Credit Linked Notes may also follow determinations and/or approvals of the relevant Credit Derivatives Determinations Committee if specified as applicable in the applicable Issue Terms. In each case any such announcements, publications, determinations and resolutions could therefore affect the amount and timing of payments of interest on and principal of the Credit Linked Notes or deliveries pursuant to the terms of the Credit Linked Notes. The Issuer, the Dealer and no other related person will have any liability to any person for any determination or calculation and/or any delay or suspension of payments and/or redemption of the Credit Linked Notes resulting from or relating to any announcements, publications, determinations and resolutions made by ISDA and/or any of the Credit Derivatives Determinations Committees. Further information regarding the ISDA Credit Derivatives Determinations Committees can be found at www2.isda.org/asset-classes/credit-derivatives/.

In certain circumstances, following the occurrence of a Credit Event and where Auction Settlement is specified in the applicable Issue Terms, if the Credit Derivatives Determinations Committee determines that one or more Auctions will be held in accordance with any Credit Derivatives Auction Settlement Terms published by ISDA in relation to obligations of appropriate seniority of the Reference Entity (in the case of Credit Linked Notes to which Underlying Schedule 1 – Credit Linked Conditions applies, applicable to credit derivatives transactions incorporating the 2009 Supplement or the case of Credit Linked Notes to which Underlying Schedule 2 – Credit Linked Conditions (2014 Definitions) applies, applicable to credit derivatives transactions incorporating the 2014 ISDA Definitions), Credit Linked Notes may be settled by the Issuer by payment of an amount linked to the value determined pursuant to the relevant ISDA Auction. Investors should note that the value determined pursuant to such ISDA Auction (if applicable) will be determined by reference to obligations of the Reference Entity which may not include the Reference Obligation or Deliverable Obligations and such value may be lower than the market value that would otherwise have been determined in respect of the Reference Obligation or selected Deliverable Obligations (as applicable). In addition, if the Credit Event is a Restructuring Credit Event, in certain circumstances the value the ISDA Auction determines to be applicable may be in relation to obligations of the Reference Entity of considerably longer tenor than the Reference Obligation, and as a result it is very likely that the value determined pursuant to such ISDA Auction will be lower than the market value that would otherwise have been determined in respect of the Reference Obligation.

Prospective investors should note that Citigroup Inc. may be a member of the Credit Derivatives Determinations Committee responsible for determining the occurrence of Credit Events for the purposes of certain credit derivatives transactions. This may cause conflicts of interest which could affect its voting behaviour, and thus the determinations made by a Credit Derivatives Determinations Committee, which may be detrimental to investors.

Any references in these "Risks relating to Credit Linked Notes" to ISDA will include any other entity which succeeds to or is performing functions previously undertaken by ISDA in relation to Credit Derivatives Determinations Committees and references to Credit Derivatives Determinations Committees in relation to ISDA will include any successor thereto. The Calculation Agent may make such adjustments to the Credit Conditions and the applicable Issue Terms as it determines appropriate to account for any other entity so succeeding to or performing functions previously undertaken by ISDA.

Disapplication of DC Resolution

The Calculation Agent may in certain circumstances acting in good faith and in a commercially reasonable manner and taking into account the differences between the 2003 ISDA Definitions or 2014 ISDA Definitions, as applicable, and the terms of the Notes and such other factor(s) as it deems appropriate, determine that a DC Resolution is inappropriate to follow for the purposes of the Notes including in relation to the determination of whether a Credit Event has occurred and the determination of a Successor.

Fixed Recoveries

The Issuer may also issue Fixed Recovery Notes which are Credit Linked Notes where the amount payable on settlement of the Notes following the occurrence of a Credit Event is fixed. In this circumstance the fixed recovery may be less than the amount that would have been payable on settlement of the Notes if this had been determined by reference to obligations of the relevant Reference Entity.

No Claim against any Reference Entity

A Note will not represent a claim against any Reference Entity in respect of which any amount of principal and/or interest payable or, if Physical Delivery is specified as an applicable settlement method for the Notes in the applicable Issue Terms, the amount of assets deliverable in respect of the Notes, is dependent and, in the event that the amount paid by the Issuer or value of the specified assets delivered on settlement of the Notes is less than the principal amount of the Notes, a Noteholder will not have recourse under a Note to the Issuer or any Reference Entity.

An investment in Notes linked to one or more Reference Entities may entail significant risks which are not associated with investments associated with conventional debt securities, including but not limited to the risks set out in this section. The amount paid or value of the specified assets delivered by the Issuer on redemption or settlement of such Notes may be less than the principal amount of the Notes, together with any accrued interest, and may in certain circumstances be zero.

Postponed Maturity Date

Where Conditions to Settlement have not been satisfied (if Underlying Schedule 1 – Credit Linked Conditions applies to the Credit Linked Notes) or a Credit Event Determination Date has not occurred (if Underlying Schedule 2 – Credit Linked Conditions (2014 Definitions) applies to the Credit Linked Notes) or a Risk Event Determination Date has not occurred (as applicable) in each case on or prior to the Scheduled Maturity Date but (a) the Repudiation/Moratorium Extension Condition has been satisfied, (b) a Potential Failure to Pay has occurred or (c) if on the Scheduled Maturity Date, the Repudiation/Moratorium Evaluation Date or the Grace Period Extension Date (as applicable) the Calculation Agent determines that a Credit Event may have occurred or a Potential Repudiation/Moratorium may have occurred, the relevant Maturity Date of the Notes may be extended pursuant to the terms and conditions of the Notes such that investors may experience delays in receipt of payments or deliveries that would otherwise have occurred in accordance with the terms of the Notes.

Maturity Date Settlement Credit Linked Notes

Credit Linked Notes in relation to which Maturity Date Settlement is applicable will not, even following the occurrence of a Credit Event, redeem earlier than the Scheduled Maturity Date. Following the satisfaction of Conditions to Settlement (if Underlying Schedule 1 – Credit Linked Conditions applies to the Notes) or the occurrence of a Credit Event Determination Date (if Underlying Schedule 2 – Credit Linked Conditions (2014 Definitions) applies to the Notes) investors may therefore not receive any interest on their investment for a substantial period of time and may miss the opportunity to invest the Credit Event Redemption Amount that would otherwise have been received earlier in other assets or investments.

RISKS RELATING TO LA CREDIT LINKED NOTES

Local Access Risks

Credit Linked Notes may reference the obligations of a Reference Entity incorporated in or from a local access jurisdiction. An investment in such Credit Linked Notes involves risks associated with such jurisdictions, including potential risks of volatility, governmental intervention and the lack of a developed system of law.

Investors should note that it is a general feature of local access that they may be subject to rapid change and the risks involved may also change relatively quickly.

Local access countries are in transformation and may, therefore, be more exposed to the risk of swift political change and economic downturns than their industrialised counterparts. Indeed, in recent years, many local access nations have undergone significant political, economic and social changes, which have led to constitutional and social tensions and, in some cases, the occurrence of instability and reaction against market reforms. With respect to any local access nation, there is the possibility of nationalisation, expropriation or confiscation, political changes, government regulation, social instability or other developments (including war) which could affect adversely the economies of such nations and/or the foreign exchange rates. Political or economic instability may affect investor confidence, which could in turn have a negative impact on the value of the obligation(s) of the local access Reference Entity or its creditworthiness and on foreign exchange markets.

Conditions in local access countries are associated with higher risks of the occurrence of a Risk Event, which may occur together with circumstances that would restrict the deliverability of any Reference Asset, or which may result in especially adverse pricing and liquidity conditions in which a market value for such Reference Asset is to be determined.

Local access debt typically comprises debt issued by non-highly rated issuers in respect of whom the possibility of default is greater than investment grade issuers. Local access considerations, in addition to and in combination with other conditions affecting the creditworthiness of a Reference Entity (including those resulting in a local access Reference Entity experiencing financial or economic difficulties), may significantly affect (a) the value of, and (b) any amounts paid on, its Obligation(s) and/or any Reference Obligation(s) and/or any Deliverable Obligation(s) and/or Reference Asset(s) (if any), each or all of which may be reduced to zero.

Local access debt may be difficult to buy and/or sell, particularly during adverse market conditions, and prices may be more volatile. In addition, settlement of trades in emerging or developing countries may be slower and more likely to be subject to failure than in more developed markets. This will affect the ability of the Issuer or the Calculation Agent (as the case may be) to obtain prices for the Obligation(s) of the Reference Entity or any Reference Obligation(s) or any Deliverable Obligation(s) or any Reference Asset(s) (if any).

Additional Risk Events

As set out above generally in respect of Credit Linked Notes, LA Credit Linked Notes may be redeemed by the Issuer on the Maturity Date by payment of the LA Final Redemption Amount or by the physical delivery of a given number of specified assets and/or by payment of a cash amount (if any) on an alternative date (or on the Maturity Date if the Credit Linked Notes are Maturity Date Settled Notes), depending on whether any Credit Event or Additional Risk Event (together, **Risk Events**) has occurred in respect of one or more Reference Entities and, in either case if so, and unless the LA Credit Linked Notes are fixed recovery or zero recovery LA Credit Linked Notes, on the value of certain specified assets of any such Reference Entities or where, if any of such events has occurred, on settlement the Issuer's obligation is to deliver certain specified assets. Any such settlement will also be reduced to take into account Unwind Costs and so will depend upon the level of such Unwind Costs, as set out under "Unwind Costs" above.

Additional Risk Events for these purposes are as specified in the applicable Issue Terms and may include, without limitation, the occurrence of one or more of the following:

- (a) an Inconvertibility Event - the occurrence after the Additional Risk Event Start Date of any event or condition that has the effect of it being impossible, illegal or impracticable for, or of prohibiting, restricting or materially delaying the ability of, any Reference Investor (i) to convert currency; or (ii) to effect currency transactions on terms as favourable as those available to residents of the Reference Jurisdiction; or (iii) to freely and unconditionally transfer or repatriate any funds from accounts inside the Reference Jurisdiction to accounts outside the Reference Jurisdiction or between accounts inside the Reference Jurisdiction; or (iv) to receive the full value of any cash payment made under the Reference Investor Assets due to the introduction after the Additional Risk Event Start Date by any Governmental Authority of a new currency regime (including the introduction of a dual currency regime) or the imposition of currency exchange limitations;
- (b) an Ownership Restriction Event - the occurrence after the Additional Risk Event Start Date of any event or existence of any condition that has the effect of it being illegal, impossible or impracticable for, or has the effect of prohibiting, restricting or materially delaying the ability of, any Reference Investor to purchase, hold, receive, sell, freely transfer or remain the owner of any Reference Investor Asset or any amount received in respect thereof;
- (c) a Settlement/Custodial Event - (i) the occurrence after the Additional Risk Event Start Date of the bankruptcy of any Custodian or (ii) in respect of the Reference Investor Assets owned by a

Reference Investor or any amount received in respect thereof, a Custodian (A) fails to perform in a timely manner any or all of its obligations owed under any Reference Custodial/Settlement Arrangement, or (B) fails to take any action when instructed to do so by a Reference Investor, or (C) takes any action which is contrary to the terms of any Reference Custodial/Settlement Arrangement; in each case that affects or may affect, in the determination of the Calculation Agent, the hedging arrangements of the Issuer and/or any of its Affiliates in respect of the Issuer's obligations with respect to the Note(s); and

- (d) an Underlying RMB Currency Event - the occurrence after the Additional Risk Event Start Date of Underlying RMB Inconvertibility, Underlying RMB Non-transferability or Underlying RMB Illiquidity (as defined in the Conditions).

The early redemption of the Notes following the occurrence of an Additional Risk Event may result in additional losses being incurred due to Unwind Costs or other circumstances, a delay in payment under the Notes without compensation therefor, no compensation for loss of investment opportunity or reinvestment risks (to the extent that any investment is returned on redemption), or other adverse effects.

Prospective investors should also note that not all of the possible Additional Risk Events are related directly to default or credit risk in respect of a Reference Entity or default in respect of the Reference Investor Assets. Noteholders could bear losses based on the ability of a Reference Investor to hold Reference Investor Assets, events occurring in respect of Custodians, settlement arrangements, market disruption or exchange controls, subject to the provisions set out in the applicable terms and conditions of the Notes.

The loss incurred by a Noteholder may be unrelated to or disproportionate in comparison with the Additional Risk Event itself. Moreover, the Calculation Agent may designate an Additional Risk Event, which could cause such losses to be incurred by Noteholders, if the Additional Risk Event occurs at any time during the term of the Notes, whether or not the Additional Risk Event is ongoing or effective or has been remedied or cured at the time such designation has been made.

Exposure to Reference Asset

In the case of LA Credit Linked Notes for which Reference Asset Only Settlement is specified as applicable in the applicable Issue Terms, because following a Risk Event the Notes will be settled by valuation or delivery (as applicable) of the Reference Asset in respect of a Reference Entity – rather than obligations of the relevant Reference Entity generally – returns on the Notes may be adversely affected by circumstances affecting the Reference Asset even where other obligations of the Reference Entity are not affected. The creditworthiness or market value of the relevant Reference Asset may be less favorable than other obligations of the relevant Reference Entity due to liquidity, marketability, circumstances of origination, legal or validity risks, local access risks described below, or one or more other characteristics. Investors in the Notes should understand that their recovery in relation to the relevant Reference Asset may be substantially less than for more generally representative obligations of the relevant Reference Entity.

Currency Risks

LA Credit Linked Notes may be payable in a currency different from the currency in which a Reference Asset is payable, and may have economic features equivalent to a currency derivative in which the cash flows on such Reference Asset are exchanged for the specified cash flows payable on the Notes.

Investors may therefore be exposed to fluctuations in the relevant exchange rate where ongoing calculations under the Notes include a currency exchange rate or due to Unwind Costs which may be deducted on certain redemptions of the Notes (for example following a Risk Event) and which may include one or more components linked to the currency of the Notes and/or a Reference Asset and/or the costs of termination or replacement of any such embedded currency derivative and may be substantially affected by changes in the relative value of such currencies.

Exchange rates can be volatile and unpredictable. Investors should be aware of the possibility of significant changes in rates of exchange between the currency of the Notes and the currency of a Reference Asset. The value of the Notes on any date may be substantially less than would otherwise be the case if a currency exchange rate is included in ongoing calculations under the Notes and the currency in which a Reference Asset is payable depreciates in value relative to the currency in which the Notes are payable or, if the Notes reflect an embedded currency derivative and the currency in which a Reference Asset is payable appreciates in value relative to the currency in which the Notes are payable (due to the potential deduction of Unwind Costs, which may be substantial, if the Notes are redeemed).

Prospective investors should in particular be aware that, due to exchange rate fluctuations as well as the other risks set out herein and depending upon the terms of the Notes:

- the market price of the Notes may be very volatile;
- payment of principal or interest may occur at a different time or in a different currency than expected;
- they may lose all or a substantial portion of their principal and/or interest payments;
- the relevant currencies may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices; and
- the timing of changes in a relevant currency may affect the actual yield to investors, even if the average level is consistent with their expectations.

In general, the earlier the change in the relevant currency, the greater the effect on yield.

See also "Changes in exchange rates and exchange controls could result in a loss of the value of the Notes and payments in respect thereof in relation to the currency of the jurisdiction of an investor" above.

Postponement for Potential Risk Event

If Potential Risk Event Postponement is specified as applicable in the applicable Issue Terms and if, on the Maturity Date or, if the Notes are interest bearing, on any Interest Payment Date or, if the Notes are Instalment Notes, or any Instalment Date, the Calculation Agent determines that a Risk Event may exist or may have occurred at any time during the Risk Event Determination Period (but the Issuer has not provided a Risk Event Notice in respect thereof), the Issuer shall not pay the Redemption Amount and/or the relevant Interest Amount and/or the relevant Instalment Amount (as applicable) until the earlier of (i) the date on which the Calculation Agent determines that a Risk Event has not so occurred or existed; and (ii) the date which is 30 calendar days after the Maturity Date or relevant Interest Payment Date or relevant Instalment Date (as applicable). Payments or deliveries to Noteholders may therefore be delayed in respect of LA Credit Linked Notes in these circumstances.

Adjustment following a Regulatory Change Event

If the Calculation Agent determines that a Regulatory Change Event has occurred or exists then any payment or delivery to Noteholders shall be reduced by an amount equal in value to the allocable proportion of the Regulatory Change Cost, as determined by the Calculation Agent. Investors may therefore receive back less than their initial investment or, in the case of redemption following the occurrence of a Risk Event, losses may be greater than if the investor were to hold obligations of the Reference Entity directly.

LA Fixed Recoveries

The Issuer may issue fixed recovery LA Credit Linked Notes which are LA Credit Linked Notes where LA Settlement Fixed Amount is specified as applicable in the applicable Issue Terms and therefore where the

Recovery Value used in the determination of the LA Redemption Amount payable on settlement of the Notes following the occurrence of a Risk Event is fixed. In this circumstance the fixed recovery may be less than the amount that would have been determined by reference to the value of assets of the relevant Reference Entity and therefore may result in a lower LA Redemption Amount due to the Noteholders.

LA Zero Recoveries

The Issuer may issue zero recovery LA Credit Linked Notes which are LA Credit Linked Notes where the applicable Issue Terms specify that zero recovery is applicable and therefore where the amount payable on settlement of the Notes following the occurrence of a Risk Event is zero. The Notes will be cancelled forthwith and the Issuer's obligations in respect of the Notes will be immediately discharged. In this circumstance, not recovering any amount on settlement of the Notes may be less (and will not be more) than would have been the case if an amount had been determined by reference to the value of assets of the relevant Reference Entity.

CERTAIN RISKS ASSOCIATED WITH NOTES RELATING TO INFLATION INDICES

Investors in Notes relating to inflation indices should be familiar with investments in global capital markets and with indices generally.

The risks of a particular Note relating to inflation indices will depend on the terms of that Note. Many economic and market factors may influence an inflation index and consequently the value of Notes relating to inflation indices, including:

- general economic, financial, political or regulatory conditions and/or events; and/or
- fluctuations in the prices of various assets, goods, services and energy resources (including in response to supply of, and demand for, any of them); and/or
- the level of inflation in the economy of the relevant country and expectations of inflation.

In particular, the level of an inflation index may be affected by factors unconnected with the financial markets.

Any such factor may either offset or magnify one or more of the other factors.

The performance of an inflation index will affect the amounts payable in respect of Notes relating to inflation indices and may result in investors receiving less than their original investment and/or no return on their investment, or in certain circumstances zero.

The rate of interest (if any) payable in respect of inflation index-linked interest Notes will vary for each interest payment due and may be less than that which would be payable on a conventional fixed rate, non-callable debt security of the Issuer of comparable maturity.

Adjustments and Early Redemption in relation to Notes linked to inflation indices

If an underlying closing level for an inflation index for a specified reference month has not been published or announced by five business days prior to the relevant payment date, then the Calculation Agent shall determine a substitute index level. Any such substitution may have an adverse effect on the value of such Notes.

Depending upon the terms of the Notes, either:

- (a) any revision to an underlying closing level of an inflation index occurring before the relevant revision cut-off date shall be considered final and conclusive for the purpose of any determination made in respect of the Notes; or

- (b) the first publication and announcement of an underlying closing level for an inflation index shall be final and conclusive.

Further, if the Calculation Agent determines that the index sponsor of an inflation index has corrected an underlying closing level for such index to correct a manifest error no later than the earlier to occur of the relevant manifest error cut-off date and thirty calendar days following the first publication and announcement of such level, then the Calculation Agent may use the corrected level of such inflation index for the purposes of any calculation in respect of the relevant payment date. In the event of inconsistency between a revision and a manifest error correction, the manifest error correction shall prevail. Any such adjustment (or absence of an adjustment, for the purpose of the Notes) to any level of an inflation index may have an adverse effect on the value of the Notes.

If the Calculation Agent determines that either (a) a level for an inflation index has not been published or announced for two consecutive months and/or (b) the relevant index sponsor announces that it will no longer continue to publish or announce such inflation index and/or (c) the relevant index sponsor cancels such inflation index then the Calculation Agent may replace the originally designated inflation index with a successor index. Any such adjustment may have an adverse effect on the value of the Notes and, if no successor index can be determined, then the Notes will be redeemed early at their Early Redemption Amount.

If an index sponsor announces, in respect of an inflation index, that it will make a material change to a relevant inflation index then the Calculation Agent shall make such consequential adjustments to the terms of the Notes as are consistent with any adjustment made to any relevant fallback bond or as are necessary for such modified inflation index to continue as an inflation index for the purpose of the Notes. Any such adjustments may have an adverse effect on the value of such Notes and, if the Calculation Agent determines that no adjustment can reasonably so be made, then the Notes will be redeemed early at their Early Redemption Amount.

**SECTION B – DOCUMENTS INCORPORATED BY REFERENCE AND AVAILABLE
FOR INSPECTION AND SUPPLEMENTS**

SECTION B.1 – DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published and filed with the *Commission de Surveillance du Secteur Financier* (CSSF) and the Central Bank of Ireland (CBI) are incorporated in, and form part of, this Base Prospectus:

- (1) the annual financial report of CGMHI for the year ended 31 December 2014 containing its audited consolidated financial statements as of 31 December 2014 and 2013 and for each of the years in the three year period ended 31 December 2014 (the **CGMHI 2014 Annual Report**) (which is published on the web-site of the Luxembourg Stock Exchange at https://www.bourse.lu/Bourse/application?_flowId=DownloadOAMGEDFlow&v=G1vU4RTTewbZVa39Nk5Zgyn2/DRa2poBLtUG13uINnV5dol47SHUH6K10tJRDBb+0mGC2H351sEr9GLEzf0xl/hbBsqty1i3RCWArL1JB84=&so_timeout=0);
- (2) the annual financial report of CGMHI for the year ended 31 December 2015 containing its audited consolidated financial statements as of 31 December 2015 and 2014 and for each of the years in the three year period ended 31 December 2015 (the **CGMHI 2015 Annual Report**) (which is published on the website of the Luxembourg Stock Exchange at https://www.bourse.lu/Bourse/application?_flowId=DownloadOAMGEDFlow&v=089yK+J0/8sNJytj8/oslslyBOczzypo9p+NarU8G0+Lg+eh6SIPdbKI88M+ujmTEljOrZI/WR4UV6TTNOhNHhRNM17zVNZOZ3yRfz3Xxmk=&so_timeout=0);
- (3) CGMHI's Half-Yearly Financial Report containing its unaudited consolidated financial statements as of and for the six months ended 30 June 2016 (the **CGMHI 2016 Half-Yearly Financial Report**) (which is published on the website of the Luxembourg Stock Exchange at https://www.bourse.lu/Bourse/application?_flowId=DownloadOAMGEDFlow&v=089yK+J0/8sNJytj8/oslljA9zQiA06UYknobrIddMqVfR8Uh/HNBuacIUS3efjSJ3RgbyOJEDJS9Q4VDXK2PYr7sM1Zcq8w0vAc1H+puq8=&so_timeout=0);
- (4) the Annual Report of Citigroup Inc. on Form 10-K for the year ended 31 December 2015 filed with the United States Securities and Exchange Commission (the **SEC**) on 26 February 2016 (the **Citigroup Inc. 2015 Form 10-K**) (which is published on the website of the Luxembourg Stock Exchange at https://www.bourse.lu/Bourse/application?_flowId=DownloadOAMGEDFlow&v=089yK+J0/8sNJytj8/oslgT700vQjWd8Xinpj5uy1lw+f+wU03rIQOnwefki7j0slfMie4aZFf5BvpO1Rk+W3huPRaGKsX8tia+aeu3IPNE=&so_timeout=0); and
- (5) the Annual Report of Citigroup Inc. on Form 10-K for the year ended 31 December 2016 filed with the SEC on 24 February 2017 (the **Citigroup Inc. 2016 Form 10-K**) (which is published on the website of the Luxembourg Stock Exchange at https://www.bourse.lu/Bourse/application?_flowId=DownloadOAMGEDFlow&v=089yK+J0/8sNJytj8/osls2ApUhKft2X8mtZKCJU6IfHnNEsSSS6Dx68emPIhqJHcPUWIEVvzjeC5x4eIT/SvP887UixXn1+vh1vLuK7Xi0=&so_timeout=0).

The following information appears on the pages of the relevant document(s) as set out below:

1. *The audited consolidated financial statements of CGMHI as of 31 December 2014 and 2013 and for the years ended 31 December 2014, 2013 and 2012, as set out in the CGMHI 2014 Annual Report:*

Page(s) of the section
entitled "Consolidated

Financial Statements"

A.	Consolidated statements of operations	1
B.	Consolidated statements of comprehensive income	2
C.	Consolidated statements of financial condition	3 – 4
D.	Consolidated statements of changes in stockholder's equity	5
E.	Consolidated statements of cash flows	6
F.	Notes to consolidated financial statements	7 – 73
G.	Independent Auditor's Report	Twenty eighth page of the published CGMHI 2014 Annual Report

2. *Management Report of Citigroup Global Markets Holdings Inc., as set out in the CGMHI 2014 Annual Report:*

Page(s) of the section entitled "Management Report"

A.	Management Report	1 – 22
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3. *Audited consolidated financial statements of CGMHI as of 31 December 2015 and 2014 for the years ended 31 December 2015, 2014 and 2013, as set out in the CGMHI 2015 Annual Report, namely:*

Page(s) of the section entitled "Consolidated Financial Statements"

A.	Consolidated statements of operations	1
B.	Consolidated statements of comprehensive income (loss)	2
C.	Consolidated statements of financial condition	3 – 4
D.	Consolidated statements of changes in stockholders' equity	5
E.	Consolidated statements of cash flows	6
F.	Notes to consolidated financial statements	7 – 73
G.	Independent Auditor's Report	Twenty eighth page of the published CGMHI 2015 Annual Report

4. *The Management Report of CGMHI, as set out in the CGMHI 2015 Annual Report:*

A.	Management Report	1 – 22
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5. ***Unaudited interim consolidated financial statements of CGMHI as of 30 June 2016 for the six months ended 30 June 2016, as set out in the CGMHI 2016 Half Yearly Financial Report:***

**Page(s) of the section
entitled "Consolidated
Financial Statements"**

A.	Consolidated Statements of Operations	1
B.	Consolidated Statements of Comprehensive Income (Loss)	2
C.	Consolidated Statements of Financial Condition	3 – 4
D.	Consolidated Statements of Changes in Stockholders' Equity	5
E.	Consolidated Statement of Cash Flows	6
F.	Notes to Consolidated Financial Statements	7 – 62

6. ***The Management Report of CGMHI, as set out in the CGMHI 2016 Half Yearly Financial Report:***

**Page(s) of the section
entitled "Management
Report"**

A.	Management Report	1 – 21
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7. ***Audited consolidated financial statements of Citigroup Inc. as of 31 December 2015 and 2014 and for the years ended 31 December 2015, 2014 and 2013, as set out in the Citigroup Inc. 2015 Form 10-K:***

Page(s)

A.	Consolidated Statements of Income and Comprehensive Income	129 – 131
B.	Consolidated Balance Sheet	132 – 133
C.	Consolidated Statements of Changes in Stockholders' Equity	134 – 135
D.	Consolidated Statement of Cash Flows	136 – 137
E.	Notes and Accounting Policies	138 – 307
F.	Report of Independent Registered Accounting Firm – Consolidated Financial Statements of Citigroup Inc. as of 31 December 2015 and 2014 and for the years ended 31 December 2015, 2014 and 2013	127

8. ***Other information relating to Citigroup Inc., as set out in the Citigroup Inc. 2015 Form 10-K:***

Page(s)

A.	Description of the principal activities of Citigroup Inc.	2 – 30
B.	Description of the principal markets in which Citigroup Inc. competes	13 – 30, 152
C.	Description of the principal investments of Citigroup Inc.	186 – 197
D.	Description of trends and events affecting Citigroup Inc.	5 – 30, 33 – 61, 78, 120 – 122, 125, 307, 309 – 311
E.	Description of litigation involving Citigroup Inc.	286 – 296
F.	Risk Management	64 – 119
9.	<i>Audited consolidated financial statements of Citigroup Inc. as of 31 December 2016 and 2015 and for the years ended 31 December 2016, 2015 and 2014, as set out in the Citigroup Inc. 2016 Form 10-K:</i>	

Page(s)

A.	Consolidated Statements of Income and Comprehensive Income	129 – 131
B.	Consolidated Balance Sheet	132 – 133
C.	Consolidated Statement of Changes in Stockholders' Equity	134 – 135
D.	Consolidated Statement of Cash Flows	136 – 137
E.	Notes to Consolidated Financial Statements	138 – 304
F.	Report of Independent Registered Accounting Firm – Consolidated Financial Statements of Citigroup Inc. as of 31 December 2016 and 2015 and for the years ended 31 December 2016, 2015 and 2014	127
10.	<i>Other information relating to Citigroup Inc., as set out in the Citigroup Inc. 2016 Form 10-K:</i>	

Page(s)

A.	Description of the principal activities of Citigroup Inc.	2– 30
B.	Description of the principal markets in which Citigroup Inc. competes	13– 30, 152
C.	Description of the principal investments of Citigroup Inc.	184– 195
D.	Description of trends and events affecting Citigroup Inc.	2– 30, 33 – 62, 120 – 122, 125, 138 – 149
E.	Description of litigation involving Citigroup Inc.	283– 291
F.	Risk Management	63– 119

Any information not listed in the cross-reference list above but included in the above mentioned documents is additional information given for information purposes only.

In addition, all quarterly interim reports on Form 10-Q of Citigroup Inc., its Annual Report on Form 10-K for fiscal years after 2016, all quarterly earnings releases on Form 8-K and any other reports filed by Citigroup Inc. with the SEC pursuant to section 13, 14 or 15(d) of the United States Securities Exchange Act of 1934, as amended (the **Exchange Act**), and the rules and regulations thereunder, subsequent to the date of the financial statements included in the Citigroup Inc. 2016 Form 10-K will be available to the public on the SEC's website (address: <http://www.sec.gov>).

This Base Prospectus should be read and construed in conjunction with any documents incorporated by reference therein, any supplement to this Base Prospectus and any applicable Issue Terms. Any statement contained therein or in any document incorporated by reference therein shall be deemed to be modified or superseded for the purposes of this Base Prospectus to the extent that any supplement to this Base Prospectus or any other subsequently dated document incorporated by reference therein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Base Prospectus.

SECTION B.2 – DOCUMENTS AVAILABLE FOR INSPECTION

1. For so long as the Programme remains in effect or any Notes remains outstanding, the following documents will be available for inspection in electronic form and (in the case of the items listed under (iii), (iv), (viii) and (xii) below) obtainable, during normal business hours free of charge on any weekday (Saturdays, Sundays and public holidays excepted), at the specified office of the Fiscal Agent and each of the other Paying Agents:
 - (i) the Fiscal Agency Agreement, as amended or supplemented (which includes the form of the Global Registered Note Certificates and the definitive Registered Note Certificates);
 - (ii) the Dealership Agreement, as amended or supplemented;
 - (iii) the CGMHI Deed of Guarantee, as amended or supplemented;
 - (iv) the CGMHI Deed of Covenant, as amended or supplemented;
 - (v) the Rule 144A Deed Poll, as amended or supplemented;
 - (vi) the Restated Certificate of Incorporation and By-Laws of the Issuer;
 - (vii) the Restated Certificate of Incorporation and By-Laws of the CGMHI Guarantor;
 - (viii) the annual report and audited consolidated financial statements of CGMHI for the years ended 31 December 2015 and 2014 and the annual report and audited consolidated financial statements of Citigroup Inc. for the years ended 31 December 2016 and 2015, in each case together with any relevant audit reports prepared in connection therewith;
 - (ix) the most recently published interim unaudited consolidated financial statements of CGMHI and the most recently published interim unaudited consolidated financial statements of Citigroup Inc.;
 - (x) each Final Terms; and
 - (xi) a copy of this Base Prospectus together with any supplement to this Base Prospectus or further Base Prospectus.
2. Physical copies of the latest annual report and audited consolidated financial statements of CGMHI and the latest half-yearly interim unaudited consolidated financial statements of CGMHI may be obtained at the specified offices of each of the Fiscal Agent and the other Paying Agents during normal business hours for so long as the Programme remains in effect and any of the Notes issued by CGMHI are outstanding. Physical copies of the latest annual report of audited consolidated financial statements of the CGMHI Guarantor and the latest quarterly interim unaudited consolidated financial statements of the CGMHI Guarantor may be obtained at the specified offices of each of the Fiscal Agent and the other Paying Agents during normal business hours for so long as the Programme remains in effect and any of the Notes issued by the Issuer are outstanding.

SECTION B.3 – SUPPLEMENTS TO THIS BASE PROSPECTUS

The Issuer, and/or the CGMHI Guarantor, as the case may be, will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus, or publish a new Base Prospectus for use in connection with any subsequent issue of Notes.

SECTION C – INFORMATION RELATING TO THE ISSUER AND THE CGMHI GUARANTOR

SECTION C.1 – DESCRIPTION OF THE ISSUER

The Issuer, Citigroup Global Markets Holdings Inc. (**CGMHI**), operating through its subsidiaries, engages in full-service investment banking and securities brokerage business. As used in this description, the term CGMHI refers to CGMHI and its consolidated subsidiaries.

CGMHI's parent, Citigroup Inc. (**Citigroup**, or **Citi**), is a global diversified financial services holding company whose businesses provide consumers, corporations, governments and institutions with a broad, yet focused, range of financial products and services, including consumer banking and credit, corporate and investment banking, securities brokerage, trade and securities services and wealth management. Citi has approximately 200 million customer accounts and does business in more than 160 countries and jurisdictions.

As of 31 December 2016, Citigroup operated, for management reporting purposes, via two primary business segments: Citicorp, consisting of *Citi's Global Consumer Banking* businesses and *Institutional Clients Group*; and Citi Holdings, consisting of businesses and portfolios of assets that Citigroup has determined are not central to its core Citicorp businesses. Beginning in the first quarter of 2017, the remaining businesses and portfolios of assets in Citi Holdings will be reported as part of Corporate/Other and Citi Holdings will cease to be a separately reported business segment.

The principal offices of CGMHI are located at 388 Greenwich Street, New York, New York 10013, telephone number (212) 816-6000. CGMHI was incorporated in New York on 23 February 1977 and is the successor to Salomon Smith Barney Holdings Inc., a Delaware corporation, following a statutory merger effective on 1 July 1999, the purpose of which was to change the state of incorporation from Delaware to New York. On 7 April 2003 CGMHI filed a Restated Certificate of Incorporation in the State of New York changing its name from Salomon Smith Barney Holdings Inc. to Citigroup Global Markets Holdings Inc. CGMHI is a New York corporation, and New York State does not issue corporation numbers. Its Federal Employee Identification Number (**FEIN** or **EIN**) issued by the US Internal Revenue Service is 11-2418067.

Institutional Clients Group

Institutional Clients Group (ICG) provides corporate, institutional, public sector and high-net-worth clients around the world with a full range of wholesale banking products and services, including fixed income and equity sales and trading, foreign exchange, prime brokerage, derivative services, equity and fixed income research, corporate lending, investment banking and advisory services, private banking, cash management, trade finance and securities services. *ICG* transacts with clients in both cash instruments and derivatives, including fixed income, foreign currency, equity and commodity products.

ICG revenue is generated primarily from fees and spreads associated with these activities. *ICG* earns fee income for assisting clients in clearing transactions, providing brokerage and investment banking services and other such activities. Revenue generated from these activities is recorded in Commissions and fees and Investment banking. In addition, as a market maker, *ICG* facilitates transactions, including holding product inventory to meet client demand, and earns the differential between the price at which it buys and sells the products. These price differentials and the unrealized gains and losses on the inventory are recorded in Principal transactions (for additional information on Principal transactions revenue, see Note 6 to the Consolidated Financial Statements in the Citigroup Inc. 2016 Form 10-K).

ICG's international presence is supported by trading floors in approximately 80 countries and a proprietary network in 97 countries and jurisdictions. At 31 December 2016, ICG had approximately \$1.3 trillion of assets and \$610 billion of deposits, while two of its businesses, securities services and issuer services, managed approximately \$15.2 trillion of assets under custody compared to \$15.1 trillion at the end of 2015.

Description of corporate structure/governance

Corporate system

CGMHI is a corporation organised under the laws of the State of New York in the United States of America. To the best of its knowledge and belief, CGMHI complies with the federal laws and regulations of the United States and of the laws and regulations of New York State regarding corporate governance.

Corporate objects

CGMHI was "formed for the purpose of engaging in any lawful act or activity for which corporations may be organised under the Business Corporation law" of New York, as stated in Article SECOND of CGMHI's Restated Certificate of Incorporation.

Authorised and issued share capital

CGMHI's authorised share capital is 1,000 Common Stock of par value \$0.01 and 10,000,000 Preferred Stock of par value \$1.00. CGMHI's issued share capital is 1,000 Common Stock which is fully paid up and held by Citigroup Inc. No Preferred Stock has been issued.

Voting power of shareholders

Subject to the provisions of any applicable law or except as otherwise provided by the resolution or resolutions providing for the issue of any series of Preferred Stock, the holders of outstanding shares of Common Stock shall exclusively possess voting power for the election of directors and for all other purposes, each holder of record of shares of Common Stock being entitled to one vote for each share of Common Stock standing in his name on the books of CGMHI. At present, CGMHI has a single shareholder of Common Stock being Citigroup Inc. and no holders of Preferred Stock. As such, the shareholder of Common Stock has a controlling vote with respect to all matters submitted to a shareholder vote. No Shareholder, or associated group of shareholders acting together, owns enough shares of Citigroup Inc.'s common stock to directly or indirectly exercise control over Citigroup Inc.

Election of directors

The directors of CGMHI are as follows:

Name	Title
James A. Forese	See below
Scott L. Flood	See below

The other officers of CGMHI are as follows:

Name	Title
James A. Forese	Chairman
	Chief Executive Officer
	President
Clifford Verron	Chief Financial Officer
Daniel S. Palomaki	Chief Accounting Officer

Charles Marquardt	Controller
Gonzalo Martin	Treasurer
Victor Spadafora	Assistant Treasurer
Scott L. Flood	General Counsel
	Secretary
Ali L. Karshan	Assistant Secretary
Robert F. Klein	Assistant Secretary
Eugene Kwon	Assistant Secretary
Elaine Mandelbaum	Assistant Secretary
Myongsu Kong	Assistant Secretary
Moshe Malina	Assistant Secretary
Anne Moses	Assistant Secretary
Rachel Stine	Assistant Secretary
Regina Cameron Anderson	Assistant Secretary
Ronny Ostrow	Assistant Secretary
Sofia Rahman	Assistant Secretary

The members of the Notes Committee of CGMHI are as follows:

Notes Committee

Joseph Bonocore
John Gerspach
Gregory P. Kapp
Gonzalo Martin
James Von Moltke
Peter Mozer
Cliff Vernon
Jeffrey Walsh

The main duties outside CGMHI performed by the directors and officers listed above are not significant with respect to CGMHI.

The business address of each director and officer of CGMHI is 388 Greenwich Street, New York, NY 10013, United States of America.

There are no potential conflicts of interest existing between any duties owed to CGMHI by the senior management listed above and their private interests and/or other duties.

Audit Committee

CGMHI does not have an audit committee.

Dividends

Except as otherwise provided by the resolution or resolutions providing for the issue of any series of Preferred Stock, after payment shall have been made to the holders of Preferred Stock of the full amount of dividends to which they shall be entitled pursuant to the resolution or resolutions providing for the issue of any series of Preferred Stock, the holders of Common Stock shall be entitled, to the exclusion of the holders of Preferred Stock of any and all series, to receive such dividends as from time to time may be declared by the board of directors. At present, no series of Preferred Stock is issued and outstanding.

Liquidation, dissolution or winding up; pre-emptive rights

Except as otherwise provided by the resolution or resolutions providing for the issue of any series of Preferred Stock, in the event of any liquidation, dissolution or winding up of CGMHI, whether voluntary or involuntary, after payment shall have been made to the holders of Preferred Stock of the full amount to which they shall be entitled pursuant to the resolution or resolutions providing for the issue of any series of Preferred Stock, the holders of Common Stock shall be entitled, to the exclusion of the holders of Preferred Stock of any and all series, to share rateably according to the number of shares of Common Stock held by them, in all remaining assets of CGMHI available for distribution. At present, no series of Preferred Stock is issued and outstanding.

No shareholders shall be entitled to any pre-emptive rights in respect of any securities of CGMHI.

Preferred stock

The board of directors is authorised, subject to limitations prescribed by law and the provisions of the Restated Certificate of Incorporation, to provide for the issuance of the shares of Preferred Stock in series, and by filing a certificate pursuant to the applicable law of the State of New York, to establish from time to time the number of shares to be included in each such series, and to fix the designation, powers, preferences and rights of the shares of each such series and the qualifications, limitations or restrictions of such shares.

SELECTED FINANCIAL INFORMATION RELATING TO CGMHI

The selected financial information for CGMHI and its consolidated subsidiaries presented below is derived from the CGMHI 2015 Annual Report.

At or for the year ended 31 December		
2015	2014	2013
(audited)	(audited)	(audited)
<i>(in millions of U.S. dollars)</i>		

Income Statement Data:

Consolidated revenues, net of interest expense	11,049	11,760	10,363
Consolidated income (loss)	2,481	(1,052)	(1,218)
Consolidated net income (loss)	2,022	(1,718)	(910)

Balance Sheet Data:

Total assets	390,817	412,264	411,509
Term debt	53,702	42,207	42,391

Stockholder's equity (fully paid):

Common	26,603	24,883	17,901
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The table below sets out a summary of key financial information for CGMHI and its consolidated subsidiaries derived from CGMHI's 2016 Half Yearly Financial Report.

For the six months ended 30 June

2016
(unaudited) **2015**
(unaudited)

(in millions of U.S. dollars)

Income Statement Data:

Consolidated revenues, net of interest expense	4,737	6,175
Consolidated income (loss) before income taxes	736	1,887
Consolidated net income (loss)	431	1,596

At 30 June 2016 **At 31 December**
(unaudited) **2015**
(audited)

(in millions of U.S. dollars)

Balance Sheet Data:

Total assets	424,214	390,817
Term debt	46,083	53,702

Stockholder's equity (fully paid):

Common	32,051	26,603
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Auditors

CGMHI's annual accounts as of 31 December 2015 and 2014 and for the years ended 31 December 2015, 2014 and 2013 were audited without qualification in accordance with generally accepted auditing standards in the United States by KPMG LLP, independent registered public accountants, 345 Park Avenue, New York, New York 10154. The auditors of CGMHI have no material interest in CGMHI. KPMG LLP is a member of the American Institute of Certified Public Accountants and is regulated by the U.S. Public Company Accounting Oversight Board.

Use of Proceeds

A portion of the proceeds of any issue of Notes will be used by CGMHI and/or its subsidiaries for general corporate purposes, which include making a profit.

Material Contracts

CGMHI has no contracts that are material to its ability to fulfil its obligations under any Notes issued by it.

Corporate Authorities

The accession of CGMHI to the Programme was duly authorised by a certificate of the Notes Committee of CGMHI, dated 24 March 2016 (such certificate having been amended and restated on 15 April 2016) and pursuant to a resolution of the board of directors of CGMHI, dated 21 December 2015.

Legal proceedings

For a discussion of CGMHI's material legal and regulatory matters, see Note 15 to the Consolidated Financial Statements included in the CGMHI 2015 Annual Report and Note 12 to the Consolidated Financial Statements included in the CGMHI 2016 Half-Yearly Financial Report. For a discussion of Citigroup Inc.'s material legal and regulatory matters, of which the matters discussed in Notes 15 and 12 (as specified above) are a part, see Note 27 to the Consolidated Financial Statements included in the Citigroup Inc. 2016 Form 10-K. Save as disclosed in the documents referenced above, neither CGMHI nor any of its subsidiaries is involved in, or has been involved in, any governmental, legal or arbitration proceedings that may have had in the twelve months before the date of this Base Prospectus, a significant effect on the financial position or profitability of CGMHI or CGMHI and its subsidiaries taken as a whole, nor, so far as CGMHI is aware, are any such proceedings pending or threatened.

Significant change and material adverse change

There has been no significant change in the consolidated financial or trading position of CGMHI and its subsidiaries taken as a whole since 30 June 2016 (the date of the most recently published unaudited interim financial statements of CGMHI) and there has been no material adverse change in the financial position or prospects of CGMHI and its subsidiaries taken as a whole since 31 December 2015 (the date of the most recently published audited annual financial statements of CGMHI).

SECTION C.2 – DESCRIPTION OF THE CGMHI GUARANTOR

Citigroup Inc. (**Citi**, the **Company**, or **Citigroup**) is a global diversified financial services holding company, whose businesses provide consumers, corporations, governments and institutions with a broad, yet focused, range of financial products and services, including consumer banking and credit, corporate and investment banking, securities brokerage, trade and securities services and wealth management. Citigroup Inc. has approximately 200 million customer accounts and does business in more than 160 countries and jurisdictions. Citigroup Inc. is a bank holding company within the meaning of the U.S. Bank Holding Company Act of 1956 registered with, and subject to examination by, the Board of Governors of the Federal Reserve System (the **Federal Reserve**). Some of Citi's subsidiaries are subject to supervision and examination by their respective federal and state authorities. At 31 December 2016, Citigroup Inc. had approximately 219,000 full-time employees worldwide.

Citigroup Inc.'s objects and purpose is to "engage in any lawful act or activity for which a corporation may be organised under the General Corporation Law of Delaware", as stated in Article THIRD of Citi's Restated Certificate of Incorporation. As of 31 December 2016, Citigroup operated, for management reporting purposes, via two primary business segments: Citicorp, consisting of *Citi's Global Consumer Banking* businesses and *Institutional Clients Group*; and Citi Holdings, consisting of businesses and portfolios of assets that Citigroup has determined are not central to its core Citicorp businesses. Beginning in the first quarter of 2017, the remaining businesses and portfolios of assets in Citi Holdings will be reported as part of Corporate/Other and Citi Holdings will cease to be a separately reported business segment. Its businesses conduct their activities across the North America, Latin America, Asia and Europe, Middle East and Africa regions. Citigroup's principal subsidiaries are Citibank, N.A., Citigroup Global Markets Inc. and Grupo Financiero Banamex, S.A. de C.V., each of which is a wholly owned, indirect subsidiary of Citigroup.

Citi Resolution Plan (CSA, etc.)

Under Title I of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, the CGMHI Guarantor has developed a "single point of entry" resolution strategy and plan under the U.S. Bankruptcy Code. Under the CGMHI Guarantor's Resolution Plan, only the CGMHI Guarantor, the parent holding company, would enter into bankruptcy, while the CGMHI Guarantor's key operating subsidiaries would remain operational and outside of any resolution or insolvency proceedings. The CGMHI Guarantor believes its Resolution Plan has been designed to minimize the risk of systemic impact to the U.S. and global financial systems, while maximizing the value of the bankruptcy estate for the benefit of the CGMHI Guarantor's creditors. In addition, in line with the Federal Reserve Board's total loss-absorbing capacity proposal, the CGMHI Guarantor believes it has developed the Resolution Plan so that the CGMHI Guarantor's shareholders and unsecured creditors – including creditors claiming under the CGMHI Guarantor guarantee of Notes issued by the Issuer and offered pursuant to this Base Prospectus – bear any losses resulting from the CGMHI Guarantor's bankruptcy. For additional information on the Federal Reserve Board's TLAC proposal, see "*Risk Factors – Strategic Risks*" and "*Managing Global Risk – Liquidity Risk*" in the Citigroup Inc. 2016 Form 10-K.

In response to feedback received from the Federal Reserve Board and the Federal Deposit Insurance Corporation on the CGMHI Guarantor's 2015 Resolution Plan, the CGMHI Guarantor currently expects to take the following actions in connection with its 2017 Resolution Plan submission (to be submitted by 1 July 2017):

- (i) Citicorp, an existing wholly-owned subsidiary of the CGMHI Guarantor and current parent company of Citibank, N.A., would be established as an intermediate holding company for certain of the CGMHI Guarantor's key operating subsidiaries;
- (ii) subject to final approval of the Board of Directors of the CGMHI Guarantor, the CGMHI Guarantor would execute an inter-affiliate agreement with Citicorp, the CGMHI Guarantor's key operating

subsidiaries and certain other affiliated entities pursuant to which Citicorp would be required to provide liquidity and capital support to the CGMHI Guarantor's key operating subsidiaries in the event the CGMHI Guarantor were to enter bankruptcy proceedings;

(iii) pursuant to the Citi Support Agreement:

- upon execution, the CGMHI Guarantor would make an initial contribution of assets, including certain high-quality liquid assets and inter-affiliate loans, to Citicorp, and Citicorp would then become the business as usual funding vehicle for certain of the CGMHI Guarantor's key operating subsidiaries;
- the CGMHI Guarantor would be obligated to continue to transfer Contributable Assets to Citicorp over time, subject to certain amounts retained by the CGMHI Guarantor to, among other things, meet the CGMHI Guarantor's near-term cash needs;
- in the event of the CGMHI Guarantor's bankruptcy, the CGMHI Guarantor would be required to contribute most of its remaining assets to Citicorp; and

(iv) the obligations of both the CGMHI Guarantor and Citicorp under the Citi Support Agreement, as well as the Contributable Assets, would be secured pursuant to a security agreement.

The CGMHI Guarantor also expects that the Citi Support Agreement will provide two mechanisms, besides Citicorp's issuing of dividends to the CGMHI Guarantor, pursuant to which Citicorp would be required to transfer cash to the CGMHI Guarantor during business as usual so that the CGMHI Guarantor can fund its debt service as well as other operating needs: (i) one or more funding notes issued by Citicorp to the CGMHI Guarantor; and (ii) a committed line of credit under which Citicorp may make loans to the CGMHI Guarantor.

Under the terms and conditions of the Notes, the CGMHI Guarantor's bankruptcy, insolvency or resolution proceeding will not constitute an event of default with respect to any series of Notes issued by the Issuer. Moreover, it will not constitute an event of default with respect to any series of Notes issued by the Issuer if the guarantee of the Notes by the CGMHI Guarantor ceases to be (or is claimed not to be) in full force and effect for any reason, including by the CGMHI Guarantor's insolvency or resolution. Should the CGMHI Guarantor guarantee no longer be in effect, the Issuer will become the sole obligor under its Notes, and there can be no assurance that it would be able to continue to meet its obligations under such Notes.

In the event that the Issuer also enters bankruptcy, at the time of the CGMHI Guarantor's bankruptcy filing or at a later time, prospective investors in Notes should be aware that as a holder of Notes issued by the Issuer they would be an unsecured creditor of the CGMHI Guarantor in respect of the CGMHI Guarantor guarantee and, accordingly, cannot be assured that the CGMHI Guarantor guarantee would protect against losses resulting from a default by the Issuer.

The principal offices for Citigroup Inc. are located at 388 Greenwich Street, New York, NY 10013, and its telephone number is + 1 212 559-1000. Citigroup Inc. was established as a corporation incorporated in Delaware on 8 March 1988, registered at the Delaware Division of Corporations with perpetual duration pursuant to the Delaware General Corporation Law with file number 2154254. Citi's authorised capital stock consists of 6 billion shares of common stock and 30 million shares of preferred stock. As at 30 September 2016, there were 2,849,730,248 fully paid common stock shares outstanding and 770,120 preferred shares outstanding. A common stock share carries one vote, and no pre-emptive or other subscription rights or conversion rights. A preferred stock share carries no general voting rights.

No shareholder, or associated group of shareholders acting together, owns enough shares of Citigroup Inc.'s common stock to directly or indirectly exercise control over Citi.

DIRECTORS AND EXECUTIVE OFFICERS OF CITIGROUP INC.

The members of the board of directors of Citigroup Inc. are:

Board of Directors	Title	Main duties outside Citigroup Inc.
Michael E. O'Neill	Chairman	-
Michael L. Corbat	CEO	-
Dr. Judith Rodin		President, Rockefeller Foundation
Anthony M. Santomero		Former President, Federal Reserve Bank of Philadelphia
Diana L. Taylor		Vice Chair, Solera Capital, LLC
William S. Thompson, Jr.		CEO, Retired, Pacific Investment Management Company
Ernesto Zedillo Ponce de León		Director, Center for the Study of Globalization and Professor in the Field of International Economics and Politics, Yale University
Eugene M. McQuade		CEO, Retired, Citibank, N.A., Vice Chairman, Retired, Citigroup, Inc.
Peter Blair Henry		Dean, New York University Stern School of Business
Franz B. Humer		Former Chairman, Roche Holding Ltd.
Joan E. Spero		Senior Research Scholar, Columbia University School of International and Public Affairs
Duncan P. Hennes		Co-Founder and Partner, Atrevida Partners LLC
Gary M. Reiner		Operating Partner, General Atlantic LLC
James S. Turley		Former Chairman and CEO, Ernst & Young
Ellen M. Costello		Former President and Chief Executive Officer of BMO Financial Corporation and Former U.S. Country Head of BMO Financial Group
Renée J. James		Operating Executive, The Carlyle Group
Deborah C. Wright		Former Chairman of Carver Bancorp. Inc.

The executive officers of Citigroup Inc. are: Francisco Aristeguieta, Stephen Bird, Don Callahan, Michael L. Corbat, James C. Cowles, Barbara Desoer, James A. Forese, Jane Fraser, John C. Gerspach, Bradford Hu, William J. Mills, J. Michael Murray, Jeffrey R. Walsh and Rohan Weerasinghe.

The business address of each director and executive officer of Citigroup Inc. in such capacities is 388 Greenwich Street, New York, New York 10013.

There are no potential conflicts of interest existing between any duties owed to Citigroup Inc. by its senior management listed above and their private interests and/or other duties.

Citigroup Inc. is in compliance with the laws and regulations of the United States relating to corporate governance.

Committees of the Board of Directors

The standing committees of Citi's board of directors are:

The audit committee, which assists the board in fulfilling its oversight responsibility relating to (i) the integrity of Citi's consolidated financial statements and financial reporting process and Citi's systems of internal accounting and financial controls, (ii) the performance of the internal audit function, (iii) the annual independent integrated audit of Citi's consolidated financial statements and internal control over financial reporting, the engagement of the independent registered public accounting firm (**Independent Auditors**) and the evaluation of the Independent Auditors' qualifications, independence and performance, (iv) policy standards and guidelines for risk assessment and risk management, (v) the compliance by Citi with legal and regulatory requirements, including Citi's disclosure controls and procedures, and (vi) the fulfilment of the other responsibilities set out in its charter, as adopted by the board.

The members of the audit committee are Ellen M. Costello, Peter B. Henry, Anthony M. Santomero, James S. Turley and Deborah C. Wright.

The risk management committee, which assists the board in fulfilling its responsibility for (i) oversight of Citi's risk management framework, including the significant policies, procedures and practices used in managing credit, market, operational and certain other risks; (ii) oversight of Citi's policies and practices relating to funding risk, liquidity risk and price risk, which constitute significant components of market risk, and risks pertaining to capital management; and (iii) oversight of the performance of the Fundamental Credit Risk credit review function.

The members of the risk management committee are Duncan P. Hennes, Franz B. Humer, Renée J. James, Eugene M. McQuade, Michael E. O'Neill, Anthony M. Santomero, William S. Thompson, Jr., James S. Turley, and Ernesto Zedillo Ponce de León.

The personnel and compensation committee, which is responsible for determining the compensation for the Chief Executive Officer and approving the compensation of other executive officers and other members of senior management. The Committee is also responsible for approving the incentive compensation structure for other members of senior management and certain highly compensated employees (including discretionary incentive awards to covered employees as defined in applicable bank regulatory guidance), in accordance with guidelines established by the committee from time to time. The committee also has broad oversight over compliance with bank regulatory guidance governing Citi's incentive compensation.

The members of the personnel and compensation committee are Duncan P. Hennes, Michael E. O'Neill, Gary M. Reiner, Judith Rodin, Diana L. Taylor and William S. Thompson, Jr.

The nomination, governance and public affairs committee, which is responsible for (i) identifying individuals qualified to become Board members and recommending to the Board the director nominees for the next annual meeting of stockholders, (ii) leading the Board in its annual review of the Board's performance, (iii) recommending to the Board directors for each committee for appointment by the Board, (iv) shaping corporate governance policies and practices and monitoring Citigroup's compliance with such policies and practices and (v) reviewing and approving all related party transactions. The committee also has responsibility for reviewing political and charitable contributions made by Citigroup and the Citigroup Foundation, reviewing Citigroup's policies and practices regarding supplier diversity, reviewing Citigroup's

business practices and reviewing Citigroup's sustainability policies and programs, including environmental, climate change and human rights.

The members of the nominations, governance and public affairs committee are Peter B. Henry, Michael E. O'Neill, Judith Rodin, Diana L. Taylor and Ernesto Zedillo Ponce de Leon.

The executive committee, which is responsible for acting on behalf of the Board if a matter requires Board action before a meeting of the full Board can be held.

The members of the executive committee are Franz B. Humer, Michael E. O'Neill, Anthony M. Santomero, Diana L. Taylor, William S. Thompson, Jr. and James S. Turley.

The operations and technology committee, which is responsible for oversight of the scope, direction, quality, and execution of Citi's technology strategies formulated by management and providing guidance on technology as it may pertain to, among other things, Citi business products and technology platforms.

The operations and technology committee is comprised of Gary M. Reiner, Ellen M. Costello and Renée J. James.

The ethics and culture committee, which is responsible for (i) oversight of management's efforts to foster a culture of ethics within the organization; (ii) oversight and shaping the definition of Citi's value proposition; (iii) oversight of management's efforts to enhance and communicate Citi's value proposition, evaluating management's progress, and providing feedback on these efforts; (iv) reviewing and assessing the culture of the organization to determine if further enhancements are needed to foster ethical decision-making by employees; (v) oversight of management's efforts to support ethical decision making in the organization, evaluating management's progress, and providing feedback on these efforts; and (vi) reviewing Citi's Code of Conduct and the Code of Ethics for Financial Professionals.

The members of the ethics and culture committee are Franz B. Humer, Michael E. O'Neill, Judith Rodin, Deborah C. Wright and Ernesto Zedillo Ponce de León.

SELECTED FINANCIAL INFORMATION RELATING TO CITIGROUP INC.

The table below sets out a summary of key financial information for Citigroup Inc. and its consolidated subsidiaries. Such information is derived from the consolidated financial statements of Citigroup Inc. contained in the Citigroup Inc. 2016 Form 10-K as filed with the SEC on 24 February 2017.

	At or for the year ended 31 December	
	2016	2015
	(audited)	(audited)
	<i>(in millions of U.S. dollars)</i>	
Income Statement Data:		
Total revenues, net of interest expense	69,875	76,354
Income from continuing operations	15,033	17,386
Citigroup's Net Income.....	14,912	17,242
Balance Sheet Data:		
Total assets	1,792,077	1,731,210
Total deposits	929,406	907,887
Long-term debt (including U.S.\$ 26,254 and U.S.\$ 25,293 as of 31 December 2016 and 2015, respectively, at fair value)	206,178	201,275
Total Citigroup stockholders' equity	225,120	221,857

Auditors

The auditors of Citigroup Inc. are KPMG LLP of 345 Park Avenue, New York, NY 10154, United States of America. KPMG LLP is a member of the American Institute of Certified Public Accountants and is regulated by the U.S. Public Company Accounting Oversight Board.

KPMG LLP audited the consolidated balance sheets of Citigroup Inc. as of 31 December 2016 and 2015 and the related consolidated statements of income, changes in stockholders' equity and cash flows for each of the years in the three-year period ended 31 December 2016. KPMG LLP expressed an unqualified opinion on such financial statements in its report dated 24 February 2017.

Material Contracts

Citigroup Inc. has no contracts that are material to its ability to fulfil its obligations under any Notes.

Corporate authorities

Citigroup Inc. has obtained all necessary consents, approvals and authorisations in the United States in connection with the establishment and update of the Programme, the CGMHI Deed of Guarantee and the performance of the Notes. The giving of the CGMHI Deed of Guarantee was authorised by a certificate of the Funding Committee of Citigroup Inc., dated 9 February 2016.

Legal proceedings

For a discussion of Citigroup Inc.'s material legal and regulatory matters, see Note 27 to the Consolidated Financial Statements included in the Citigroup Inc. 2016 Form 10-K. Save as disclosed in the documents referenced above, neither Citigroup Inc. nor any of its subsidiaries is involved in, or has been involved in, any governmental, legal or arbitration proceedings that may have had, in the twelve months before the date of this Base Prospectus, a significant effect on the financial position or profitability of Citigroup Inc. or

Citigroup Inc. and its subsidiaries as a whole, nor, so far as Citigroup Inc. is aware, are any such proceedings pending or threatened.

Significant change and material adverse change

There has been no significant change in the financial or trading position of Citigroup Inc. or Citigroup Inc. and its subsidiaries as a whole since 31 December 2016 (the date of Citigroup Inc.'s most recently published audited annual financial statements), and there has been no material adverse change in the financial position or prospects of Citigroup Inc. or Citigroup Inc. and its subsidiaries as a whole since 31 December 2016 (the date of Citigroup Inc.'s most recently published audited annual financial statements).

SECTION C.3 – ALTERNATIVE PERFORMANCE MEASURES – CITIGROUP INC.

ALTERNATIVE PERFORMANCE MEASURES (CITIGROUP INC. 2015 FORM 10-K)

The Citigroup Inc. 2015 Form 10-K contains several Alternative Performance Measures (APMs{ XE "APMs" }) for the purposes of the Guidelines published by the European Securities and Markets Authority (ESMA). For further details on (i) the components of the APMs, (ii) how these APMs are calculated, (iii) an explanation of why such APMs provide useful information for investors and (iv) a reconciliation to the nearest equivalent US GAAP measures, please see references to "Non-GAAP Financial Measures" in the Citigroup Inc. 2015 Form 10-K and the table below:

APM	Explanation of why use of APM provides useful information	Citigroup Inc. 2015 Form 10-K Page Reference for Basis of Calculation, Components, Reconciliation and Comparatives to Previous Reporting Periods
Results of Operations Excluding the impact of CVA/DVA	Citi's results of operations excluding the impact of CVA/DVA are non-GAAP financial measures. Citi believes the presentation of its results of operations excluding this impact provides a more meaningful depiction for investors of the underlying fundamentals of its businesses.	Pages 5-7, 24, 28
Results of Operations Excluding the impact of the mortgage settlement in 2014	Citi's results of operations excluding the impact of the mortgage settlement in 2014 are non-GAAP financial measures. Citi believes the presentation of its results of operations excluding this impact provides a more meaningful depiction for investors of the underlying fundamentals of its businesses.	Pages 5-7, 28
Results of Operations Excluding the impact of the tax item in 2014	Citi's results of operations excluding the impact of the tax item in 2014 are non-GAAP financial measures. Citi believes the presentation of its results of operations excluding this impact provides a more meaningful depiction for investors of the underlying fundamentals of its businesses.	Pages 5-6
Results of Operations Excluding the impact of Foreign Exchange Translation	Citi's results of operations excluding the impact of FX translation are non-GAAP financial measures. Citi believes the presentation of its results of operations excluding the impact of FX translation provides a more meaningful depiction for investors of the underlying fundamentals of its businesses.	Pages 5-7, 15, 18, 21, 25-26
Common Equity Tier 1 Capital ratio	Citi's Basel III capital ratios and related components, on a fully implemented basis, are non-GAAP financial measures. Citi believes these	Page 44

ratios and the related components provide useful information to investors and others by measuring Citi's progress against future regulatory capital standards.

Supplementary Leverage Ratio	Citi's Basel III capital ratios and related components, on a fully implemented basis, are non-GAAP financial measures. Citi believes these ratios and the related components provide useful information to investors and others by measuring Citi's progress against future regulatory capital standards.	Page 44
Tangible Common Equity and Tangible Book Value per Share	Citi believes these capital metrics provide useful information, as they are used by investors and industry analysts.	Page 53
Results of Operations Excluding the Impact of gains/losses on Loan Hedges	Citi believes the presentation of its results of operations excluding the impact of gain/(loss) on loan hedges related to accrual loans provides a more meaningful depiction for investors of the underlying fundamentals of its businesses.	Pages 7 and 24

ALTERNATIVE PERFORMANCE MEASURES (CITIGROUP INC. 2016 FORM 10-K)

The Citigroup Inc. 2016 Form 10-K contains several APMs. For further details on (i) the components of the APMs, (ii) how these APMs are calculated, (iii) an explanation of why such APMs provide useful information for investors and (iv) a reconciliation to the nearest equivalent US GAAP measures, please see references to "Non-GAAP Financial Measures" in the Citigroup Inc. 2016 Form 10-K and the table below:

APM	Explanation of why use of APM provides useful information	Citigroup Inc. 2016 Form 10-K Page Reference for Basis of Calculation, Components, Reconciliation and Comparatives to Previous Reporting Periods
Results of Operations Excluding the impact of CVA/DVA	Citi's results of operations excluding the impact of CVA/DVA are non-GAAP financial measures. Beginning in the first quarter of 2016, the portion of the change in the fair value of on liabilities related to changes in Citigroup's own credit spreads (DVA) are reflected as a component of Accumulated Other Comprehensive Income; previously these amounts were recognized in Citigroup's revenues and net income. In the 2016 Annual Report on Form 10-K, results for 2015 and 2014 exclude the impact of CVA/DVA, as applicable, for consistency with the current year's presentation.	Pages 5-7, 25 and 29
Results of Operations Excluding the impact of Foreign Currency Translation (FX translation)	Citi's results of operations excluding the impact of FX translation are non-GAAP financial measures. Citi believes the presentation of its results of operations excluding the impact of FX translation provides a more meaningful depiction for investors of the underlying fundamentals of its businesses.	Pages 5, 15, 19, 21 and 29
Common Equity Tier 1 Capital ratio	Citi's Basel III capital ratios and related components, on a fully implemented basis, are non-GAAP financial measures. Citi believes these ratios and the related components provide useful information to investors and others by measuring Citi's progress against future regulatory capital standards.	Pages 6, 9 and 45-46
Supplementary Leverage Ratio	Citi's Basel III capital ratios and related components, on a fully implemented basis, are non-GAAP financial measures. Citi believes these ratios and the related components provide useful information to investors and others by measuring Citi's progress against future regulatory capital standards.	Pages 6, 9 and 50
Tangible Common Equity and Tangible Book Value per Share	Citi believes these capital metrics provide useful information, as they are used by investors and industry analysts.	Pages 9 and 53

APM	Explanation of why use of APM provides useful information	Citigroup Inc. 2016 Form 10-K Page Reference for Basis of Calculation, Components, Reconciliation and Comparatives to Previous Reporting Periods
Return on Average Tangible Common Equity	Citi believes this capital metric provides useful information, as they are used by investors and industry analysts.	Page 53
Results of Operations Excluding the Impact of gains/losses on Loan Hedges	Citi believes the presentation of its results of operations excluding the impact of gain/(loss) on loan hedges related to accrual loans provides a more meaningful depiction for investors of the underlying fundamentals of its businesses.	Pages 7 and 25

**SECTION D – GENERAL INFORMATION RELATING TO THE PROGRAMME AND THE
NOTES**

SECTION D.1 – GENERAL DESCRIPTION OF THE PROGRAMME

Under the Programme, the Issuer may from time to time issue notes (together, the **Securities**, including, for the avoidance of doubt, Notes issued under this Base Prospectus) denominated or payable in any currency, subject as set out herein. The applicable terms of any Securities will be agreed between the Issuer and, where applicable, the relevant Dealer prior to the issue of the Securities and will be set out in the terms and conditions of the Securities which, for the purpose of Notes issued pursuant to this Base Prospectus, shall mean the "Terms and Conditions of the Notes" endorsed on, scheduled to, or incorporated by reference into, the Notes, as completed by Part A of the applicable Final Terms or as modified and/or supplemented, as applicable, by Part A of the applicable Pricing Supplement, in each case, as attached to, or endorsed on, such Notes.

SECTION D.2 – GENERAL INFORMATION RELATING TO THE ISSUE OF NOTES UNDER THIS BASE PROSPECTUS

1. Application has been made to the Irish Stock Exchange for Notes to be admitted to trading on the Irish Stock Exchange's regulated market and to be listed on the Official List. The Irish Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive.

Application has been made to the Irish Stock Exchange for Notes to be admitted to the Official List and to trading on the Irish Stock Exchange's global exchange market. The Irish Stock Exchange's global exchange market is not a regulated market for the purposes of the Markets in Financial Instruments Directive.

As specified in the applicable Issue Terms, an issue of Notes may or may not be listed or admitted to trading, as the case may be, on the Irish Stock Exchange and/or any other stock exchange or market as may be agreed between the Issuer and the relevant Dealer.

2. Notes have been accepted for clearance through the Euroclear, Clearstream, Luxembourg and DTC. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium, the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855, Grand Duchy of Luxembourg and the address of DTC is 55 Water Street, New York, New York 10041, United States.

The Issuer may make an application for any Notes issued by it in registered form to be accepted for trading in book-entry form by DTC. The Common Code or CUSIP, as applicable and the International Securities Identification Number (**ISIN**) for each Tranche of Notes will be set out in the applicable Issue Terms.

3. Neither the Issuer nor the CGMHI Guarantor will provide any post issuance information, except if required by any applicable laws and regulations.

SECTION D.3 – ISSUE OF NOTES

Notes will be issued on a continuous basis in series (each a **Series**). The Notes of each Series are intended to be interchangeable with all other Notes of that Series.

Each Series of Notes may be issued in tranches (each a **Tranche**) which are identical to other Tranches constituting such series in all respects (including as to listing and admission to trading) or in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

The specific terms of each Tranche will be set forth in the applicable Issue Terms.

SECTION D.4 – FORM OF THE NOTES

The Notes of each Series will be in registered form. Notes may be offered and sold either outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act (**Regulation S**) or within the United States to QIBs (as defined below) in reliance on Rule 144A under the Securities Act (**Rule 144A**).

The Notes of each Tranche offered and sold in reliance on Regulation S, which will be sold in offshore transactions to persons that are not U.S. persons (as defined in Regulation S) outside the United States, will be represented by a Regulation S Global Registered Note Certificate (a **Regulation S Global Registered Note Certificate**). Beneficial interests in a Regulation S Global Registered Note Certificate may not be offered, sold or otherwise transferred to, or for the account or benefit of, a U.S. person and may not be held otherwise than through Euroclear Bank SA/NV (**Euroclear**) or Clearstream Banking, SA (**Clearstream, Luxembourg**) and such Regulation S Global Registered Note Certificate will bear a legend regarding such restrictions on transfer.

The Notes of each Tranche offered and sold in reliance on Rule 144A may only be offered and sold in private transactions to "qualified institutional buyers" within the meaning of Rule 144A (**QIBs**). The Notes of each Tranche sold to QIBs will be represented by a Rule 144A Global Registered Note Certificate (a **Rule 144A Global Registered Note Certificate** and, together with a Regulation S Global Registered Note Certificate, the **Global Registered Note Certificates**), and beneficial interests therein may not be offered, sold or transferred at any time except to a QIB purchasing or (holding) the Notes for its account or for the account of one or more QIBs in reliance on Rule 144A.

Global Registered Note Certificates will either (i) be deposited with a custodian for, and registered in the name of a nominee of, the Depository Trust Company (**DTC**) for the accounts of Euroclear and Clearstream, Luxembourg or (ii) be deposited with a common depository or, if the Global Registered Note Certificates are to be held under the new safe-keeping structure (the **NSS**) a Common Safekeeper, as the case may be, for Euroclear and Clearstream, Luxembourg, and registered in the name of the nominee for the common depository for Euroclear and Clearstream, Luxembourg or in the name of a nominee of the Common Safekeeper, as specified in the applicable Issue Terms. Persons holding beneficial interests in Global Registered Note Certificates will be entitled or required, as the case may be, to receive physical delivery of definitive Notes in fully registered form.

The Rule 144A Global Registered Note Certificate will be subject to certain restrictions on transfer set forth therein and will bear a legend regarding such restrictions.

Where the Global Registered Note Certificates issued in respect of any Tranche is intended to be held under the NSS, the applicable Issue Terms will indicate whether or not such Global Registered Note Certificate is intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Global Registered Note Certificates are to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any time during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The Common Safekeeper for a Global Registered Note Certificate held under the NSS will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg.

Relationship of Accountholders with Clearing Systems

For so long as any of the Notes is represented by a Global Registered Note Certificate held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Notes standing to the account of

any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the CGMHI Guarantor and the Agents as the holder of such principal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such principal amount of such Notes, for which purpose the registered holder of the relevant Global Registered Note Certificate shall be treated by the Issuer, the CGMHI Guarantor and each Agent as the holder of such principal amount of such Notes in accordance with and subject to the terms of the relevant Global Registered Note Certificate and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly.

So long as DTC or its nominee is the registered owner or holder of a Global Registered Note Certificate, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Global Registered Note Certificate for all purposes under the Fiscal Agency Agreement and such Notes except to the extent that, in accordance with DTC's published rules and procedures, any ownership rights may be exercised by its participants or beneficial owners through participants.

Notes which are represented by a Global Registered Note Certificate will be transferable only in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, subject to the restrictions on transfer described herein. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg or DTC as the beneficial holder of a particular principal amount of Notes represented by such Global Registered Note Certificate must look solely to Euroclear or Clearstream, Luxembourg or DTC, as the case may be, for his share of each payment made by the Issuer or the CGMHI Guarantor to the holder of such Global Registered Note Certificate and the obligations of the Issuer in respect thereof will be discharged by payment to the holder of such Global Registered Note Certificate in respect of each amount so paid.

Exchanges of Global Registered Note Certificates

A Global Registered Note Certificate may be exchanged in whole but not in part (free of charge) for definitive Registered Note Certificates only upon the occurrence of an Exchange Event.

An **Exchange Event** means:

- (a) an Event of Default (as defined in the Terms and Conditions of the Notes) has occurred and is continuing; or
- (b) if the Global Registered Note Certificate is registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg or in the name of a nominee of the Common Safekeeper, as the case may be, the Issuer has been notified that Euroclear and/or Clearstream, Luxembourg, as the case may be, has/have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or has/have announced an intention permanently to cease business or has/have in fact done so and no successor clearing system is available; or
- (c) if the Global Registered Note Certificate is registered in the name of a nominee for DTC, either DTC has notified the Issuer that it is unwilling or unable to continue to act as depository for the Notes and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the Exchange Act and no successor clearing system is available; or
- (d) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Global Registered Note Certificate in definitive form.

The Issuer will promptly give notice to Noteholders upon the occurrence of an Exchange Event. In the event of the occurrence of an Exchange Event as described in (a) to (c) above, Euroclear and/or Clearstream, Luxembourg, and/or DTC, as the case may be, acting on the instructions of any holder of an interest in such Global Registered Note Certificate may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (a) to (d) above, the Issuer may also give notice to the Registrar requesting exchange. Any exchange shall occur no later than 10 days after the date of receipt of the relevant notice by the Registrar.

Any exchanges of a Global Registered Note Certificate will be made upon presentation of the Global Registered Note Certificate at the specified office of the Registrar by the holder of it on any day (other than a Saturday or Sunday) on which banks are open for general business in the city of the specified office of the Registrar.

Deed of Covenant

Where any Note is represented by a Global Registered Note Certificate and (a) the Global Registered Note Certificate (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes or the Maturity Date has occurred and, in either case, redemption has not occurred in accordance with the provisions of the Global Registered Note Certificate, or (b) following an Exchange Event, the Global Registered Note Certificate is not duly exchanged for Registered Note Certificates in definitive form by the date provided in the Global Registered Note Certificate, then from 8.00 p.m. (London time) on such date each holder of an interest in such Global Registered Note Certificate held through the relevant Clearing System(s) will become entitled to proceed directly against the Issuer on, and subject to, the terms of the CGMHI Deed of Covenant executed by the Issuer and the relevant registered holder will have no further rights under the Global Registered Note Certificate (but without prejudice to the rights any person may have under the CGMHI Deed of Covenant).

Clearing Systems

Any reference herein to Euroclear and/or Clearstream, Luxembourg and/or DTC shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearance system specified in the applicable Issue Terms.

SECTION D.5 – BOOK ENTRY CLEARANCE SYSTEMS

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear, Clearstream or Luxembourg, (together, the **Clearing Systems**) currently in effect.*

The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer believes to be reliable, but none of the Issuer, the CGMHI Guarantor or any Dealer takes any responsibility for the accuracy thereof, except that the Issuer and the CGMHI Guarantor accept responsibility for accurately reproducing such information and, as far as the Issuer and the CGMHI Guarantor are aware and are able to ascertain from information published by the relevant Clearing Systems, no facts have been omitted which would render the reproduced information inaccurate or misleading. This paragraph should be read in conjunction with the first paragraph set out under the heading "Responsibility Statement" on page 5.

Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the CGMHI Guarantor or any other party to the Fiscal Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Book-entry Systems

DTC

DTC has advised the Issuer that it is a limited purpose trust company organised under the New York Banking Law, a **banking organisation** within the meaning of the New York Banking Law, a member of the Federal Reserve System, a **clearing corporation** within the meaning of the New York Uniform Commercial Code and a **clearing agency** registered pursuant to Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants (**Direct Participants**) deposit with DTC. DTC also facilitates the settlement among Direct Participants of sales and other securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (**DTCC**). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulation subsidiaries. Access to the DTC System is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (**Indirect Participants** and, together with Direct Participants, the **Participants**). More information about DTCC can be found at www.dtcc.com and www.dtc.org but such information is not incorporated by reference in and does not form part of this Base Prospectus.

Under the rules, regulations and procedures creating and affecting DTC and its operations (the **Rules**), DTC makes book-entry transfers of Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC's book-entry settlement system (**DTC Notes**) as described below and receives and transmits distributions of principal and interest on DTC Notes. The Rules are on file with the Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes (**Owners**) have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess

Notes, the Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC's records. The ownership interest of each actual purchaser of each DTC Note (**Beneficial Owner**) is in turn to be recorded on the Direct Participant's and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorised representative of DTC. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to DTC Notes unless authorised by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Notes will be made to Cede & Co., or such other nominee as may be requested by an authorised representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the relevant agent (or such other nominee as may be requested by an authorised representative of DTC), on the relevant payment date in accordance with their respective holdings shown in DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not of DTC or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct Participants and Indirect Participants.

Under certain circumstances, DTC will exchange the DTC Notes for definitive Notes, which it will distribute to its Participants in accordance with their proportionate entitlements and which will be legended as set forth under "*Subscription and Sale and Transfer and Selling Restrictions*".

A Beneficial Owner shall give notice to elect to have its DTC Notes purchased or tendered, through its Participant, to the relevant agent, and shall effect delivery of such DTC Notes by causing the Direct Participant to transfer the Participant's interest in the DTC Notes, on DTC's records, to the relevant agent. The requirement for physical delivery of DTC Notes in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the DTC Notes are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered DTC Notes to the relevant agent's DTC account.

DTC may discontinue providing its services as depository with respect to the DTC Notes at any time by giving reasonable notice to the Issuer or the relevant agent. Under such circumstances, in the event that a successor depository is not obtained, DTC Note certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, DTC Note certificates will be printed and delivered to DTC.

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to withdraw its Notes from DTC as described below.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

Book-entry Ownership of and Payments in respect of DTC Notes

The Issuer may apply to DTC in order to have any Tranche of Notes represented by a Global Registered Note Certificate accepted in its book-entry settlement system. Upon the issue of any such Global Registered Note Certificate, DTC or its custodian will credit, on its internal book-entry system, the respective principal amounts of the individual beneficial interests represented by such Global Registered Note Certificate to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in such a Global Registered Note Certificate will be limited to Direct Participants or Indirect Participants, including, in the case of any Regulation S Global Registered Note Certificate, the respective depositories of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Global Registered Note Certificate accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and interest in respect of a Global Registered Note Certificate accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Note. In the case of any payment in a currency other than U.S. dollars, payment will be made to the Exchange Agent on behalf

of DTC or its nominee and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Global Registered Note Certificate in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Participants' account.

The Issuer expects DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuer also expects that payments by Participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Fiscal Agent, the Registrar, the Issuer or the CGMHI Guarantor. Payment of principal, premium, if any, and interest, if any, on Notes to DTC is the responsibility of the Issuer.

Transfers of Notes Represented by Global Registered Note Certificates

Transfers of any interests in Notes represented by a Global Registered Note Certificate within Euroclear and Clearstream, Luxembourg and DTC will be effected in accordance with the customary rules and operating procedures of the relevant clearing system and will be subject to the transfer restrictions described herein. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Global Registered Note Certificate to such persons may depend upon the ability to exchange such Notes for Notes in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Global Registered Note Certificate accepted by DTC to pledge such Notes to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Global Registered Note Certificate accepted by DTC to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a Direct Participant or Indirect Participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Notes described under "*Subscription and Sale and Transfer and Selling Restrictions*", cross-market transfers between DTC, on the one hand, and directly or indirectly through Euroclear or Clearstream, Luxembourg accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Registrar, the Fiscal Agent and any custodian with whom the relevant Global Registered Note Certificates have been deposited.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Euroclear and Clearstream, Luxembourg and transfers of Notes 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.

Euroclear and Clearstream, Luxembourg and DTC have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Global Registered Note Certificates among participants and accountholders of Euroclear and Clearstream, Luxembourg and DTC. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuer, the CGMHI Guarantor, the Agents and any Dealer will be responsible for any performance by Euroclear or Clearstream, Luxembourg or DTC or their direct or indirect participants or accountholders of their obligations under the rules and procedures governing their operations, nor will the Issuer, the CGMHI Guarantor, any Agent or any Dealer have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Global Registered Note Certificates or for maintaining, supervising or reviewing any records relating to such beneficial interests.

Euroclear UK and Ireland (CREST)

If so specified in the applicable Issue Terms, Notes will be accepted for settlement through CREST. Following their delivery into a clearing system, interests in the relevant Notes may be delivered, held and settled in CREST by means of the creation of CDIs representing the interests in the relevant Notes. The CDIs will be issued by the CREST Depository to CDI Holders and will be governed by English Law.

The CDIs will represent indirect interests in the interest of the CREST Nominee in the relevant Notes. Pursuant to the CREST Manual (as defined below), Notes held in global form by a common depository may be settled through CREST, and the CREST Depository will issue CDIs. The CDIs will be independent securities, constituted under English law, which may be held and transferred through CREST.

Interests in the relevant Notes will be credited to the CREST Nominee's account with Euroclear and the CREST Nominee will hold such interests as nominee for the CREST Depository which will issue CDIs to the relevant CREST participants.

Each CDI will be treated by the CREST Depository as if it were a relevant Note, for the purposes of determining all rights and obligations and all amounts payable in respect thereof. The CREST Depository will pass on to CDI Holders any interest or other amounts received by it as holder of the relevant Notes on trust for such CDI Holder. CDI Holders will also be able to receive from the CREST Depository notices of meetings of holders of the relevant Notes and other relevant notices issued by the Issuer or the CGMHI Guarantor.

Transfers of interests in Notes by a CREST participant to a participant of Euroclear or Clearstream, Luxembourg will be effected by cancellation of the CDIs and transfer of an interest in such Notes to the account of the relevant participant with Euroclear or Clearstream, Luxembourg.

The CDIs will have the same ISIN as the ISIN of the relevant Notes and will not require a separate listing.

Prospective subscribers for Notes represented by CDIs are referred to Chapter 8 of the CREST International Manual which contains the form of the CREST Global Deed Poll (the **CREST Deed Poll**) to be entered into by the CREST Depository. The rights of the CDI Holders will be governed by the arrangements between CREST, Euroclear, Clearstream, Luxembourg, the Issuer and the CGMHI Guarantor, including the CREST Deed Poll (in the form contained in Chapter 8 of the CREST International Manual (which forms part of the CREST Manual)) executed by the CREST Depository. These rights may be different from those of holders of Notes which are not represented by CDIs.

CDIs will be delivered, held and settled in CREST, by means of the CREST International Settlement Links Service (the **CREST International Settlement Links Service**). The settlement of the CDIs by means of the CREST International Settlement Links Service has the following consequences for CDI Holders:

- (a) CDI Holders will not be the legal owners of the relevant Notes. The CDIs are separate legal instruments from such Notes and represent an indirect interest in such Notes.
- (b) The relevant Notes themselves (as distinct from the CDIs representing indirect interests in such Notes) will be held in account with a custodian. The custodian will hold the relevant Notes through a clearing system. Rights in the relevant Notes will be held through custodial and depository links through the appropriate clearing systems. The legal title to the relevant Notes or to interests in such Notes will depend on the rules of the clearing system in or through which the relevant Notes are held.
- (c) Rights under the relevant Notes cannot be enforced by CDI Holders except indirectly through the intermediary depositories and custodians described above. The enforcement of rights under the relevant Notes will therefore be subject to the local law of the relevant intermediary. The rights of

CDI Holders to the relevant Notes are represented by the entitlements against the CREST Depository which (through the CREST Nominee) holds interests in the relevant Notes. This could result in an elimination or reduction in the payments that otherwise would have been made in respect of the relevant Notes in the event of any insolvency or liquidation of the relevant intermediary, in particular where the relevant Notes held in clearing systems are not held in special purpose accounts and are fungible with other securities held in the same accounts on behalf of other customers of the relevant intermediaries.

- (d) The CDIs issued to CDI Holders will be constituted and issued pursuant to the CREST Deed Poll. CDI Holders will be bound by all provisions of the CREST Deed Poll and by all provisions of, or prescribed pursuant to, the CREST Manual issued by CREST, consisting of various further CREST sub-manuals including the CREST International Manual, the CREST Rules applicable to the CREST International Settlement Links Service and the CREST Glossary of Terms (as most recently updated in October 2016 and as the same may be amended, modified, varied or supplemented from time to time, the **CREST Manual**) and CDI Holders must comply in full with all obligations imposed on them by such provisions.
- (e) Potential investors should note that the provisions of the CREST Deed Poll, the CREST Manual and the CREST Rules contain indemnities, warranties, representations and undertakings to be given by CDI Holders and limitations on the liability of the Issuer and the CGMHI Guarantor and the CREST Depository.
- (f) CDI Holders may incur liabilities resulting from a breach of any such indemnities, warranties, representations and undertakings in excess of the money invested by them. The attention of potential investors is drawn to the terms of the CREST Deed Poll, the CREST Manual and the CREST Rules, copies of which are available from CREST at 33 Cannon Street, London EC4M 5SB or by calling +44 (0) 207 849 0000 or from the CREST website at www.euroclear.com/site/public/EUI.
- (g) Potential investors should note CDI Holders may be required to pay fees, charges, costs and expenses to the CREST Depository in connection with the use of the CREST International Settlement Links Service. These will include the fees and expenses charged by the CREST Depository in respect of the provision of services by it under the CREST Deed Poll and any taxes, duties, charges, costs or expenses which may be or become payable in connection with the holding of the CDIs through the CREST International Settlement Links Service.
- (h) Potential investors should note that none of the Issuer, the CGMHI Guarantor, any Dealer, any distributor, any Paying Agent or the Registrar or any Transfer Agent will have any responsibility for the performance by any intermediaries or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

SECTION D.6– CERTAIN BENEFIT PLAN INVESTOR CONSIDERATIONS

The U.S. Employee Retirement Income Security Act of 1974, as amended (**ERISA**), prescribes rules pertaining to the management of "plan assets" of pension and other employee benefit plans subject to ERISA (**ERISA Plans**) and the appointment of parties who may manage such assets. Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans, as well as those plans that are not subject to ERISA but that are subject to Section 4975 of the Code, such as individual retirement accounts and Keogh plans (together with ERISA Plans, **Plans**), and certain investment entities in which Plans invest, from engaging in certain transactions involving "plan assets" with persons who are "parties in interest" under ERISA or "disqualified persons" under Section 4975 of the Code with respect to such Plans.

The rules and regulations applicable under ERISA and Section 4975 of the Code contain certain "look-through" provisions. Under these provisions, if a Plan invests in an equity interest of an entity, the assets of the Plan will be deemed to include not only the equity interest but also an undivided interest in each of the underlying assets of the entity, unless an exception to the look-through rule were to apply. An "equity interest" is defined under the applicable rules as any interest in an entity other than an instrument treated as indebtedness under applicable local law that has no substantial equity features. No assurance can be given that the Notes will not be treated as equity interests for these purposes. The look-through rule would not apply if the Notes or the Issuer qualified for an exception available under applicable rules. If a Plan were to acquire an interest in the Notes, and no exception to the look-through rule were to apply, the Issuer would be regarded as a plan asset entity and the assets and transactions would be attributed to the Plan investor. In this event, the Plan investor could be viewed as having improperly delegated to the Issuer responsibility for the management of the Plan's assets, and the transactions and holdings of the Issuer might involve violations of the prohibited transaction rules of ERISA and Section 4975 of the Code, as well as violations of other rules applicable under ERISA.

Based on the foregoing, the Notes may not be acquired or held by a Plan or any party acting on behalf of or using the assets of a Plan. Any purchaser or subsequent transferee of the Notes or any interest therein will be deemed to have represented by its purchase thereof that it is not a Plan and is not acting on behalf of or using the assets of a Plan.

SECTION D.7– SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

Subject to the terms and conditions contained in an Amended and Restated Dealership Agreement dated 24 March 2016 (the **Dealership Agreement**) between the Issuer, the CGMHI Guarantor, the Arranger and the Dealers, the Notes will be offered on a continuous basis by the Issuer to the Dealers (as defined in the Dealership Agreement). However, the Issuer reserves the right to sell Notes directly on its own behalf to other entities, in accordance with all applicable rules and regulations. Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the Issuer or the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agent of the Issuer. The Dealership Agreement also provides for Notes to be issued in syndicated Tranches which are jointly and severally underwritten by two or more Dealers.

The Issuer and the CGMHI Guarantor have agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes issued by such Issuer, including in relation to liabilities arising under the Securities Act. The Dealership Agreement may be terminated in relation to all the Dealers or any of them by the Issuer, the CGMHI Guarantor, by any Dealer or the Arranger, at any time on giving not less than ten days' notice.

Transfer Restrictions

As a result of the following restrictions, purchasers of Notes are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Notes.

Each purchaser of Notes or any beneficial interest therein, by its acquisition or acceptance thereof, will be deemed to acknowledge, represent and agree as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

- (i) (a) in the case of Notes offered and sold in reliance on Regulation S, as specified in the applicable Issue Terms, that such purchaser is outside the United States and is not a U.S. person; or (b) in the case of Notes offered and sold in reliance on Rule 144A, as specified in the applicable Issue Terms, that such purchaser is a "qualified institutional buyer" (a **QIB**), purchasing (or holding) the Notes for its own account or for the account of one or more QIBs and it is aware that the offer and sale to it is being made in reliance on Rule 144A;
- (ii) that the Notes and the CGMHI Deed of Guarantee are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Notes and the CGMHI Deed of Guarantee have not been and will not be registered under the Securities Act or any U.S. State securities laws and may not be offered, sold, pledged or otherwise transferred within the United States or to, or for the account or benefit of, U.S. persons, except as set forth below with respect to Notes offered and sold in reliance on Rule 144A;
- (iii) (a) in the case of Notes offered and sold in reliance on Regulation S, as specified in the applicable Issue Terms, that such purchaser will not re-sell, pledge or otherwise transfer the Notes or any beneficial interest therein at any time within the United States or to, or for the account or benefit of, a U.S. person, other than the Issuer or any affiliate thereof; and (b) in the case of Notes offered and sold in reliance on Rule 144A, as specified in the applicable Issue Terms, that such purchaser will not re-sell, pledge or otherwise transfer the Notes or any beneficial interest therein at any time other than to (1) the Issuer or any affiliate thereof or (2) a person it reasonably believes is a QIB purchasing (or holding) for its own account or for the account of one or more QIBs in a transaction meeting the requirements of Rule 144A and in accordance with all applicable securities laws of the States of the United States and any other jurisdiction;

- (iv) it will, and will require each subsequent holder to, notify any purchaser of the Notes from it of the resale restrictions referred to in paragraph (iii) above;
- (v) that Notes offered and sold in the United States to QIBs in reliance on Rule 144A will be represented by one or more Rule 144A Global Registered Note Certificates, and that Notes offered and sold outside the United States to non-U.S. persons in reliance on Regulation S will be represented by one or more Regulation S Global Registered Note Certificates;
- (vi) that the Rule 144A Global Registered Note Certificates will bear a legend to the following effect:

"NEITHER THIS GLOBAL SECURITY NOR THE CGMHI DEED OF GUARANTEE HAS BEEN NOR WILL BE REGISTERED UNDER THE U.S. 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, ACCORDINGLY, THIS GLOBAL SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION OF AN INTEREST HEREIN, THE HOLDER (A) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THE NOTES REPRESENTED HEREBY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS; (B) AGREES THAT IT WILL NOT RESELL, PLEDGE OR OTHERWISE TRANSFER THE NOTES REPRESENTED HEREBY AT ANY TIME OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF; OR (2) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT, AND IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; (C) REPRESENTS THAT IT IS NOT, AND ITS PURCHASE AND HOLDING OF THE NOTES IS NOT MADE ON BEHALF OF OR WITH "PLAN ASSETS" OF, AN EMPLOYEE BENEFIT PLAN SUBJECT TO TITLE I OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (**ERISA**), A PLAN, INDIVIDUAL RETIREMENT ACCOUNT OR OTHER ARRANGEMENT SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE **CODE**) OR AN EMPLOYEE BENEFIT PLAN OR PLAN SUBJECT TO ANY LAWS, RULES OR REGULATIONS SUBSTANTIALLY SIMILAR TO TITLE I OF ERISA OR SECTION 4975 OF THE CODE; AND (D) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM AN INTEREST IN THIS GLOBAL SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. THE NOTES AND THE CGMHI DEED OF GUARANTEE [AND ANY [ASSET AMOUNT] [LA SETTLEMENT ASSET]]** DO NOT CONSTITUTE, AND HAVE NOT BEEN MARKED AS, CONTRACTS OF SALE OF A COMMODITY FOR FUTURE DELIVERY (OR OPTIONS THEREON) SUBJECT TO THE U.S. COMMODITY EXCHANGE ACT, AS AMENDED (THE **CEA**), AND TRADING IN THE NOTES HAS NOT BEEN APPROVED BY THE U.S. COMMODITY FUTURES TRADING COMMISSION PURSUANT TO THE CEA. THE ISSUER RESERVES THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT ANY PROPOSED TRANSFER OF ANY INTEREST HEREIN IS BEING MADE IN COMPLIANCE WITH THE FOREGOING RESTRICTIONS, THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS.

** Applicable only for Notes where Physical Delivery is specified as Applicable in the applicable Issue Terms.

THIS GLOBAL SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE FISCAL AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT WITH NOTICE TO, THE HOLDERS OF INTERESTS IN THIS GLOBAL SECURITY, GIVEN IN ACCORDANCE WITH THE CONDITIONS, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR RESALES AND OTHER TRANSFERS OF INTERESTS IN THIS GLOBAL SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO RESALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. ANY HOLDER OF AN INTEREST IN THIS GLOBAL SECURITY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE THEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON SUCH HOLDER AND ALL FUTURE HOLDERS OF INTERESTS IN THIS GLOBAL SECURITY AND ANY NOTES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).";

- (vii) that the Regulation S Global Registered Note Certificates will bear a legend to the following effect:

"NEITHER THIS GLOBAL SECURITY NOR THE CGMHI DEED OF GUARANTEE HAS BEEN NOR WILL BE REGISTERED UNDER THE U.S. 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 THIS GLOBAL SECURITY MAY NOT AT ANY TIME BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS SUCH TERMS ARE USED IN REGULATION S UNDER THE SECURITIES ACT), OTHER THAN THE ISSUER AND ANY AFFILIATE THEREOF AND PAYMENTS [AND/OR DELIVERIES]** ON THE NOTES MAY NOT BE MADE TO ANY U.S. PERSON OR ANY PERSON WITHIN THE UNITED STATES. CERTIFICATION OF NON-U.S. BENEFICIAL OWNERSHIP MAY BE REQUIRED AS A CONDITION TO RECEIVING ANY PAYMENTS [AND/OR DELIVERIES]** ON THE NOTES. BY ITS ACQUISITION OF AN INTEREST HEREIN, THE HOLDER REPRESENTS THAT IT IS NOT, AND ITS PURCHASE AND HOLDING OF THE NOTES IS NOT MADE ON BEHALF OF OR WITH "PLAN ASSETS" OF, AN EMPLOYEE BENEFIT PLAN SUBJECT TO TITLE I OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (**ERISA**), A PLAN, INDIVIDUAL RETIREMENT ACCOUNT OR OTHER ARRANGEMENT SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE **CODE**) OR AN EMPLOYEE BENEFIT PLAN OR PLAN SUBJECT TO ANY LAWS, RULES OR REGULATIONS SUBSTANTIALLY SIMILAR TO TITLE I OF ERISA OR SECTION 4975 OF THE CODE. THE NOTES AND THE CGMHI DEED OF GUARANTEE [AND ANY [ASSET AMOUNT] [LA SETTLEMENT ASSET]]** DO NOT CONSTITUTE, AND HAVE NOT BEEN MARKETING AS CONTRACTS OF SALE OF A COMMODITY FOR FUTURE DELIVERY (OR OPTIONS THEREON) SUBJECT TO THE U.S. COMMODITY EXCHANGE ACT, AS AMENDED (THE **CEA**) AND TRADING IN THE NOTES HAS NOT BEEN APPROVED BY THE U.S. COMMODITY FUTURES TRADING COMMISSION PURSUANT TO THE CEA. THE ISSUER RESERVES THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT ANY PROPOSED TRANSFER OF ANY INTEREST HEREIN IS BEING MADE IN COMPLIANCE WITH THE FOREGOING RESTRICTIONS, THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS.";

** Applicable only for Notes where Physical Delivery is specified as Applicable in the applicable Issue Terms.

- (viii) that it has been afforded an opportunity to request from the Issuer and the CGMHI Guarantor and to review all additional information it considers to be necessary to verify the accuracy of the information contained in this Base Prospectus or otherwise and the applicable Issue Terms and it has not relied on the Dealers or any person affiliated with the Dealers in connection with its investigation of the accuracy of such information or its investment decision; and
- (ix) that the Issuer, the CGMHI Guarantor and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

No sale of Notes in the United States in reliance on Rule 144A to any one purchaser will be for less than U.S.\$100,000 (or its foreign currency equivalent) principal amount and no Note will be issued in connection with such a sale in a smaller principal amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.\$100,000 (or its foreign currency equivalent) of Notes.

United States of America

The Notes and the CGMHI Deed of Guarantee have not been and will not be registered under the Securities Act or any state securities laws. Trading in the Notes has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended. No issue of Notes may be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in the case of Notes offered and sold in reliance on Rule 144A, to "qualified institutional buyers" (**QIBs**), each purchasing (or holding) for its own account or for the account of one or more QIBs, in a transaction meeting the requirements of Rule 144A and in accordance with all applicable securities laws of the States of the United States and any other jurisdiction. The Notes, the CGMHI Deed of Guarantee and any Asset Amounts to be delivered in respect of any Physical Delivery Notes do not constitute, and have not been marketed as, contracts of sale of a commodity for future delivery (or options thereon) subject to the United States Commodity Exchange Act, as amended, and trading in the Notes has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended. Terms used in this section have the meanings given to them by Regulation S or Rule 144A under the Securities Act.

Each Dealer has represented and agreed that it, its affiliates (if any) and any person acting on its or their behalf (i) have not offered or sold and will not offer or sell any Notes at any time within the United States or to, or for the account or benefit of, U.S. persons, except, in the case of Notes offered and sold in reliance on Rule 144A, as specified in the applicable Issue Terms, to persons it reasonably believes to be QIBs, each purchasing (or holding) for its own account or for the account of one or more QIBs and (ii) at or prior to confirmation of sale of Notes offered in reliance on Regulation S, as specified in the applicable Issue Terms, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases such Notes from it a confirmation or other notice stating that such distributor, dealer or person is subject to the restrictions on offers and sales of such Notes within the United States or to, or for the account or benefit of, U.S. persons that are set forth herein.

An offer or sale of Notes within the United States or to, or for the account or benefit of, a U.S. person by any dealer (whether or not participating in the offering) at any time may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Dealers, directly or through their respective U.S. broker dealer affiliates, may arrange for the resale of Notes offered and sold in reliance on Rule 144A to QIBs pursuant to Rule 144A and each purchaser of such Notes is hereby notified that the Dealers are relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A and one or more exemptions and/or exclusions from regulation under the United States Commodity Exchange Act, as amended. The minimum aggregate principal amount of Notes which may be purchased by a QIB pursuant to Rule 144A is U.S.\$100,000 (or the approximate equivalent thereof in any other specified currency). To the extent that the CGMHI Guarantor is not subject to or does not comply with the reporting requirements of Section 13 or 15(d) of the Exchange Act or the information furnishing requirements of Rule 12g3-2(b) thereunder, the Issuer and the CGMHI Guarantor have agreed to furnish to holders of Notes offered and sold in reliance on Rule 144A and to prospective purchasers designated by such holders, upon request, such information as may be required by Rule 144A(d)(4).

Each issuance of Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer(s) may agree with the Issuer as a term of the issuance and purchase or, as the case may be, subscription of such Notes. Each Dealer agrees that it shall offer, sell and deliver such Notes only in compliance with such additional U.S. selling restrictions.

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the EEA which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto 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 such Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

PROVIDED THAT no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an **offer of Notes to the public** in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression **Prospectus Directive** means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes 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 Notes 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 Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (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 Notes in circumstances in which Section 21(1) of the FSMA does not apply to either of the Issuer or the CGMH I Guarantor; 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 Notes in, from or otherwise involving the United Kingdom.

Hong Kong Special Administrative Region

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that:

- (a) it has not offered or sold and will not offer or sell in the Hong Kong Special Administrative Region of the People's Republic of China (**Hong Kong**), by means of any document, any Notes (except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the **Securities and Futures Ordinance**)) other than (i) to persons whose ordinary business is to buy or sell shares or debentures (whether as principal or agent); or (ii) to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance; or (iii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to any Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

India

No invitation, offer or sale to purchase or subscribe to the Notes is made or intended to be made to the public in India through this Base Prospectus or any amendment or supplement thereto. Neither this Base Prospectus nor any amendment or supplement thereto is a prospectus, offer document or advertisement nor has it been or will be submitted or registered as a prospectus or offer document under any applicable law or regulation in India. Neither this Base Prospectus nor any amendment or supplement thereto has been reviewed, approved, or recommended by any Registrar of Companies in India, the Securities and Exchange Board of India, the Reserve Bank of India, any stock exchange in India or any other Indian regulatory authority.

The Issuer has not authorised any offer of any Notes in India, to or for the account or benefit of any 'Person Resident in India' within the meaning of Foreign Exchange Management Act, 1999 (**PRI**), either directly or indirectly, by means of any document. Unless otherwise specified, no issues of Notes are offered, made available for subscription or sold pursuant to the Companies Act, 1956 (as amended, and as restated and replaced by the Companies Act, 2013), the Securities and Exchange Board of India Act, 1992 (as amended), the Guidelines made thereunder or under any Indian law or regulations. Notes may not lawfully be offered, subscribed for by, sold to or held, whether directly or indirectly, by any PRI and by the purchase of a Note, the relevant Noteholder will be deemed to represent and warrant that it is not a PRI.

Communications relating to Notes may only be made to (i) persons resident outside India and (ii) entities which do not qualify as PRI. Communications relating to the issue of Notes or any material relating to the Notes, including the Base Prospectus, will not be circulated or distributed directly or indirectly and has not been circulated or distributed, directly or indirectly, to any person or the public or any member of the public in India or otherwise generally distributed or circulated in India, in circumstances which would constitute an advertisement, invitation, sale or solicitation of an offer to subscribe for or purchase any securities to the public within the meaning of the Companies Act, 1956 (as amended, and as restated and replaced by the Companies Act, 2013) and other applicable Indian law for the time being in force, other than for the sole consideration and exclusive use of the persons permitted to acquire Notes under Indian law. In relation to the Notes relating to Indian securities, in addition to the requirements specified above, communications relating to such Notes may only be made to entities which are regulated by the relevant regulatory authority in the country of its establishment or incorporation, as described in Regulation 22(1) of the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 (as may be amended from time to time) and by the purchase of a Notes relating to Indian securities, the relevant Noteholder will be deemed to represent and warrant that it is so regulated.

Each investor in the Notes acknowledges, represents and agrees that it is eligible to invest in the Notes under applicable laws and regulations in India and that it is not prohibited or debarred under any law or regulation from acquiring, owning or selling the Notes.

Ireland

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it will not underwrite the issue of, or place any Notes otherwise than in conformity with the provisions of the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3) of Ireland (as amended, the **MiFID Regulations**), including, without limitation, Regulation 7 (Authorisation) and Regulation 152 (Restrictions on advertising) thereof or any codes of conduct made under the MiFID Regulations and the provisions of the Investor Compensation Act 1998 (as amended);
- (b) it will not underwrite the issue of, or place any Notes otherwise than in conformity with the provisions of the Central Bank Acts 1942 – 2015 (as amended) and any codes of practice made under Section 117(1) of the Central Bank Act 1989 (as amended); and
- (c) it will not underwrite the issue of, place or otherwise act in Ireland in respect of any Notes otherwise than in conformity with the Market Abuse Regulation (EU 596/2014) (as amended) and any rules and guidance issued by the Central Bank of Ireland under Section 1370 of the Companies Act 2014 of Ireland.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended; the **FIEA**) and each Dealer has represented and agreed, and each

further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Law No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Singapore

This Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore, and the Notes will be offered pursuant to exemptions under the Securities and Futures Act, Chapter 289 of Singapore (the **Securities and Futures Act**). Accordingly, the Notes may not be offered or sold or made the subject of an invitation for subscription or purchase nor may this Base Prospectus or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Notes be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor under (in the case of shares or debentures or units of shares or debentures) Section 274 of the Securities and Futures Act, or (in the case of units or derivatives of units of a business trust) Section 282Y of the Securities and Futures Act or (in the case of units of a real estate investment trust or other collective investment scheme) Section 304 of the Securities and Futures Act, (b) to a relevant person under Section 275(1) of the Securities and Futures Act, or any person pursuant to (in the case of shares or debentures or units of shares or debentures) Section 275(1A) of the Securities and Futures Act or (in the case of units or derivatives of units of a business trust) Section 282Z(2) of the Securities and Futures Act, and in accordance with the conditions specified in (in the case of shares or debentures or units of shares or debentures) Section 275 of the Securities and Futures Act or (in the case of units or derivatives of units of a business trust) Section 282Z of the Securities and Futures Act or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Where the Notes are acquired under (in the case of shares or debentures or units of shares or debentures) Section 275 of the Securities and Futures Act or (in the case of units or derivatives of units of a business trust) Section 282Z of the Securities and Futures Act by:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the Securities and Futures Act)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the Securities and Futures Act) of that corporation or the beneficiaries' rights and interests (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Notes pursuant to an offer made under (in the case of shares or debentures or units of shares or debentures) Section 275 of the Securities and Futures Act or (in case of units or derivatives of units of a business trust) Section 282Z of the Securities and Futures Act except:

- (i) (a) to an institutional investor under (in the case of shares or debentures or units of shares or debentures) Section 274 or (in the case of units or derivatives of units of a business trust) Section 282Z of the Securities and Futures Act or (b) to a relevant person pursuant to Section 275 or Section 282Z of the Securities and Futures Act, or to any person (in the case of shares or debentures or units of shares or debentures) pursuant to Section 275(1A) or (in the case of units or derivatives of units a business trust) Section 282Z(2) of the Securities and Futures Act, respectively, and in accordance with the conditions, specified in (in the case of shares or debentures or units of shares or debentures) Section 275 or (in the case of a business trust) Section 282Z of the Securities and Futures Act; or

- (ii) where no consideration is or will be given for the transfer; or
- (iii) where the transfer is by operation of law; or
- (iv) pursuant to Section 276(7) or Section 282ZA(7) of the Securities and Futures Act or Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 or Regulation 22 of the Securities and Futures (Offers of Investments) (Business Trusts) (No 2) Regulations 2005.

Additional selling restrictions may apply where the Notes are (i) principal protected; and (ii) denominated in Singapore dollars. In such cases, the relevant restrictions will be set out in the documentation for the particular Notes in question.

Taiwan

The Notes may be made available, (i) to Taiwan resident investors outside Taiwan for purchase by such investors outside Taiwan; (ii) to the Offshore Banking Units (as defined in the R.O.C. Statute for Offshore Banking Operations) of Taiwan banks, the Offshore Securities Units (as defined in the R.O.C. Statute for Offshore Banking Operations) of Taiwan securities firms or the Offshore Insurance Units (as defined in the R.O.C. Statute for Offshore Banking Operations) of Taiwan insurance companies purchasing the Notes either for their proprietary account or for the accounts of their non-Taiwan clients; and/or (iii) to investors in Taiwan through licensed financial institutions to the extent permitted under relevant Taiwan laws and regulations, but may not otherwise be offered, sold or resold in Taiwan.

General

These selling restrictions may be amended by the agreement of the Issuer, the CGMHI Guarantor and the relevant Dealers. Any such amendment will be set out in either the subscription agreement or the dealer accession letter, as relevant, and/or the Pricing Supplement issued in respect of the issue of Notes to which it relates or in a supplement to this Base Prospectus.

No action has been taken or will be taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Base Prospectus or any other offering material or any Issue Terms, in any country or jurisdiction where, or under circumstances in which, action for that purpose is required and has not been taken. No offers, sales, resales or deliveries of any Notes, or distribution of any offering material relating to any Notes, 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 any of the Issuer, the CGMHI Guarantor and/or any Dealer.

Each Dealer has agreed that it will comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Base Prospectus, any other offering material or any Issue Terms, in all cases at its own expense, and none of the Issuer, the CGMHI Guarantor and any Dealer shall have responsibility therefor.

SECTION D.8 – TAXATION OF NOTES

GENERAL

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

TRANSACTIONS INVOLVING NOTES MAY HAVE TAX CONSEQUENCES FOR POTENTIAL PURCHASERS WHICH MAY DEPEND, AMONGST OTHER THINGS, UPON THE STATUS OF THE POTENTIAL PURCHASER AND LAWS RELATING TO TRANSFER AND REGISTRATION TAXES. POTENTIAL PURCHASERS WHO ARE IN ANY DOUBT ABOUT THE TAX POSITION OF ANY ASPECT OF TRANSACTIONS INVOLVING NOTES SHOULD CONSULT THEIR TAX ADVISORS.

UNITED STATES FEDERAL TAX CONSIDERATIONS

General

The following is a summary of certain U.S. federal income tax consequences that may be relevant to the purchase, ownership and disposition of Notes that the Issuer treats as debt, and that are in registered form, each for U.S. federal income tax purposes. This summary does not purport to be a comprehensive description of all of the tax consequences that may be relevant to the decision to purchase the Notes by any particular investor, including tax consequences that arise from rules of general application to all taxpayers or to certain classes of taxpayers or that are generally believed to be known by investors. For example, this summary does not address the tax consequences to (i) persons that may be subject to special treatment under U.S. federal income tax law, such as banks, insurance companies, thrift institutions, regulated investment companies, real estate investment trusts, tax-exempt organisations, traders in securities that elect to mark to market for tax purposes and dealers in securities, (ii) persons that will hold the Notes as part of a "straddle," "hedging," "conversion" or other integrated investment transaction or a constructive sale for U.S. federal income tax purposes, (iii) U.S. Holders (as defined below) whose functional currency is not the U.S. dollar, (iv) Non-U.S. Holders (as defined below) who recognise gain in respect of a Note in a taxable year in which the Non-U.S. Holder is present in the United States for 183 days or more, (v) persons that do not hold the Notes as capital assets, or (vi) except where the context indicates otherwise, persons that did not purchase the Notes in the initial offering. Moreover, this summary does not address alternative minimum tax consequences or the Medicare tax on investment income.

This summary is based on the Code, U.S. Treasury regulations and judicial and administrative interpretations thereof, in each case as in effect and available on the date hereof. Changes to any of the foregoing could affect the tax consequences described below, possibly with retroactive effect. Further, this summary does not describe any tax consequences arising out of the tax laws of any state, local or non-U.S. jurisdiction. Prospective purchasers of the Notes should consult their tax advisors regarding the U.S. federal, state, local and non-U.S. tax consequences of owning the Notes in light of their own particular circumstances.

For the purposes hereof, **U.S. Holder** means a beneficial owner of the Notes that for U.S. federal income tax purposes is (i) an individual citizen or resident of the United States, (ii) a corporation organised in or under the laws of the United States or any state thereof or the District of Columbia or (iii) an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source. The term **Non-U.S. Holder** means a beneficial owner of the Notes that is a non-resident alien individual, a foreign corporation or a foreign estate or trust.

If a partnership (including any entity treated as a partnership for U.S. federal income tax purposes) holds the Notes, the tax treatment of a partner generally will depend on the status of the partner and upon the activities

of the partnership. Prospective purchasers that are partnerships should consult their tax advisors regarding the tax consequences to their partners of an investment in the Notes.

This discussion does not address the U.S. federal tax consequences of the ownership or disposition of the Deliverable Obligations or Reference Assets that a holder may receive in respect of the Notes. Prospective purchasers should consult their tax advisors regarding the relevant U.S. federal tax consequences of the ownership and disposition of the Deliverable Obligations or Reference Assets.

This discussion may be supplemented, modified or superseded by further discussion regarding U.S. federal tax considerations set out in the applicable Issue Terms, which a prospective purchaser is urged to read before making a decision to invest in the relevant Notes.

Tax Consequences to U.S. Holders

The following discussion applies only to Notes that the Issuer intends to treat as debt instruments for U.S. federal income tax purposes, as evidenced by the statement under "United States Tax Considerations" in the applicable Issue Terms. It generally assumes that the Issuer's intended treatment of the Notes as debt instruments, as well as any specific treatments indicated in the applicable Issue Terms (*e.g.*, as variable rate debt instruments or contingent payment debt instruments, each as discussed below), are respected. The Issuer's intended treatment of the Notes is not binding on the IRS, and the IRS could disagree with it, in which case the timing and character of a U.S. Holder's taxable income in respect of the Notes could be adversely affected.

U.S. Holders should consult their tax advisors about the risk that the IRS challenges the Issuer's treatment of the Notes. The general discussion below is subject to special rules applicable to Short-Term Notes, Contingent Notes and Foreign Currency Contingent Notes as described below.

If the Issuer designates a Substitute for itself, the Notes could be treated for U.S. federal income tax purposes, in whole or in part, as retired and reissued, in which case a U.S. Holder would generally be required to recognise gain or loss (subject in the case of loss to the possible application of the wash sale rules) with respect to the Notes. Moreover, the treatment of the Notes after such a substitution could differ from their prior treatment. U.S. Holders should consult their tax advisors regarding such a substitution. Except where specifically stated, the discussion herein assumes that no such deemed retirement and reissuance has occurred.

Interest Payments on Notes

Payments of qualified stated interest, as defined below under "*Original Issue Discount*," will be taxable to a U.S. Holder as ordinary interest income at the time that such payments are accrued or are received, in accordance with the U.S. Holder's method of tax accounting. Payments of Instalment Amounts will not be taxable to a U.S. Holder to the extent such payments are attributable to repayment of principal, but will reduce the U.S. Holder's tax basis in the Note, as discussed below.

If such payments of interest are made in respect of a Note that is denominated in a single foreign currency, the amount of interest income realised by a U.S. Holder that uses the cash method of tax accounting (a **cash-method holder**) will be the U.S. dollar value of the currency payment based on the spot rate of exchange on the date of receipt regardless of whether the payment in fact is converted into U.S. dollars. No foreign currency gain or loss should be recognised by a cash-method holder with respect to the receipt of such payment (other than foreign currency gain or loss realised on the disposition of the currency received). In the case of a Note that provides for payments in U.S. dollars determined by reference to a single foreign currency, a cash-method holder should generally recognise interest income on the Note in an amount equal to the U.S. dollars received. Both types of Notes are referred to herein as "Foreign Currency Notes." A U.S. Holder that uses the accrual method of tax accounting (an **accrual-method holder**) will accrue interest

income on a Foreign Currency Note in the relevant foreign currency and translate the amount accrued into U.S. dollars based on:

- the average exchange rate in effect during the interest accrual period, or portion thereof within the holder's taxable year; or
- at the holder's election, at the spot rate of exchange on (1) the last day of the accrual period, or the last day of the taxable year within the accrual period if the accrual period spans more than one taxable year, or (2) the date of receipt, if that date is within five business days of the last day of the accrual period.

Such an election must be applied consistently by the accrual-method holder to all foreign currency debt instruments from year to year and can be changed only with the consent of the IRS. An accrual-method holder will recognise foreign currency gain or loss on the receipt of an interest payment made on a Foreign Currency Note if the spot rate of exchange on the date the payment is received differs from the rate applicable to a previous accrual of that interest income. Such foreign currency gain or loss will be treated as ordinary income or loss, but generally will not be treated as an adjustment to interest income received on the Note.

Taxable Disposition of Notes

A U.S. Holder's tax basis in a Note generally will equal the cost of that Note to the holder, increased by any amounts includible in income by the holder as original issue discount (**OID**) and market discount (each as described below) and reduced by any amortised premium and any payments on the Note other than payments of qualified stated interest (each as described below).

In the case of a Foreign Currency Note, the cost of the Note to a U.S. Holder generally should be the U.S. dollar value of the foreign currency purchase price on the date of purchase. In the case of a Foreign Currency Note that is traded on an established securities market, a U.S. Holder generally should determine the U.S. dollar value of the cost of the Note by translating the amount paid in foreign currency into its U.S. dollar value at the spot rate of exchange (1) on the settlement date of the purchase, in the case of a cash-method holder, and (2) on the trade date, in the case of an accrual-method holder, unless the holder elects to use the spot rate applicable to cash-method holders. Such an election by an accrual-method holder must be applied consistently by the accrual-method holder to all debt instruments from year to year and can be changed only with the consent of the IRS. The amount of any subsequent adjustments to a U.S. Holder's tax basis in a Foreign Currency Note in respect of OID, market discount and premium will be determined in the manner described under "*Original Issue Discount*," "*Market Discount*" and "*Notes Purchased at a Premium*" below.

Upon the sale, exchange, retirement or other taxable disposition of a Note (each, a **taxable disposition**), a U.S. Holder generally will recognise gain or loss equal to the difference between (1) the amount realised on the taxable disposition, less any accrued qualified stated interest (which will be treated as a payment of interest and taxed in the manner described above under "*Interest Payments on Notes*"), and (2) the U.S. Holder's adjusted tax basis in the Note.

The treatment of the physical settlement of a Note (including a physical delivery combined with a partial cash settlement) is not entirely clear; however, insofar as it has information reporting responsibilities in respect of the Notes, the Issuer intends to treat the physical settlement of a Note as a taxable disposition of the Note for an amount equal to the fair market value of the Deliverable Obligation or Reference Asset, in which case the U.S. Holder would generally recognise gain or loss as described above. In that event, the Deliverable Obligation or Reference Asset received would be treated as purchased for its fair market value on the date received.

If a U.S. Holder receives a currency other than the U.S. dollar in respect of the taxable disposition of a Foreign Currency Note, the amount realised generally will be the U.S. dollar value of the currency received calculated at the spot rate of exchange on the date of the taxable disposition of the Note.

In the case of a taxable disposition of a Foreign Currency Note that is traded on an established securities market, a U.S. Holder that receives a currency other than the U.S. dollar generally should determine the amount realised by translating that currency into its U.S. dollar value at the spot rate of exchange (1) on the settlement date of the taxable disposition, in the case of a cash-method holder and (2) on the trade date, in the case of an accrual-method holder, unless the accrual-method holder elects to use the spot rate applicable to cash-method holders. Such an election by an accrual-method holder must be applied consistently by the accrual-method holder to all debt instruments from year to year and can be changed only with the consent of the IRS.

Gain or loss recognised by a U.S. Holder on the taxable disposition of a Note (other than a Short Term Note, Foreign Currency Note, Contingent Note, Foreign Currency Contingent Note or Market Discount Note, each as discussed below) generally will be long-term capital gain or loss if the U.S. Holder has held the Note for more than one year at the time of the taxable disposition and short-term capital gain or loss otherwise.

Gain or loss recognised by a U.S. Holder on the taxable disposition of a Foreign Currency Note generally will be treated as ordinary income or loss to the extent that the gain or loss is attributable to changes in exchange rates during the period in which the U.S. Holder held the Note. A U.S. Holder will also recognise ordinary income or loss upon the receipt of Instalment Amounts that are attributable to principal equal to the gain or loss attributable to changes in exchange rates. A U.S. Holder might be required to file a disclosure statement with the IRS if the U.S. Holder recognises foreign currency loss above certain thresholds (as described below under "*Reportable Transactions*").

Original Issue Discount

Notes with a term greater than one year may be issued with OID for United States federal income tax purposes (such Notes, **OID Notes**). U.S. Holders generally must accrue OID in gross income over the term of an OID Note on a constant yield basis, regardless of their regular method of tax accounting. As a result, U.S. Holders may recognise taxable income in respect of an OID Note in advance of the receipt of cash attributable to such income.

OID generally will arise if the stated redemption price at maturity of a Note exceeds its issue price by an amount equal to or greater than 0.25 per cent. of the Note's stated redemption price at maturity multiplied by the number of complete years to maturity. In the case of an "instalment note" (i.e., a Note that provides for payments prior to maturity other than qualified stated interest), this test is generally applied based on the Note's weighted average maturity. OID may arise if a Note is issued at a discount to its principal amount, and may also arise if a Note has particular interest payment characteristics, such as interest holidays, interest payable in additional securities or stepped interest. For this purpose, the issue price of a Note is the first price at which a substantial amount of Notes of that issue is sold for cash, other than to bond houses, brokers or similar persons or organisations acting in the capacity of underwriters, placement agents or wholesalers. The stated redemption price at maturity of a Note is the sum of all payments due under the Note, other than payments of qualified stated interest. The term qualified stated interest generally means stated interest that is unconditionally payable in cash or property, other than debt instruments of the issuer, at least annually during the entire term of a Note at a single fixed rate of interest or, under particular conditions, based on one or more floating interest rates described below under "*Variable Rate Debt Instruments*."

Under the OID rules, certain contingencies, including those that are remote, are disregarded for purposes of determining qualified stated interest on a Note. However, if a remote contingency actually occurs, the Note could be treated as retired and reissued with OID. Prospective purchasers of Notes should consult their tax advisors regarding the application of these rules.

For each taxable year of a U.S. Holder, the amount of OID that must be included in gross income in respect of an OID Note will be the sum of the daily portions of OID for each day during that taxable year or any portion of the taxable year in which the U.S. Holder holds the OID Note. Daily portions are determined by allocating to each day in an accrual period a pro rata portion of the OID allocable to that accrual period. Accrual periods may be of any length and may vary in length over the term of an OID Note. However, accrual periods may not be longer than one year, and each scheduled payment of principal or interest must occur on the first day or the final day of an accrual period.

The amount of OID allocable to any accrual period generally will equal (1) the product of the OID Note's adjusted issue price at the beginning of the accrual period multiplied by its yield to maturity (as adjusted to take into account the length of the accrual period), less (2) the amount, if any, of qualified stated interest allocable to that accrual period. The adjusted issue price of an OID Note at the beginning of any accrual period will equal the issue price of the OID Note, as defined above, (1) increased by previously accrued OID from prior accrual periods, and (2) reduced by any payment made on the Note, other than payments of qualified stated interest, on or before the first day of the accrual period.

The Notes may have special redemption, repayment or interest rate reset features, as indicated in the applicable Issue Terms, that may affect whether a Note is an OID Note and, if so, the proper timing of recognition of the OID by a U.S. Holder. Notes containing such features may be subject to special rules that differ from the general rules discussed herein. Accordingly, prospective purchasers of Notes with such features should consult their tax advisors regarding these special rules.

In the case of an OID Note that is also a Foreign Currency Note, a U.S. Holder should determine the U.S. dollar amount includible in income as OID for each accrual period by calculating the amount of OID allocable to that accrual period in the relevant foreign currency, using the constant-yield method described above and translating that amount into U.S. dollars using the average exchange rate in effect during that accrual period (or a portion thereof) or, at the U.S. Holder's election, at the spot rate of exchange on (1) the last day of the accrual period, or the last day of the taxable year within the accrual period if the accrual period spans more than one taxable year, or (2) on the date such OID is treated as paid (as described in the following paragraph), if that date is within five business days of the last day of the accrual period. Such an election must be applied consistently by the U.S. Holder to all Foreign Currency Notes from year to year and can be revoked only with the consent of the IRS.

Each payment on an OID Note that is a Foreign Currency Note, other than payments of qualified stated interest, generally will be viewed first as a payment of previously accrued OID, to the extent thereof, with the payment attributed first to the earliest accrued OID, and then as a payment of principal. Upon the receipt of an amount attributable to OID, whether in connection with a payment of an amount that is not qualified stated interest or the taxable disposition of the OID Note, a U.S. Holder will recognise foreign currency gain or loss that is ordinary income or loss measured by the difference between (1) the amount received and (2) the corresponding amount(s) previously accrued. The amount received will be translated into U.S. dollars at the spot rate of exchange on the date of receipt, in the case of a payment on the OID Note, or on the date of the taxable disposition of the OID Note. The corresponding amount(s) accrued will be determined by using the rate(s) of exchange applicable to such previous accrual(s). Upon a taxable disposition of the Note, the amount of foreign currency income or loss recognised will be limited by the overall amount of gain or loss recognised on the taxable disposition.

A U.S. Holder that purchases an OID Note for an amount less than or equal to the remaining redemption amount (as defined below), but in excess of the OID Note's adjusted issue price, generally is permitted to reduce the daily portions of OID by a fraction. The numerator of this fraction is the acquisition premium (as defined below) and the denominator of the fraction is the excess of the remaining redemption amount over the OID Note's adjusted issue price. For the purposes of this section, "acquisition premium" means the excess of the U.S. Holder's adjusted tax basis in an OID Note over the OID Note's adjusted issue price and "remaining redemption amount" means the sum of all amounts payable on an OID Note after the purchase

date other than payments of qualified stated interest. In the case of a Foreign Currency Note, the rules described in this paragraph are applied using units of the relevant foreign currency.

Variable Rate Debt Instruments

Certain Notes may be treated for U.S. federal income tax purposes as variable rate debt instruments (**VRDIs**). Prospective purchasers should note that other Notes providing for variable rates of interest are treated not as VRDIs but as "contingent payment debt instruments," with consequences discussed below under "*Contingent Payment Debt Instruments*."

Stated interest on a VRDI that provides for a single variable rate (a **Single-Rate VRDI**) will be treated as qualified stated interest and will be taxable to a U.S. Holder as ordinary interest income at the time it accrues or is received, in accordance with the U.S. Holder's method of tax accounting. If the stated principal amount of a Single-Rate VRDI exceeds its issue price by an amount equal to or greater than the *de minimis* amount described above under "*Original Issue Discount*," this excess will be treated as OID that a U.S. Holder must include in income as it accrues, generally in accordance with the constant-yield method described above under "*Original Issue Discount*." The constant-yield accrual of OID on a VRDI is determined by substituting the value of the variable rate on the issue date (or, in certain cases, a fixed rate that reflects the yield that is reasonably expected for the VRDI) for each scheduled payment of the variable rate. A VRDI that provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate where the variable rate on the issue date is intended to approximate the fixed rate (which will be conclusively presumed if the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 0.25 per cent.) will be treated as a Single-Rate VRDI.

Different rules may apply to a VRDI that provides for (i) multiple variable rates or (ii) one or more variable rates and a single fixed rate (other than a fixed rate described in the preceding paragraph) (a **Multiple-Rate VRDI**). Under applicable Treasury regulations, in order to determine the amount of qualified stated interest and OID (if any) in respect of a Multiple-Rate VRDI, an equivalent fixed-rate debt instrument must be constructed. The equivalent fixed-rate debt instrument is constructed in the following manner: (i) if the Multiple-Rate VRDI contains a fixed rate, that fixed rate is converted to a variable rate that preserves the fair market value of the Note and then (ii) each variable rate (including a variable rate determined under (i) above) is converted to a fixed rate substitute (which generally will be the value of that variable rate as of the issue date of the Multiple-Rate VRDI) (or, in certain cases, a fixed rate that reflects the yield that is reasonably expected for the VRDI) (the **equivalent fixed-rate debt instrument**). The rules discussed in "*Original Issue Discount*" are then applied to the equivalent fixed-rate debt instrument to determine the amount, if any, of OID and the amount of qualified stated interest. A U.S. Holder will be required to include any such OID in income for U.S. federal income tax purposes as it accrues, in accordance with a constant-yield method based on a compounding of interest, as described above under "*Original Issue Discount*." The U.S. Holder is required to make adjustments to income to account for differences between actual payments on the Multiple-Rate VRDI and payments on the equivalent fixed-rate debt instrument. Prospective purchasers of Multiple-Rate VRDIs should consult their tax advisors regarding the rules applicable to these Notes.

Upon the taxable disposition of a VRDI, a U.S. Holder generally will recognise capital gain or loss equal to the difference between the amount realised (other than amounts attributable to accrued qualified stated interest, which will be treated as described above under "*Interest Payments on Notes*") and the U.S. Holder's tax basis in the VRDI. A U.S. Holder's tax basis in a VRDI will equal the amount the U.S. Holder paid to purchase the VRDI, increased by the amounts of OID (if any) the U.S. Holder has previously included in income with respect to the VRDI and reduced by any payments the U.S. Holder has received other than qualified stated interest. Such gain or loss generally will be long-term capital gain or loss if the U.S. Holder has held the VRDI for more than one year at the time of the taxable disposition and short-term capital gain or loss otherwise. Special rules apply to VRDIs that are Foreign Currency Notes, Market Discount Notes and Notes purchased at a premium, as discussed above and below.

Contingent Payment Debt Instruments

Certain Notes may be treated for U.S. federal income tax purposes as contingent payment debt instruments (**Contingent Notes**). Under applicable U.S. Treasury regulations, interest on a Contingent Note is treated as OID and must be accrued on a constant-yield basis using (i) a yield to maturity that reflects the rate at which the Issuer would issue a comparable fixed-rate instrument with no contingent payments but with terms and conditions otherwise similar to the Contingent Note (the **comparable yield**), and (ii) a projected payment schedule determined by the Issuer at the time the Contingent Note is issued (the **projected payment schedule**). This projected payment schedule must include each non-contingent payment on the Contingent Note and an estimated amount for each contingent payment, and must produce the comparable yield.

The Issuer is generally required to provide to holders, solely for U.S. federal income tax purposes, a schedule of the projected amounts of payments on the Contingent Notes. If required in respect of an issue of Notes, the applicable Issue Terms will either contain the comparable yield and projected payment schedule, or will provide contact information through which a U.S. Holder of a Contingent Note can submit a request for this information.

THE COMPARABLE YIELD AND PROJECTED PAYMENT SCHEDULE ARE NOT DETERMINED FOR ANY PURPOSE OTHER THAN FOR THE DETERMINATION OF INTEREST ACCRUALS AND ADJUSTMENTS THEREOF IN RESPECT OF THE CONTINGENT NOTES FOR U.S. FEDERAL INCOME TAX PURPOSES. THEY ARE BASED UPON A NUMBER OF ASSUMPTIONS AND ESTIMATES AND DO NOT CONSTITUTE A PROJECTION OR REPRESENTATION REGARDING THE ACTUAL AMOUNTS PAYABLE TO THE HOLDERS OF, OR THE ACTUAL YIELD ON, THE CONTINGENT NOTES.

A U.S. Holder generally will 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 and timely discloses and justifies such schedule to the IRS. 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.

The amount of OID includible in income, as interest, by a U.S. Holder of a Contingent Note is the sum of the daily portions of OID with respect to the Contingent Note for each day during the taxable year or portion of the taxable year in which the U.S. Holder holds the Contingent Note, generally as described above in "*Original Issue Discount*" (determined by substituting in that discussion the comparable yield for the "yield to maturity" and the projected payment schedule for the actual payments on the Note and treating no payment as qualified stated interest). Any net differences between actual payments received by the U.S. Holder on the Contingent Note in a taxable year and the projected amounts of those payments will be accounted for as additional interest (in the case of a net positive adjustment) or as an offset to interest income in respect of the Contingent Note (in the case of a net negative adjustment) for that taxable year. If the net negative adjustment for a taxable year exceeds the amount of interest on the Contingent Note for that year, the excess will be treated as ordinary loss in that year, but only to the extent the U.S. Holder's total interest inclusions on the Contingent Note exceed the total amount of any ordinary loss in respect of the Contingent Note claimed by the U.S. Holder under this rule in prior taxable years. Such a loss (as well as any ordinary loss incurred in connection with the taxable disposition of a Contingent Note, as described in the following paragraph) is not subject to the limitation imposed on miscellaneous itemised deductions under Section 67 of the Code. Any net 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. Any net negative adjustment that is carried forward to a taxable year in which the U.S. Holder sells or taxably disposes of the Contingent Note reduces the U.S. Holder's amount realised on the sale or other taxable disposition.

Upon the taxable disposition of a Contingent Note prior to its stated maturity, a U.S. Holder generally will recognise taxable income or loss equal to the difference between the amount received from the taxable

disposition and the U.S. Holder's tax basis in the Contingent Note. A U.S. Holder's tax basis in the Contingent Note will equal the cost thereof, increased by any interest income the U.S. Holder has previously accrued (determined by taking into account any adjustments made because the U.S. Holder purchased the Contingent Note at more or less than its adjusted issue price, as discussed in the next paragraph, but not taking into account adjustments due to differences between projected and actual payments) and decreased by the projected amounts of any payments previously made on the Contingent Note (without regard to actual amounts paid). At maturity, a U.S. Holder will be treated as receiving the projected amount for that date (reduced by any carryforward of a net negative adjustment), and any difference between the amount received and that projected amount will be treated as a positive or negative adjustment governed by the rules described above. A U.S. Holder generally must treat any income realised on the taxable disposition of a Contingent Note as interest income and any loss as ordinary loss to the extent of previous interest inclusions (reduced by the total amount of net negative adjustments previously taken into account as ordinary losses), and the balance as capital loss, the deductibility of which is subject to limitations. If a U.S. Holder recognises a loss above certain thresholds, the U.S. Holder may be required to file a disclosure statement with the IRS (as described below under "*Reportable Transactions*"). U.S. Holders should consult their tax advisors regarding this reporting obligation.

The discussions below under "*Market Discount*" and "*Notes Purchased at a Premium*" do not apply to Contingent Notes. If a U.S. Holder purchases a Contingent Note for an amount that is less than its adjusted issue price, the U.S. Holder must (i) make a positive adjustment increasing the interest the U.S. Holder would otherwise accrue to the extent such amount is attributable to a change in interest rates and/or (ii) make a positive adjustment increasing the ordinary income (or decreasing the ordinary loss) that the U.S. Holder would otherwise recognise upon the date of a projected payment to the extent such amount is attributable to a change in expectations as to the amount of that projected payment. If a U.S. Holder purchases a Contingent Note for an amount that is greater than its adjusted issue price, the U.S. Holder must (i) make a negative adjustment decreasing the interest that the U.S. Holder would otherwise accrue to the extent such amount is attributable to a change in interest rates and/or (ii) make a negative adjustment decreasing the ordinary income (or increasing the ordinary loss) that the U.S. Holder would otherwise recognise upon the date of a projected payment to the extent such amount is attributable to a change in expectations as to the amount of that projected payment.

Special rules may apply if all the remaining payments on a Contingent Note become fixed substantially contemporaneously. For this purpose, payments will be treated as fixed if the remaining contingencies with respect to them are remote or incidental. Under these rules, a U.S. Holder would be required to account for the difference between the original projected payments and the fixed payments in a reasonable manner over the period to which the difference relates. In addition, a U.S. Holder would be required to make adjustments to, among other things, its accrual periods and its tax basis in the Contingent Note. The character of any gain or loss on a sale or other taxable disposition of the Contingent Note also might be affected. If one or more (but not all) contingent payments on a Contingent Note became fixed more than six months prior to the relevant payment date(s), a U.S. Holder would be required to account for the difference between the original projected payment(s) and the fixed payment(s) on a present value basis. Prospective purchasers of Contingent Notes should consult their tax advisors regarding the application of these rules.

Foreign Currency Contingent Payment Debt Instruments

Special rules apply to determine the accrual of OID and the amount, timing, and character of any gain or loss on a Note that is a contingent payment debt instrument denominated in, or whose payments are determined by reference to, a foreign currency (a **Foreign Currency Contingent Note**). The term "Foreign Currency Contingent Note" also applies to certain debt instruments denominated in, or providing for payments determined by reference to, multiple currencies. The discussions below under "*Notes Purchased at a Premium*" and "*Market Discount*" do not apply to Foreign Currency Contingent Notes.

Under these rules, a U.S. Holder of a Foreign Currency Contingent Note generally will be required to accrue OID in the foreign currency in which the Foreign Currency Contingent Note is denominated, if applicable, or

in the foreign currency with reference to which payments on the Note are determined (or, in the case of a Foreign Currency Contingent Note that has payments determined by reference to more than one foreign currency, in the "predominant currency" determined under applicable Treasury regulations) (the **relevant foreign currency**). A U.S. Holder of a Foreign Currency Contingent Note will apply rules similar to those applicable to Contingent Notes, as described above under "*Contingent Payment Debt Instruments*," to determine OID accruals, account for net positive or net negative adjustments, and calculate income or loss on the taxable disposition of the Foreign Currency Contingent Note. All such determinations are made in the relevant foreign currency. A highly complex set of rules governs the translation into U.S. dollars of the amounts determined in the relevant foreign currency and the related determination of foreign currency gain or loss. Prospective purchasers of Foreign Currency Contingent Notes should consult their tax advisors regarding these rules. A U.S. Holder might be required to file a disclosure statement with the IRS if the U.S. Holder recognises foreign currency loss above certain thresholds (as described below under "*Reportable Transactions*").

Short-Term Notes

Certain modifications to the general rules apply to Notes with a term of one year or less (from but excluding the issue date to and including the last possible date that the Notes could be outstanding pursuant to their terms) (**Short-Term Notes**).

First, none of the interest on a Short-Term Note is treated as qualified stated interest. Instead, interest on a Short-Term Note is treated as part of the Short-Term Note's stated redemption price at maturity, thereby giving rise to OID equal to the sum of all payments on the Note less the Note's issue price. OID will be treated as accruing on a Short-Term Note rateably, or, at the election of a U.S. Holder, under a constant yield method.

Second, a cash-method holder of a Short-Term Note generally will not be required to include OID in respect of the Short-Term Note in income on a current basis. However, the cash-method holder may not be allowed to deduct all of the interest paid or accrued on any indebtedness incurred or maintained to purchase or carry the Note until the maturity of the Note or its earlier taxable disposition. In addition, such a cash-method holder will be required to treat any gain realised on a taxable disposition of the Note as ordinary income to the extent of the holder's accrued OID on the Note, and as short-term capital gain to the extent the gain exceeds the accrued OID. A cash-method holder of a Short-Term Note may, however, elect to accrue OID into income on a current basis. In that case, the limitation on the deductibility of interest described above will not apply. An accrual-method holder generally will be required to include OID on a Short-Term Note in income on a current basis.

Third, Short-Term Notes will not be subject to the rules applicable to Contingent Notes. However, a Short-Term Note may have special redemption features or provide for other contingent payments. These features may cause uncertainty regarding the timing and character of income to be recognised on the Short-Term Note. Prospective purchasers of Short-Term Notes with such features should consult their tax advisors regarding these uncertainties.

Market Discount

If a U.S. Holder purchases a Note, other than a Short-Term Note, Contingent Note or Foreign Currency Contingent Note for an amount that is less than the Note's stated redemption price at maturity or, in the case of an OID Note, for an amount that is less than the Note's revised issue price (i.e., the Note's issue price increased by the amount of accrued OID), the Note will be considered to have market discount (a **Market Discount Note**). The market discount rules are subject to a *de minimis* rule similar to the rule relating to *de minimis* OID described above (in the second paragraph under "*Original Issue Discount*"). Any gain recognised by the U.S. Holder on the taxable disposition of a Market Discount Note generally will be treated as ordinary income to the extent of the market discount that accrued on the Note while held by such U.S.

Holder. For instalment notes, a U.S. Holder will be required to recognise accrued market discount upon receipt of Instalment Amounts.

Alternatively, the U.S. Holder may elect to include market discount in income currently over the term of the Note. Such an election will apply to debt instruments with market discount acquired by the U.S. Holder on or after the first day of the first taxable year to which such election applies and may be revoked only with the consent of the IRS. Market discount will accrue on a straight-line basis unless the U.S. Holder elects to accrue the market discount on a constant-yield method. Unless the U.S. Holder elects to include market discount in income on a current basis, as described above, the U.S. Holder generally will be required to defer the deduction of a portion of the interest paid on any indebtedness incurred or maintained to purchase or carry the Note.

Market discount on a Foreign Currency Note will be determined by a U.S. Holder in the relevant foreign currency. The amount includible in income by a U.S. Holder in respect of accrued market discount will be the U.S. dollar value of the amount accrued. This is generally calculated at the spot rate of exchange on the date that the Note is disposed of by the U.S. Holder. Any accrued market discount on a Foreign Currency Note that is currently includible in income generally will be translated into U.S. dollars at the average exchange rate for the accrual period or portion of such accrual period within the U.S. Holder's taxable year.

Notes Purchased at a Premium

A U.S. Holder that purchases a Note (other than a Contingent Note or Foreign Currency Contingent Note) for an amount in excess of the remaining redemption amount (as defined above under "*Original Issue Discount*") will be considered to have purchased the Note at a premium. In that case, the OID rules will not apply to the Note. The U.S. Holder may elect to amortise the premium, as an offset to qualified stated interest, using a constant-yield method, over the remaining term of the Note. This election, once made, generally applies to all debt instruments held or subsequently acquired by the U.S. Holder on or after the beginning of the first taxable year to which the election applies and may be revoked only with the consent of the IRS. A U.S. Holder that elects to amortise bond premium must reduce its tax basis in a Note by the amount of the premium amortised during its holding period. Special rules may affect the U.S. Holder's ability to amortise bond premium if a Note may be redeemed at the Issuer's election at a price in excess of the Note's stated redemption price at maturity. Prospective purchasers who anticipate acquiring Notes with such features at a premium should consult their tax advisors regarding these special rules. If a U.S. Holder does not elect to amortise bond premium, the U.S. Holder generally will treat the premium as capital loss when the Note matures.

Amortisable bond premium in respect of a Foreign Currency Note will be computed in the relevant currency and will reduce qualified stated interest in that currency. At the time amortised bond premium offsets interest income, foreign currency gain or loss, which will be taxable as ordinary income or loss, will be realised on the amortised bond premium on such Note based on the difference between (1) the spot rate of exchange on the date or dates such premium offsets interest payments on the Note and (2) the spot rate of exchange on the date on which the U.S. Holder acquired the Note.

Possible Alternative Tax Treatment

There is no authority regarding the proper treatment of credit-linked notes and similar instruments. It is possible that all or any portion of a Note could be recharacterised as other than a debt instrument, in which case the character and timing of income on the Notes may be different for U.S. federal income tax purposes. Even if the tax treatment of the Notes as debt is respected, it is possible that Notes the Issuer does not intend to treat as Contingent Notes or Foreign Currency Contingent Notes could be treated as Contingent Notes or Foreign Currency Contingent Notes, with the consequences described above under "*Contingent Payment Debt Instruments*" or "*Foreign Currency Contingent Payment Debt Instruments*", respectively.

Tax Consequences to Non-U.S. Holders

In General

This section describes certain generally applicable U.S. federal income tax consequences to Non-U.S. Holders in respect of Notes that the Issuer intends to treat as debt for U.S. federal income tax purposes, as evidenced by the statement under "United States Tax Considerations" in the applicable Issue Terms. It generally assumes that the Issuer's intended treatment is respected. The Issuer's intended treatment of the Notes is not binding on the IRS, and the IRS could disagree with it, in which case the tax consequences to a Non-U.S. Holder in respect of the Notes could be materially adversely affected. U.S. Holders should consult their tax advisors about the risk that the IRS challenges the Issuer's treatment of the Notes.

Certain exceptions to these general rules are discussed below under "Effectively Connected Income" and "FATCA Legislation" and therefore this discussion is subject to, and should be read in conjunction with, the discussions contained in those sections.

Interest payments on a Note should not be subject to U.S. federal withholding tax, provided that (1) the Non-U.S. Holder does not actually or constructively own 10 per cent. or more of the total combined voting power of all classes of stock of the Issuer entitled to vote, (2) the Non-U.S. Holder is not (i) a controlled foreign corporation for U.S. federal income tax purposes that is related to the Issuer through stock ownership or (ii) a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business, (3) such interest is not contingent on the Issuer's profits, revenues or changes in the value of its property and is not otherwise excluded from the definition of "portfolio interest" by Section 871(h)(4) of the Code, and (4) the Non-U.S. Holder provides a statement signed under penalties of perjury that certifies that it is a non-United States person in compliance with applicable requirements (generally an appropriate IRS Form W-8) or satisfies certain documentary evidence requirements for establishing that it is a non-United States person. Gain realized by a Non-U.S. Holder on the taxable disposition of a Note generally will not be subject to U.S. federal withholding or income tax.

If the Issuer designates a Substitute for itself, the Notes could be treated for U.S. federal income tax purposes, in whole or in part, as retired and reissued, in which case the treatment of the Notes for Non-U.S. Holders, including withholding tax consequences, after such a substitution could differ from their prior treatment. Non-U.S. Holders should consult their tax advisors regarding such a substitution. Except where specifically stated, the discussion herein assumes that no such deemed retirement and reissuance has occurred.

As discussed under "Tax Consequences to U.S. Holders — Possible Alternative Tax Treatment" above, there is no authority regarding the U.S. federal income tax treatment of credit-linked notes or similar instruments. The Issuer's intended treatment of the Notes is not binding on the IRS, and the IRS could disagree with it. If a Note were treated as an instrument other than debt, interest payments on the Note could be subject to withholding at a rate of 30 per cent., subject to reduction under an applicable income tax treaty. Insofar as it has responsibility as a withholding agent in respect of the Notes, the Issuer currently does not intend to withhold on payments on the Notes to Non-U.S. Holders (subject to the certification requirements and the exceptions described herein). However, it is possible that other withholding agents may withhold on interest payments on the Notes, and in the future the Issuer may determine that it is required to so withhold. The Issuer will not be required to pay any additional amounts with respect to amounts withheld.

Section 871(m) Withholding on Dividend Equivalents

Section 871(m) of the Code and the Treasury regulations thereunder (**Section 871(m)**) impose a 30 per cent. (or lower treaty rate) withholding tax on "dividend equivalents" paid or deemed paid to Non-U.S. Holders with respect to certain financial instruments linked to U.S. equities (**U.S. Underlying Equities**) or indices that include U.S. Underlying Equities. Section 871(m) generally applies to financial instruments that substantially replicate the economic performance of one or more U.S. Underlying Equities, as determined

based on tests set forth in the applicable Treasury regulations and discussed further below. Section 871(m) provides certain exceptions to this withholding regime, in particular for instruments linked to certain broad-based indices that meet requirements set forth in the applicable Treasury regulations (**Qualified Indices**) as well as securities that track such indices (**Qualified Index Securities**). The discussion herein refers to a Note subject to Section 871(m) as a **Specified Note**.

Although the Section 871(m) regime is effective as of 2017, the IRS regulations phase in the application of Section 871(m) as follows:

- For financial instruments issued in 2017, Section 871(m) will generally apply only to financial instruments that have a "delta" of one.
- For financial instruments issued after 2017, Section 871(m) will apply if either (i) the "delta" of the financial instruments is at least 0.80, if they are "simple" contracts, or (ii) the financial instruments meet a "substantial equivalence" test, if they are "complex" contracts.

Delta is generally defined as the ratio of the change in the fair market value of a financial instrument to a small change in the fair market value of the number of shares of the U.S. Underlying Equity. The "substantial equivalence" test measures whether a complex contract tracks its "initial hedge" (shares of the U.S. Underlying Equity that would fully hedge the contract) more closely than would a "benchmark" simple contract with a delta of 0.80.

The calculations are generally made at the earlier of (i) the time of pricing of the Note, i.e., when all material terms have been agreed on, and (ii) the issuance of the Note. However, if the time of pricing is more than 14 calendar days before the issuance of the Note, the calculations are required to be made at the issuance of the Note. In those circumstances, information regarding the Issuer's final determinations for purposes of Section 871(m) may be available only after the issuance of the Note. As a result, a Non-U.S. Holder should acquire such a Note only if it is willing to accept the risk that the Note is treated as a Specified Note subject to withholding.

If the terms of a Note are subject to a "significant modification" (for example, upon an Issuer substitution as discussed above), the Note generally will be treated as reissued for this purpose at the time of the significant modification, in which case the Notes could become Specified Notes at that time.

If a Note is a Specified Note, withholding in respect of dividend equivalents will, depending on the applicable withholding agents' circumstances, generally be required either (i) on the underlying dividend payment date or (ii) when cash payments are made on the Note or upon the date of maturity, lapse or other disposition of the Note by the Non-U.S. Holder, or possibly upon certain other events. Depending on the circumstances, the applicable withholding agent may withhold the required amounts from payments on the Note, from proceeds of the retirement or other disposition of the Note, or from the Non-U.S. Holder's other cash or property held by the withholding agent.

The dividend equivalent amount will include the amount of any actual or, under certain circumstances, estimated dividend. If the dividend equivalent amount is based on the actual dividend, it will be equal to the product of: (i) in the case of a "simple" contract, the per-share dividend amount, the number of shares of a U.S. Underlying Equity and the delta; or (ii) in the case of a "complex" contract, the per-share dividend amount and the initial hedge. The dividend equivalent amount for Specified Notes issued in 2017 that have a "delta" of one will be calculated in the same manner as (i) above, using a "delta" of one. The per-share dividend amount will be the actual dividend (including any special dividends) paid with respect to a share of the U.S. Underlying Equity. If the dividend equivalent amount is based on an estimated dividend, the Issue Terms will generally state the estimated amounts.

Depending on the terms of a Note and whether it is issued in 2017 or later, the Issue Terms may contain additional information relevant to Section 871(m), such as whether the Note references a Qualified Index or Qualified Index Security; whether it is a "simple" contract; the "delta" and the number of shares multiplied by delta (for a simple contract); and whether the "substantial equivalence test" is met and the initial hedge (for a complex contract).

The Issuer's determination regarding Section 871(m) is generally binding on Non-U.S. Holders, but it is not binding on the IRS. The Section 871(m) regulations require complex calculations to be made with respect to Notes linked to U.S. Underlying Equities and their application to a specific issue of Notes may be uncertain. Accordingly, even if the Issuer determines that certain Notes are not Specified Notes, the IRS could challenge the Issuer's determination and assert that withholding is required in respect of those Notes.

The application of Section 871(m) to a Note may be affected if a Non-U.S. Holder enters into another transaction in connection with the acquisition of the Note. For example, if a Non-U.S. Holder enters into other transactions relating to a U.S. Underlying Equity, the Non-U.S. Holder could be subject to withholding tax or income tax liability under Section 871(m) even if the relevant Notes are not Specified Notes subject to Section 871(m) as a general matter. Non-U.S. Holders should consult their tax advisors regarding the application of Section 871(m) in their particular circumstances.

The Issuer will not be required to pay any additional amounts in respect of amounts withheld under Section 871(m).

Effectively Connected Income

If a Non-U.S. Holder is engaged in a U.S. trade or business, and if income (including gain) from a Note is effectively connected with the conduct of that trade or business, the Non-U.S. Holder generally will be subject to regular U.S. federal income tax with respect to that income in the same manner as if the Non-U.S. Holder were a U.S. Holder, unless an applicable income tax treaty provides otherwise. If such a Non-U.S. Holder is a corporation, the Non-U.S. Holder should also consider the potential application of a 30 per cent. (or lower treaty rate) branch profits tax. A Non-U.S. Holder would be required to provide an IRS Form W-8ECI to the applicable withholding agent to establish an exemption from withholding for amounts, otherwise subject to withholding, paid on a Note.

U.S. Federal Estate Tax

An individual Non-U.S. Holder or an entity the property of which is potentially includible in such an individual's gross estate for U.S. federal estate tax purposes (for example, a trust funded by such an individual and with respect to which the individual has retained certain interests or powers) should note that a Note that is treated as a debt obligation for U.S. federal estate tax purposes generally will not be treated as U.S.-situs property subject to U.S. federal estate tax if payments on the Note, if received by the decedent at the time of death, would not have been subject to U.S. federal withholding or income tax because of the exemption from withholding of "portfolio interest." A holder that is such an individual or entity should consult its tax advisor regarding the U.S. federal estate tax consequences of investing in the Notes.

Reportable Transactions

A taxpayer that participates in a "reportable transaction" is subject to information reporting requirements under Section 6011 of the Code. "Reportable transactions" include, among other things, "loss transactions" that result in a taxpayer's claiming certain losses in excess of specified amounts and certain transactions identified by the IRS. In October 2015, the U.S. Treasury Department and the IRS released notices designating certain "basket options", "basket contracts" and substantially similar transactions as reportable transactions. The notices apply to specified transactions in which a taxpayer or its "designee" has, and exercises, discretion to change the assets or an algorithm underlying the transaction. While an exercise of the type of discretion that would give rise to such reporting requirements in respect of the Notes is not expected, if the Issuer, an index sponsor or calculation agent or other person were to exercise discretion under the terms of a Note or an index underlying a Note and were treated as a holder's "designee" for these purposes, unless an exception applied certain holders of the relevant Notes would be required to report certain information to the IRS, as set forth in the applicable Treasury regulations, or be subject to penalties.

The Issuer might also be required to report information regarding the transaction to the IRS. Holders should consult their tax advisors regarding these rules.

Information Reporting and Backup Withholding

Amounts paid on the Notes, and the proceeds of a taxable disposition of the Notes, may be subject to information reporting and, if a holder fails to provide certain identifying information (such as an accurate taxpayer identification number for a U.S. Holder) or meet certain other conditions, may also be subject to backup withholding at the rate specified in the Code. A Non-U.S. Holder that provides an appropriate IRS Form W-8 generally will establish an exemption from backup withholding. Amounts withheld under the backup withholding rules are not additional taxes and may be refunded or credited against a holder's U.S. federal income tax liability, provided the relevant information is timely furnished to the IRS.

FATCA Legislation

Legislation commonly referred to as "FATCA" generally imposes a withholding tax of 30 per cent. on payments to certain non-U.S. entities (including financial intermediaries) with respect to certain financial instruments, unless various U.S. information reporting and due diligence requirements have been satisfied. An intergovernmental agreement between the United States and the non-U.S. entity's jurisdiction may modify these requirements. This legislation generally applies to interest on Notes and certain dividend equivalents and, for dispositions of Notes after 31 December 2018, to payments of gross proceeds of the disposition. If withholding applies to the Notes, we will not be required to pay any additional amounts with respect to amounts withheld. Prospective purchasers should consult their tax advisors regarding FATCA, including the availability of certain refunds or credits.

THE TAX CONSEQUENCES TO HOLDERS OF OWNING AND DISPOSING OF NOTES MAY BE UNCLEAR. HOLDERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE TAX CONSEQUENCES OF OWNING AND DISPOSING OF NOTES, INCLUDING THE TAX CONSEQUENCES UNDER STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND THE POSSIBLE EFFECTS OF CHANGES IN U.S. FEDERAL OR OTHER TAX LAWS.

UNITED KINGDOM TAXATION

The following is a summary of the Issuer's understanding of current United Kingdom law and published HM Revenue & Customs' practice relating only to the United Kingdom withholding tax treatment of payments of interest (as that term is understood for United Kingdom tax purposes) in respect of Notes. It does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of Notes. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective Noteholders 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.

Payments of interest on the Notes that does not have a United Kingdom source may be made without deduction or withholding on account of United Kingdom income tax. If interest paid on the Notes does have a United Kingdom source, then payments may be made without deduction or withholding on account of United Kingdom income tax in any of the following circumstances.

Payments of interest on the Notes may be made without deduction of or withholding on account of United Kingdom income tax provided that the Notes carry a right to interest and the Notes are and continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007. The Irish Stock Exchange is a recognised stock exchange. The Notes will satisfy this requirement if they are officially listed in Ireland in accordance with provisions corresponding to those generally applicable in EEA states and are admitted to trading on the Irish Stock Exchange. Provided, therefore, that the Notes carry a

right to interest and are and remain so listed on a "recognised stock exchange", interest on the Notes will be payable without deduction of or withholding on account of United Kingdom tax.

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

In other cases, an amount must generally be withheld from payments of interest on the Notes that has a United Kingdom source on account of United Kingdom income tax at the basic rate (currently 20%), subject to any other available exemptions and reliefs. However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HMRC can issue a notice to the Issuer to pay interest to the Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

An amount may also be required to be withheld from payments on the Notes that have a United Kingdom source and are not interest, but are nevertheless treated as annual payments for United Kingdom tax purposes, on account of United Kingdom income tax at the basic rate. However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HMRC can issue a notice to the Issuer to pay interest to the Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

IRISH TAXATION

The following is a summary of the Issuer's understanding of current Irish tax law and practice of the Irish Revenue Commissioners relating only to the Irish withholding tax treatment of payments of interest (as that term is understood for Irish tax purposes) in respect of Notes. Particular rules not discussed below may apply to certain classes of taxpayers holding Notes, including dealers in securities and trusts. It does not deal with any other Irish taxation implications of acquiring, holding or disposing of Notes. The Irish tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective Noteholders who may be subject to tax in a jurisdiction other than Ireland or who may be unsure as to their tax position should seek their own professional advice.

Taxation of Noteholders

(a) Withholding Tax

Tax at the standard rate of income tax (currently 20 per cent.) is required to be withheld from payments of Irish source interest. The Issuer will not be obliged to withhold Irish income tax from payments of interest on any Notes so long as such payments do not constitute Irish source income. Interest paid on Notes should not be treated as having an Irish source unless:

- (i) the relevant Issuer is resident in Ireland for tax purposes; or
- (ii) the Issuer has a branch or permanent establishment in Ireland, the assets or income of which is used to fund the payments on such Notes; or
- (iii) the Issuer is not resident in Ireland for tax purposes but the register for the Notes is maintained in Ireland

It is anticipated that (i) the Issuer is not and will not be resident in Ireland for tax purposes; (ii) the Issuer does not and will not have a branch or permanent establishment in Ireland; (iii) payments on the Notes will not be derived from Irish sources or assets; and (iv) the Issuer will not maintain a register of any Notes in Ireland.

(b) **Encashment Tax**

Irish tax will be required to be withheld at the standard rate of income tax (currently 20 per cent.) on any interest, dividends or other income paid on Notes issued by a company not resident in Ireland, where such interest, dividends or other income is collected or realised by a bank or encashment agent in Ireland.

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

SECTION E – TERMS AND CONDITIONS OF THE NOTES

SECTION E.1 – TERMS AND CONDITIONS OF THE NOTES

*Except as indicated below, the following is the text of the terms and conditions of the Notes which will include the additional terms and conditions contained in the Valuation and Settlement Schedule and Underlying Schedule 1 or, if so specified in the applicable Issue Terms, Underlying Schedule 2, in the case of Credit Linked Notes or which will include the additional terms and conditions contained in another appropriate Underlying Schedule (each an **Underlying Schedule** and together the **Underlying Schedules**, and the Underlying Schedules together with the Valuation and Settlement Schedule, the **Schedules**). References herein to a Condition shall be deemed to be a reference to a Condition of the General Conditions of the Terms and Conditions of the Notes, unless otherwise specified.*

References in these Conditions (the **General Conditions**) and in the applicable Schedules (together, subject as provided below in relation to the applicable Issue Terms, the **Conditions**) to the **Notes** shall be references to the Notes of this Series and shall mean (a) in relation to any Notes represented by a global Note (a **Global Registered Note Certificate**), units of each Specified Denomination in the Specified Currency; (b) any Global Registered Note Certificate; (c) any definitive Registered Notes (**Registered Note Certificates**) whether or not issued in exchange for a Global Registered Note Certificate.

The applicable Issue Terms will specify if the Notes are redeemable in instalments (**Instalment Notes**).

The Valuation and Settlement Schedule and applicable Issue Terms will specify whether settlement shall be by way of cash payment (**Cash Settled Notes**) or by physical delivery (**Physical Delivery Notes**).

Notes are issued in Series and each Series may comprise one or more Tranches of Notes. Each Tranche is the subject of a Final Terms document (the **Final Terms**) or, in the case of Notes which are neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) (**Exempt Notes**), a pricing supplement (the **Pricing Supplement**) which, in the case of the Final Terms, completes or, in the case of the Pricing Supplement, amends and/or replaces the Conditions and the applicable Schedule(s). In the event of any inconsistency between the Conditions and the relevant Issue Terms, the relevant Issue Terms shall prevail.

For the purposes hereof, **Issue Terms** means either (i) where the Notes are not Exempt Notes, the applicable Final Terms or (ii) where the Notes are Exempt Notes, the applicable Pricing Supplement, and references should be construed accordingly.

The Notes are issued pursuant to a Fiscal Agency Agreement dated 24 March 2016 (as amended, supplemented and/or restated from time to time, the **Fiscal Agency Agreement**) between CGMHI, Citigroup Inc. (the **CGMHI Guarantor**), Citibank, N.A., London branch as issuing agent and fiscal agent (in such capacity, the **Fiscal Agent**, which expression shall include any successor fiscal agent, and the Fiscal Agent and any other paying agent from time to time are together referred to herein as the **Paying Agents**, which expression shall include any additional or successor paying agents) and as principal paying agent, Citigroup Global Markets Deutschland AG as registrar (the **Registrar**, which expression shall include any successor registrar), and as transfer agent, if so specified in the applicable Issue Terms (the **Transfer Agent**, which expression shall include any additional or successor transfer agents and the Fiscal Agent, the Registrar (if applicable), all Paying Agents and all Transfer Agents (if applicable) are together referred to herein as the **Agents**) and Citigroup Financial Products Inc. as calculation agent if so specified in the applicable Issue Terms (the **Calculation Agent**, which expression shall include any successor calculation agent) and as exchange agent (the **Exchange Agent**, which expression shall include any successor exchange agent).

The Notes are issued with the benefit of a Deed of Covenant dated 24 March 2016 (as amended, supplemented and or restated from time to time (the **CGMHI Deed of Covenant**) executed by CGMHI in relation to such Notes.

The Notes are the subject of a Deed of Guarantee (as amended, supplemented and/or restated from time to time, the **CGMHI Deed of Guarantee**), dated 24 March 2016 executed by the CGMHI Guarantor.

The holders of the Notes are deemed to have notice of all of the provisions of the Fiscal Agency Agreement applicable to them.

Copies of the Fiscal Agency Agreement, the CGMHI Deed of Covenant and the CGMHI Deed of Guarantee are available for inspection during normal business hours at the specified office of each of the Paying Agents. Copies of the applicable Issue Terms are obtainable during normal business hours at the specified office of each of the Paying Agents. If the Notes are not admitted to listing, trading and/or quotation on any listing authority, stock exchange and/or quotation system, the applicable Pricing Supplement will only be obtainable by a Noteholder holding one or more of the Notes and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding of such Notes and identity.

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which (a) are expressed to be consolidated and form a single series and (b) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

Where the Notes are expressed in the applicable Issue Terms to be issued in Units (**Units**), then, references in the applicable Issue Terms to Units shall be deemed to be references to the specified principal amount of the Notes and all references in the Conditions to payments and/or deliveries being made in respect of a Calculation Amount shall be construed to such payments and/or deliveries being made in respect of a Unit.

All capitalised terms which are not defined in the Conditions will have the meanings given to them in the applicable Issue Terms.

1. Form, Denomination and Title

Subject as provided below, the Notes are issued in registered form in the denomination specified in the applicable Issue Terms (the **Specified Denomination**).

Each Registered Note Certificate represents a holding of one or more Notes by the same holder (as defined below).

Subject as provided below, title to any Notes shall pass by registration in the register which the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Fiscal Agency Agreement. Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note shall be deemed to be and may be treated as the absolute owner of such Note for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note shall be overdue and notwithstanding any notice of ownership, theft or loss thereof or any writing thereon made by anyone but, in the case of any Global Registered Note Certificate, without prejudice to the provisions set out below.

In the Conditions, **holder** means the person in whose name a Note is registered, PROVIDED THAT, in relation to any Notes represented by a Global Registered Note Certificate, it shall be construed as provided below and **Noteholder** shall have a correlative meaning.

For so long as any of the Notes is represented by a Global Registered Note Certificate held on behalf of Euroclear Bank SA/NV (**Euroclear**) and/or Clearstream Banking SA (**Clearstream, Luxembourg**), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by

Euroclear or Clearstream, Luxembourg as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the CGMHI Guarantor and the Agents as the holder of such principal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such principal amount of such Notes, for which purpose the registered holder of the relevant Global Registered Note Certificate shall be treated by the Issuer, the CGMHI Guarantor and each Agent as the holder of such principal amount of such Notes in accordance with and subject to the terms of the relevant Global Registered Note Certificate and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly.

For so long as the Depository Trust Company (**DTC**) or its nominee is the registered owner or holder of a Global Registered Note Certificate, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Global Registered Note Certificate for all purposes under the Fiscal Agency Agreement and the Notes except to the extent that, in accordance with DTC's published rules and procedures, any ownership rights may be exercised by its participants or beneficial owners through participants.

Interests in Notes which are represented by a Global Registered Note Certificate will be transferable only in accordance with the rules and procedures for the time being of the Relevant Clearing System and in accordance with Condition 2 below.

Relevant Clearing System means, as appropriate, Euroclear, Clearstream, Luxembourg, DTC and/or such other relevant clearing system, as the case may be, through which interests in Notes are to be held and through an account at which the Notes are to be cleared, as specified in the applicable Issue Terms.

2. Exchanges and Transfers of Notes

(a) *Transfer of Notes*

Subject to Conditions 2(b) and (c) below, if definitive Notes are issued, one or more of such Notes may be transferred upon the surrender of the Registered Note Certificate representing such Notes to be transferred, together with the form of transfer endorsed on such Registered Note Certificate duly completed and executed, at the specified office of the Registrar or any Transfer Agent. In the case of a transfer of part only of a holding of Notes represented by one Registered Note Certificate, a new Registered Note Certificate in respect of the balance not transferred will be issued to the transferor. In the case of a transfer of Notes to a person who is already a holder of Notes, a new Registered Note Certificate representing the enlarged holding shall only be issued against surrender of the Registered Note Certificate representing the existing holding.

Subject to Conditions 2(b) and (c) below, transfers of beneficial interests in a Global Registered Note Certificate will be effected by the Relevant Clearing System only in accordance with the terms and conditions specified in the Fiscal Agency Agreement and, in turn, by other participants and, if appropriate, indirect participants in such Relevant Clearing Systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Global Registered Note Certificate will only be exchangeable for a definitive Registered Note Certificate as described in, and subject to, the provision of such Global Registered Note Certificate and only in accordance with the rules and operating procedures for the time being of the Relevant Clearing System and in accordance with the terms and conditions specified in the Fiscal Agency Agreement. Transfers of a Global Registered Note Certificate registered in the name of a nominee for DTC shall be limited to transfers of such Global Registered Note Certificate, in whole but not in part, to another nominee of DTC or to a successor of DTC or such successor's nominee.

(b) *Transfers of interests in Regulation S Global Registered Note Certificates*

Interests in a Regulation S Global Registered Note Certificate may not be sold, pledged or otherwise transferred at any time within the United States or to, or for the account or benefit of, a U.S. person, other than the Issuer or any affiliate thereof. Furthermore, interests in a Regulation S Global Registered Note Certificate may not be held otherwise than through Euroclear or Clearstream, Luxembourg. Each Regulation S Global Registered Note Certificate, and any Note issued upon exchange, transfer or replacement of such Regulation S Global Registered Note Certificate, shall bear a permanent legend regarding such restriction on transfer.

(c) *Transfers of interests in Rule 144A Global Registered Note Certificates*

Interests in a Rule 144A Global Registered Note Certificate may not be sold, pledged or otherwise transferred at any time other than (i) to the Issuer or any affiliate thereof or (ii) to a person the seller reasonably believes to be a QIB purchasing (or holding) the Notes for its own account or for the account of one or more QIBs in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any State of the United States or any other jurisdiction. Each Rule 144A Global Registered Note Certificate, and any Note issued upon exchange, transfer or replacement of such Rule 144A Global Registered Note Certificate, shall bear a permanent legend regarding such restriction on transfer.

(d) *Definitions*

In the Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

QIB means a **qualified institutional buyer** within the meaning of Rule 144A.

Regulation S means Regulation S under the Securities Act.

Regulation S Global Registered Note Certificate means a Global Registered Note Certificate representing Notes sold in offshore transactions outside the United States in reliance on Regulation S.

Rule 144A means Rule 144A under the Securities Act.

Rule 144A Global Registered Note Certificate means a Global Registered Note Certificate representing Notes sold in the United States to QIBs.

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

US person has the meaning given to such term under Regulation S.

(e) *Partial Redemption of Notes*

In the case of a partial redemption of a holding of Notes represented by a single definitive Registered Note Certificate, a new definitive Registered Note Certificate shall be issued to the holder to reflect the balance of the holding not redeemed. New Registered Note Certificates shall only be issued against surrender of the existing Registered Note Certificates to the Registrar or any Transfer Agent. In the case of a partial redemption of a holding of Notes represented by a Global Registered Note Certificate, the Global Registered Note Certificate shall be endorsed to reflect such partial redemption.

(f) *Delivery of New Registered Note Certificates*

Each new Registered Note Certificate to be issued pursuant to Condition 2(a) or (e) will, within three business days (being a day, other than a Saturday or Sunday, on which banks are open for business

in the place of the specified office of the Registrar or the Transfer Agent to whom such form of transfer shall have been delivered) of receipt of such form of transfer, be available for delivery at the specified office of the Registrar or of the Transfer Agent (as the case may be) to whom such delivery shall have been made or, at the option of the holder making such delivery as aforesaid and as specified in the relevant form of transfer, be mailed at the risk of the holder entitled to the new Registered Note Certificate to such address as may be specified in such form of transfer.

(g) *Transfer Free of Charge*

Transfer and registration of Notes will be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but will be subject to the payment (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require in respect thereof) of any tax or other governmental charges which may be imposed in relation to it.

(h) *Closed Periods*

No holder of a Note may require the transfer of a Note to be registered (i) during the period of 15 days ending on the due date for redemption of that Note, (ii) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 5(e)(iii) after any such Note has been called for redemption in whole or in part or (iv) during the period of seven days ending on (and including) any Record Date (as defined in Condition 6(a)(iii) below).

3. Status

(a) *Status of Notes*

The Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will at all times rank *pari passu* and rateably among themselves and at least *pari passu* with all other unsecured and unsubordinated outstanding obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

(b) *Status of the CGMHI Deed of Guarantee in respect of the Notes*

The obligations of the CGMHI Guarantor under the CGMHI Deed of Guarantee constitute direct, unconditional, unsubordinated and unsecured obligations of the CGMHI Guarantor and rank and will at all times at least rank *pari passu* with all other unsecured and unsubordinated outstanding obligations of the CGMHI Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

4. Interest

The provisions relating to interest due in respect of the Notes (if any) shall be as specified in the Valuation and Settlement Schedule and the applicable Issue Terms.

5. Redemption and Purchase

(a) *Final Redemption*

Unless previously redeemed or purchased and cancelled as provided below, each principal amount of Notes equal to the Calculation Amount will be redeemed at the amount (the **Redemption Amount**) specified in, or determined in the manner specified in, the Valuation and Settlement Schedule and/or the applicable Issue Terms on the Maturity Date.

(b) *Redemption for Relevant Clearing System closure or default by CGMHI, Redemption for Illegality and Redemption for Obligor Regulatory Event*

- (i) The Notes may be redeemed at the option of the Issuer or the CGMHI Guarantor, as the case may be, in whole, but not in part, at any time, on giving not less than 10 or more than 30 days' notice to Noteholders in accordance with Condition 13 (which notice shall be irrevocable), at, in respect of each principal amount of Notes equal to the Calculation Amount and in the case of LA Credit Linked Notes subject to Credit Condition 5(f) (if Underlying Schedule 1 – Credit Linked Conditions applies) or Credit Condition 6(f) (if Underlying Schedule 2 – Credit Linked Conditions (2014 Definitions) applies), the Early Redemption Amount, (i) if the Relevant Clearing System announces an intention to terminate its business without a successor, or (ii) upon the occurrence of a default by the Issuer in respect of any Note.
- (ii) If the Issuer determines that the performance of its obligations under the Notes, or the CGMHI Guarantor determines that the performance of its obligations under the CGMHI Deed of Guarantee, or that any arrangements made to hedge the Issuer's and/or the CGMHI Guarantor's obligations under the Notes and/or the CGMHI Deed of Guarantee, as the case may be, has or will become unlawful, illegal or otherwise prohibited in whole or in part for any reason, the Issuer may redeem the Notes early by giving notice to Noteholders in accordance with Condition 13.

Should any one or more of the provisions contained in the Conditions be or become invalid, the validity of the remaining provisions shall not in any way be affected thereby.

If the Issuer redeems the Notes early pursuant to this provision, then the Issuer will, if and to the extent permitted by applicable law, pay to each Noteholder in respect of each principal amount of Notes equal to the Calculation Amount held by such holder and in the case of LA Credit Linked Notes subject to Credit Condition 5(f) (if Underlying Schedule 1 – Credit Linked Conditions applies) or Credit Condition 6(f) (if Underlying Schedule 2 – Credit Linked Conditions (2014 Definitions) applies), an amount equal to the Early Redemption Amount. Payment will be made in such manner as shall be notified to the Noteholders in accordance with Condition 13 and upon such payment in respect of such Notes all obligations of the Issuer in respect thereof and the CGMHI Guarantor in respect of the CGMHI Guarantee in respect thereof shall be discharged.

- (iii) If Obligor Regulatory Call Event is specified as applicable in the applicable Issue Terms and, at any time, the Issuer determines that an Obligor Regulatory Event has or will occur, the Issuer may redeem all or some only of the Notes early by giving notice to Noteholders in accordance with Condition 13.

If the Issuer redeems the Notes early pursuant to this provision, then the Issuer will, if and to the extent permitted by applicable law, pay to each Noteholder in respect of each principal amount of Notes equal to the Calculation Amount held by such holder and in the case of LA Credit Linked Notes subject to Credit Condition 5(f) (if Underlying Schedule 1 – Credit Linked Conditions applies) or Credit Condition 6(f) (if Underlying Schedule 2 – Credit Linked Conditions (2014 Definitions) applies), an amount equal to the Early Redemption Amount on the date specified as such in the notice to Noteholders or, if no such date is specified, on the day falling five Business Days after the date on which such notice is delivered. Payment will be made in such manner as shall be notified to the Noteholders in accordance with Condition 13 and upon such payment in respect of such Notes all obligations of the Issuer and the CGMHI Guarantor in respect thereof shall be discharged.

In the case of a redemption of some only of the Notes, the Notes to be redeemed (**Redeemed Notes**) will be selected individually by lot not more than 30 days prior to the date fixed for redemption, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of the Relevant Clearing System (in the case of Notes cleared through Euroclear and/or Clearstream, Luxembourg, to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) in the case of Redeemed Notes represented by a Global Registered Note Certificate. In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 13 not less than five days prior to the date fixed for redemption.

Where:

Obligor Regulatory Event means that:

- (i) the Issuer, the CGMHI Guarantor or any of their Affiliates has become subject to less favourable capital adequacy treatment with respect to the Notes when compared as of the Trade Date to any date thereafter until the Maturity Date;
- (ii) the Issuer, the CGMHI Guarantor or any of their Affiliates suffers or will suffer any increased costs in connection with the Notes, including any costs associated with hedging the Notes or costs in maintaining any applicable capital reserves in respect of the Notes; or
- (iii) the Issuer or, as the case may be, the CGMHI Guarantor would be materially restricted from performing any of its obligations under the Notes or, in the case of the CGMHI Guarantor, its obligations under the CGMHI Deed of Guarantee;

as a result of an enactment of, or supplement or amendment to, or a change in, law by a Relevant Governmental Authority or a change in policy or interpretation, implementation or application of any relevant laws or regulations, including any accord, standard, official communication or recommendation of the Basle Committee on Banking Supervision, by any Relevant Governmental Authority or the Issuer, the CGMHI Guarantor or any of their Affiliates.

Relevant 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 the Issuer, the CGMHI Guarantor or any of their Affiliates or of the jurisdiction of organisation of the Issuer, the CGMHI Guarantor or any of their Affiliates.

(c) *Purchases*

The Issuer, the CGMHI Guarantor or any of their respective subsidiaries or Affiliates may at any time purchase Notes in the open market or otherwise at any price. Any Notes so purchased may be held or resold or surrendered for cancellation.

(d) *Early Redemption Amount*

For the purpose of Condition 5(b)(i) and (ii) above, Condition 9 and the Valuation and Settlement Schedule, the Early Redemption Amount in respect of each principal amount of Notes equal to the Calculation Amount will be calculated, in the case of LA Credit Linked Notes subject to Credit Condition 5(f) (if Underlying Schedule 1 – Credit Linked Conditions applies) or Credit Condition 6(f) (if Underlying Schedule 2 – Credit Linked Conditions (2014 Definitions) applies), as either: (a) an amount in the Settlement Currency determined by the Calculation Agent which represents the fair market value of such Notes (which shall include amounts in respect of interest if applicable) on a day selected by the Issuer (ignoring for the purposes of a redemption pursuant to Condition 5(b)(ii), the relevant unlawfulness, illegality or prohibition) less (except in the case of any early redemption pursuant to Condition 9) the proportionate cost to the Issuer and/or its Affiliates of unwinding any underlying and/or related hedging and funding arrangements in respect of the Notes (including, without limitation, any option and swap transaction(s) hedging the Issuer's obligations under the Notes) and, for the purposes of determining the fair market value of the Notes for the purposes of Condition 9, no account shall be taken of the financial condition of the Issuer which shall be presumed to be able to perform fully its obligations in respect of the Notes or (b) an amount determined as provided in the Valuation and Settlement Schedule or the applicable Pricing Supplement.

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

If Issuer Call is specified as applicable in the applicable Issue Terms, the Issuer may, having given the number of days' notice specified in the applicable Issue Terms or, if none is so specified:

- (i) not less than, five nor more than 60 days' notice to the Noteholders in accordance with Condition 13; and
- (ii) not less than five days' notice to the Registrar,

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date at, in respect of each principal amount of Notes equal to the Calculation Amount and in the case of LA Credit Linked Notes subject to Credit Condition 5(f) (if Underlying Schedule 1 – Credit Linked Conditions applies) or Credit Condition 6(f) (if Underlying Schedule 2 – Credit Linked Conditions (2014 Definitions) applies), the Optional Redemption Amount specified in, or determined in the manner specified in, the Valuation and Settlement Schedule or specified in the applicable Issue Terms together, if applicable, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a principal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Issue Terms.

In the case of a redemption of some only of the Notes, the Notes to be redeemed (**Redeemed Notes**) will be selected individually by lot not more than 30 days prior to the date fixed for redemption, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of the Relevant Clearing System (in the case of Notes cleared through Euroclear and/or Clearstream, Luxembourg, to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) in the case of Redeemed Notes represented by a Global Registered Note Certificate. In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 13 not less than five days prior to the date fixed for redemption.

(f) *Redemption at the Option of holders of Notes*

If Investor Put is specified as applicable in the applicable Issue Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 13 the number of days' notice specified in the

applicable Issue Terms or, if none is so specified, not less than 45 days' notice the Issuer will, upon the expiry of such notice, redeem such Note on the relevant Optional Redemption Date at, in respect of each principal amount of Notes equal to the Calculation Amount and in the case of LA Credit Linked Notes subject to Credit Condition 5(f) (if Underlying Schedule 1 – Credit Linked Conditions applies) or Credit Condition 6(f) (if Underlying Schedule 2 – Credit Linked Conditions (2014 Definitions) applies), the Optional Redemption Amount specified in, or determined in the manner specified in, the Valuation and Settlement Schedule and in the applicable Issue Terms together, if applicable, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of a Note the holder of such Note must, if such Note is in definitive form and held outside the Relevant Clearing System, deliver, at the specified office of the Registrar at any time during normal business hours of the Registrar falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of the Registrar (a **Put Notice**) and in which the holder must specify a bank account to which payment is to be made under this Condition and the principal amount thereof to be redeemed and, if less than the full principal amount of the Notes so surrendered is to be redeemed, an address to which a new Note in respect of the balance of such Notes is to be sent subject to and in accordance with the provisions of Condition 2(g). If the relevant Note is in definitive form, the Put Notice must be accompanied by the Note or evidence satisfactory to the Paying Agent concerned that the Note will, following delivery of the Put Notice, be held to its order or under its control.

If the relevant Note is represented by a Global Registered Note Certificate and cleared through Euroclear or Clearstream, Luxembourg or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of such Note the holder of such Note must, within the notice period, give notice to the Registrar of such exercise in accordance with the standard procedures of Euroclear or Clearstream, Luxembourg, as applicable (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg, as applicable, or any common depositary or common safekeeper, as the case may be, for them, as applicable, to the Registrar by electronic means), in a form acceptable to Euroclear and Clearstream, Luxembourg, as applicable, from time to time.

If the relevant Note is represented by a Global Registered Note Certificate and cleared through DTC, to exercise the right to require redemption of such Note, the holder of such Note must, within the notice period, give notice to the Registrar of such exercise in the form of a Put Notice acceptable to the Registrar and irrevocably instruct DTC to debit the relevant Noteholder's securities account with the relevant Notes on or before the Optional Redemption Date in accordance with applicable DTC practice.

(g) *Cancellation*

All Notes purchased by or on behalf of the Issuer or the CGMHI Guarantor may be surrendered for cancellation by surrendering the Note representing such Notes to the Registrar and, if so surrendered, will, together with all Notes redeemed by the Issuer, be cancelled forthwith. Any Notes surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the CGMHI Guarantor in respect of any such Notes shall be discharged.

(h) *Instalment Notes*

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates specified in the applicable Issue Terms.

In the case of Credit Linked Notes which are Instalment Notes, no Instalment Amount will be payable in respect of the Notes in respect of which the relevant date for payment thereof has not

occurred on or prior to the Credit Event Determination Date or Risk Event Determination Date (in each case if any and as defined in the applicable Underlying Schedule), as applicable.

If the applicable Issue Terms specify that the Notes are LCY Instalment Notes, on payment of an Instalment in respect of the Notes, the principal amount of the Notes held by the registered holder thereof will be reduced by the related amount of the LCY Instalment Amount in respect of the relevant Instalment Date and not by the amount of the instalment so paid (notwithstanding anything to the contrary under such Notes or the Global Registered Note Certificate).

References in the Conditions of Instalment Notes to (A) "each principal amount of Notes equal to the Calculation Amount" shall be deemed to be to "each principal amount of Notes which as of the Issue Date had a principal amount equal to the Calculation Amount"; (B) "each principal amount of Credit Linked Notes equal to the Calculation Amount"; and (C) "each principal amount of Credit Linked Notes in the Calculation Amount" shall be deemed to be to "each principal amount of Credit Linked Notes which as of the Issue Date had a principal amount equal to the Calculation Amount".

6. Payments

(a) Method of Payment

- (i) Subject to paragraph (ii) below, payments of principal in respect of Notes (whether or not in global form) will be made, where applicable, against presentation and surrender of the relevant Note at the specified office of any of the Paying Agents or of the Registrar.
- (ii) Payments of instalments of principal in respect of Notes which are Instalment Notes, other than the final instalment (except in the case of Credit Linked Notes), will be paid to the person shown on the Register (A) where such Notes are in global form, at the close of the business day (being for this purpose, a day on which the Relevant Clearing System is open for business) before the due date for payment thereof, and (B) where such Notes are in definitive form, at the close of business on the fifteenth day before the due date for payment thereof (the **Record Date**).
- (iii) Payments of interest on Notes will be paid to the person shown on the Register (A) where such Notes are in global form, at the close of the business day (being for this purpose, a day on which the Relevant Clearing System is open for business) before the due date for payment thereof, and (B) where such Notes are in definitive form, at the close of business on the Record Date.

Such payments will be made by credit or transfer (a) other than in the case of payments in Renminbi, to an account in the relevant currency designated by the holder with a bank in the principal financial centre of the country of that currency or, if the currency is Euro, any bank which processes payments in Euro notified to the Registrar by such holder or (b) in the case of payments in Renminbi, into an account denominated in Renminbi and maintained by the payee with a bank in the relevant RMB Settlement Centre(s) in accordance with applicable laws, rules and regulations and guidelines issued from time to time (including all applicable laws and regulations with respect to settlement in Renminbi in the relevant RMB Settlement Centre(s)).

All amounts payable to DTC or its nominee as registered holder of a Global Registered Note Certificate in respect of Notes payable in a Settlement Currency other than U.S. dollars shall be paid by transfer by the Fiscal Agent to an account in the Settlement Currency of the Exchange Agent on behalf of DTC or its nominee for conversion into and payment in U.S. dollars in accordance with the provisions of the Fiscal Agency Agreement unless a holder has elected to receive payment in the relevant Settlement Currency in accordance with applicable DTC practice.

(b) *Payments Subject to Law, etc.*

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives. No commission or expenses shall be charged to the holders of Notes in respect of such payments.

The holder of a Global Registered Note Certificate shall be the only person entitled to receive payments in respect of Notes represented by such Global Registered Note Certificate and the Issuer or, as the case may be, the CGMHI Guarantor, will be discharged by payment to, or to the order of, the holder of such Global Registered Note Certificate in respect of each amount so paid. Each of the persons shown in the records of the Relevant Clearing System as the beneficial holder of a particular principal amount of Notes represented by such Global Registered Note Certificate must look solely to the Relevant Clearing System for his share of each payment so made by the Issuer or the CGMHI Guarantor to, or to the order of, the holder of such Global Registered Note Certificate.

(c) *Appointment of Agents*

As applicable, each of the Fiscal Agent, each Paying Agent, the Registrar, the Exchange Agent, each Transfer Agent and the Calculation Agent initially appointed by the Issuer and the CGMHI Guarantor and their respective specified offices are listed below or in the applicable Issue Terms. The Fiscal Agent, each Paying Agent, the Registrar, the Exchange Agent, each Transfer Agent and the Calculation Agent act solely as agents or, as the case may be, registrars of the Issuer and the CGMHI Guarantor and do not assume any obligation or relationship of agency or trust for or with any holder. The Issuer and the CGMHI Guarantor reserve the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Calculation Agent, the Registrar, the Exchange Agent or any Transfer Agent and to appoint additional or other agents PROVIDED THAT the Issuer and the CGMHI Guarantor will at all times maintain:

- (i) a Fiscal Agent;
- (ii) at any time at which any Note is outstanding, a Registrar;
- (iii) at any time at which any Note cleared through DTC is outstanding, an Exchange Agent in relation thereto;
- (iv) at any time at which any Note is outstanding, a Transfer Agent in relation thereto;
- (v) a Calculation Agent where the Conditions so require one;
- (vi) a Paying Agent having a specified office in a jurisdiction within Europe, other than the jurisdiction in which the Issuer is incorporated;
- (vii) such other agents as may be required by the rules of any stock exchange on which the Notes may be listed.

Notice of any such change or any change of any specified office of the Fiscal Agent, any other Paying Agent, any Transfer Agent or the Registrar will promptly be given to the Noteholders in accordance with Condition 13.

(d) *Payment Days*

If any date for payment in respect of any Note is not a Payment Day, the holder shall not be entitled to payment until the next following Payment Day nor to any interest or other sum in respect of such postponed payment. In this paragraph, **Payment Day** means:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
 - (A) in the case of Notes in definitive form only, the relevant place of presentation; and
 - (B) such jurisdictions as shall be specified as "Business Day Jurisdictions" in the applicable Issue Terms;
- (ii) if TARGET2 System is specified as a "Business Day Jurisdictions" in the applicable Issue Terms, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) is open;
- (iii) either (A) in relation to any sum payable in a Settlement Currency other than Euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Settlement Currency (which if the Settlement Currency is Australian dollars, New Zealand dollars or Renminbi, shall be Sydney, Auckland and the relevant RMB Settlement Centre(s), respectively) or (B) in relation to any sum payable in Euro, a TARGET Business Day; and
- (iv) in the case of any payment in respect of a Global Registered Note Certificate payable in a Settlement Currency other than U.S. dollars and registered in the name of DTC or its nominee and in respect of which an accountholder of DTC (with interests in such Global Registered Note Certificate) has elected to receive any part of such payment in U.S. dollars, a day on which commercial banks are not authorised or required by law or regulation to be closed in New York City.

(e) *Business Day Convention*

If any date referred to in the Conditions is specified in the applicable Issue Terms to be subject to adjustment in accordance with a Business Day Convention and (x) such day would otherwise fall on a day which is not a Business Day or (y) there is no numerically corresponding day in the calendar months in which such date should occur, then, if the Business Day Convention specified in the applicable Issue Terms is (i) the Floating Rate Convention, (1) in the case of (x) above such date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such date shall be brought forward to the immediately preceding Business Day and (B) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment or (2) in the case of (y) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) above shall apply *mutatis mutandis*, (ii) the Following Business Day Convention, such date shall be postponed to the next day which is a Business Day, (iii) the Modified Following Business Day Convention, such date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (iv) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(f) *RMB Currency Event*

If "RMB Currency Event" is specified in the applicable Issue Terms, upon the occurrence of an RMB Currency Event, the Issuer's obligation to make a payment in RMB under the terms of the Notes shall, at the election of the Issuer, (i) be postponed to the tenth Business Day after the date on which the RMB Currency Event, as determined by the Issuer, ceases to exist or, if that would not be commercially reasonable, as soon as commercially reasonable thereafter or (ii) be replaced by an

obligation to pay such amount in the Relevant Currency converted using the Spot Rate for the relevant RMB Determination Date.

The Issuer shall, as soon as practicable after the occurrence of an RMB Currency Event, give notice to the Noteholders in accordance with Condition 13 (*Notices*) stating the occurrence of the RMB Currency Event and giving details thereof.

For the purpose of this Condition and unless stated otherwise in the applicable Issue Terms:

Determination Business Day means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for general business (including dealings in foreign exchange and foreign currency deposits) and settle payments in the relevant RMB Settlement Centre(s), London and the principal financial centre of the country of the Relevant Currency;

Governmental Authority means any *de facto* or *de jure* government (or any agency or instrumentality 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 the relevant RMB Settlement Centre(s);

Hedge Position means any one or more of (i) positions or contracts in securities, options, futures, derivatives or foreign exchange, (ii) stock loan transactions or (iii) other instruments or arrangements (howsoever described) purchased, sold, entered into or maintained by the Issuer, the CGMH Guarantor and/or any of their Affiliates in order to hedge, individually or on a portfolio basis, the Notes.

Relevant Currency means U.S. dollars or such other currency as may be specified in the applicable Issue Terms;

Relevant Currency Valuation Time means the time specified as such in the applicable Issue Terms;

Relevant Spot Rate Screen Page means the screen page specified as such in the applicable Issue Terms (or any successor screen page or information provider thereto as determined by the Calculation Agent);

RMB Currency Event means any one of RMB Illiquidity, RMB Inconvertibility and RMB Non-Transferability;

RMB Determination Date means the day which is two Determination Business Days before the date of the relevant payment under the Notes;

RMB Illiquidity means the occurrence of any event or circumstance whereby (i) the general Renminbi exchange market outside the PRC becomes illiquid (including, without limitation, the existence of any significant price distortion) as a result of which the Issuer cannot obtain sufficient Renminbi in order to perform its obligations under the Notes or (if applicable) any party to a Hedge Position would not be able to obtain sufficient Renminbi in order to perform its obligations under such Hedge Position; or (ii) it becomes impossible or impractical for the Issuer (or, if applicable, would be impossible or impractical for any party to a Hedge Position) to obtain a firm quote of the exchange rate, in each case, as determined by the Issuer in good faith and in a commercially reasonable manner;

RMB Inconvertibility means the occurrence of any event or existence of any condition that has the effect of it being impossible, illegal or impracticable for, or has the effect prohibiting, restricting or materially delaying the ability of, the Issuer or (if applicable) any party to a Hedge Position to convert any amount as may be required to be paid by any party on any payment date in respect of the

Notes or (if applicable) any Hedge Position into RMB, other than where such impossibility, impracticability or illegality is due solely to the failure of the relevant party and/or any of its affiliates to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the relevant Series and it is impossible, impracticable or illegal for the relevant party and/or any of its affiliates, due to an event beyond the control of that party and/or its affiliates, to comply with such law, rule or regulation);

RMB Non-Transferability means the occurrence of any event that makes it impossible, impracticable or illegal for the Issuer or (if applicable) any party to a Hedge Position and/or any of its affiliates to deliver RMB between accounts inside the relevant RMB Settlement Centre(s) or from an account inside the relevant RMB Settlement Centre(s) to an account outside such RMB Settlement Centre(s) (including where the RMB clearing and settlement system for participating banks in the relevant RMB Settlement Centre(s) is disrupted or suspended) or from an account outside the relevant RMB Settlement Centre(s) to an account inside such RMB Settlement Centre(s), other than where such impossibility, impracticability or illegality is due solely to the failure of the relevant party and/or any of its affiliates to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the relevant Series and it is impossible, impracticable or illegal for the relevant party and/or any of its affiliates, due to an event beyond the control of the relevant party and/or any of its affiliates (as applicable), to comply with such law, rule or regulation); and

Spot Rate means the spot CNY/Relevant Currency exchange rate for the purchase of the Relevant Currency with Renminbi in the over-the-counter Renminbi exchange market in the relevant RMB Settlement Centre(s) for settlement in two Determination Business Days, as determined by the Calculation Agent at or around the Relevant Currency Valuation Time on the RMB Determination Date by reference to the Relevant Spot Rate Screen Page. If such rate is not available, the Calculation Agent shall determine the rate taking into consideration all available information which the Calculation Agent deems relevant, including pricing information obtained from the Renminbi non-deliverable exchange market in the relevant RMB Settlement Centre(s) or elsewhere and the CNY/Relevant Currency exchange rate in the PRC domestic foreign exchange market. All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this definition of Spot Rate by the Calculation Agent, will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the CGMHI Guarantor, the Paying Agents and all holders of the Notes.

7. Taxation

Neither the Issuer nor the CGMHI Guarantor shall be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, presentation and surrender for payment and/or delivery, or enforcement of any Note and/or the CGMHI Deed of Guarantee and all payments and/or deliveries made by or on behalf of the Issuer or the CGMHI Guarantor, as the case may be, shall be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted. Each Noteholder will assume and be solely responsible for any and all taxes of any jurisdiction or governmental or regulatory authority, including, without limitation, any state or local taxes or other like assessment or charges that may be applicable to any payment to it in respect of the Notes and/or the CGMHI Deed of Guarantee.

8. Prescription

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 19) in respect thereof.

9. Events of Default

- (a) **Event of Default** wherever used herein with respect to the Notes means any one of the following events:
- (i) the entry of a decree or order for relief in respect of the Issuer by a court having jurisdiction in the premises in an involuntary case under the United States Federal bankruptcy laws, as now or hereafter constituted, or any other applicable United States Federal or State bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Issuer or of the whole or substantially the whole of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of 90 consecutive days; or
 - (ii) the commencement by the Issuer of a voluntary case under the United States Federal bankruptcy laws, as now or hereafter constituted, or any other applicable United States Federal or State bankruptcy, insolvency or other similar law, or the consent by it to the entry of an order for relief in an involuntary case under any such law or to the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Issuer or of the whole or substantially the whole of its property, or the making by the Issuer of an assignment for the benefit of its creditors generally, or the admission by the Issuer in writing of its inability to pay its debts generally as they become due.
- (b) If an Event of Default with respect to the Notes at the time Outstanding occurs and is continuing, then in every such case the holders of not less than 25 per cent. in principal amount of the Outstanding Notes may declare the Notes, by a notice in writing to the Issuer, the CGMHI Guarantor and the Fiscal Agent, to be immediately due and payable, whereupon each principal amount of Notes equal to the Calculation Amount shall become due and repayable at the Early Redemption Amount. Upon such payment in respect of any Note, all obligations of the Issuer and the CGMHI Guarantor in respect of such Note shall be discharged.
- (c) **Outstanding** when used with respect to the Notes, means, as of the date of determination, all Notes authenticated and delivered under the Conditions prior to such date, except:
- (i) Notes cancelled by the Fiscal Agent or the Registrar or delivered to the Fiscal Agent or the Registrar for cancellation;
 - (ii) Notes or portions thereof for whose payment or redemption money in the necessary amount has been deposited with the Fiscal Agent or any other Paying Agent in accordance with the Fiscal Agency Agreement; provided, however, that if such Notes or portions thereof are to be redeemed, notice of such redemption has been duly given pursuant to the Conditions or provision therefor satisfactory to the Fiscal Agent has been made; and
 - (iii) Notes in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to the Conditions, other than any such Notes in respect of which there shall have been presented to the Fiscal Agent or the Registrar proof satisfactory to it that such Notes are held by a bona fide purchaser in whose hands such Notes are valid obligations of the Issuer,

provided, however, that in determining whether the holders of the requisite principal amount of Notes Outstanding have performed any act hereunder, Notes owned by the Issuer or the CGMHI Guarantor or any person directly or indirectly controlling or controlled by or under direct or indirect common control of the Issuer or the CGMHI Guarantor shall be disregarded and deemed not to be Outstanding. Notes so owned that have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Fiscal Agent or the Registrar the pledgee's right to

act with respect to such Notes and that the pledgee is not the Issuer or the CGMHI Guarantor or any person directly or indirectly controlling or controlled by or under direct or indirect common control of the Issuer or the CGMHI Guarantor.

10. Meetings of Noteholders, Modifications and Determinations

(a) Meetings of Noteholders

The Fiscal Agency Agreement contains provisions for convening meetings of holders of Notes to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Notes (including the Conditions insofar as the same may apply to the Notes), the CGMHI Deed of Covenant or the CGMHI Deed of Guarantee, as applicable, as they relate to the Notes. The Fiscal Agency Agreement provides that (a) a resolution passed at a meeting duly convened and held in accordance with the Fiscal Agency Agreement by a majority consisting of not less than three-quarters of the votes cast on such resolution, (b) a resolution in writing signed by or on behalf of all the Noteholders, or (c) consent given by way of electronic consents through the Relevant Clearing System(s) (where permitted by the rules of the Relevant Clearing System) (in a form satisfactory to the Fiscal Agent) by or on behalf of all the Noteholders, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. An Extraordinary Resolution duly passed by the Noteholders will be binding on all the holders of the Notes, whether or not they are present at any meeting and whether or not they voted on the resolution, except that any Extraordinary Resolution proposed, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, or any date for payment of interest thereon, (ii) to reduce or cancel the principal amount of the Notes, the Early Redemption Amount, the Redemption Amount or any other amount payable or deliverable on redemption of the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest, (iv) if a Minimum Interest Rate and/or a Maximum Interest Rate is specified in the applicable Issue Terms, to reduce any such Minimum and/or Maximum Interest Rate, (v) to change any method of calculating the Early Redemption Amount, the Redemption Amount or any Asset Amount, (vi) to change the currency or currencies of payment of the Notes, (vii) to modify the provisions concerning the quorum required at any meeting of holders of Notes or any adjournment thereof or the majority required to pass the Extraordinary Resolution or (viii) to take any steps which as specified in the applicable Issue Terms may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, will only be binding if passed at a meeting of the holders of Notes (or at any adjournment thereof) at which a special quorum (provided for in the Fiscal Agency Agreement) is present.

(b) Modifications

The Issuer and the CGMHI Guarantor may make, without the consent of the Noteholders:

- (i) any modification (except as mentioned above) to, as applicable, the Notes, the Fiscal Agency Agreement, the CGMHI Deed of Covenant and/or the CGMHI Deed of Guarantee, which is, in the opinion of the Issuer, not materially prejudicial to the interests of the Noteholders (without considering the individual circumstances of any Noteholder or the tax or other consequences of such modification in any particular jurisdiction); or
- (ii) any modification to the Notes, the Fiscal Agency Agreement, the CGMHI Deed of Covenant and/or the CGMHI Deed of Guarantee, which is of a formal, minor or technical nature or is made to correct a manifest error or proven error or to comply with mandatory provisions of the law.

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

(c) *Determinations*

Except as otherwise provided in sub-paragraph (f) below, whenever any matter falls to be determined, considered, elected, selected or otherwise decided upon by the Issuer, the Calculation Agent or any other person (including where a matter is to be decided by reference to the Issuer or the Calculation Agent's or such other person's opinion), that matter shall be determined, considered, elected, selected or otherwise decided upon by the Issuer, the Calculation Agent or such other person, as the case may be, in good faith and (i) where "Sole and Absolute Determination" is specified in the applicable Issue Terms, in its sole and absolute discretion or (ii) where "Commercial Determination" is specified in the applicable Issue Terms, in a commercially reasonable manner.

The provisions above are without prejudice to the provisions in any applicable Schedule, which will prevail in relation to any determinations thereunder in the event of any inconsistency.

The Calculation Agent or such other person may, with the consent of the Issuer, delegate any of its obligations and functions to a third party as it deems appropriate. The Issuer may delegate any of its obligations and functions to a third party as it deems appropriate.

(d) *Exercise of Discretion*

In exercising its discretion in respect of the Notes as provided herein, each of the Issuer and the Calculation Agent or such other person (described in (c) above) may take into account such factors as it determines appropriate in each case, which may include, in particular, any circumstances or events which have or may have a material impact on the hedging arrangements entered into by a Hedging Party (as defined in the Valuation and Settlement Schedule) in respect of the Notes. The exercise of the Issuer's and/or the Calculation Agent's and/or such other person's discretion in respect of the Notes as provided herein are necessary because certain circumstances or events (for example a material modification or disruption to an Underlying to which the Notes are linked) may occur subsequent to the issuance of the Notes which may materially affect the costs to a Hedging Party of maintaining the relevant Notes or relevant hedging arrangements. Such circumstances or events may not have been reflected in the pricing of the Notes. In addition, as a result of certain circumstances or events (e.g. unavailability or disruption to any reference source), it may no longer be reasonably practicable or otherwise appropriate for certain valuations in respect of any Underlying or otherwise in connection with the Notes to be made, thus making it necessary for the Issuer and/or the Calculation Agent to exercise its discretion in such a case.

(e) *Hedging Arrangements*

As used in this Condition 10, **hedging arrangements** means the arrangements, if any, the Issuer makes to have available to it the relevant cash amounts or assets to be paid or delivered under the Notes as these fall due. This may involve a Hedging Party investing directly in an Underlying. Alternatively, a Hedging Party may make an indirect investment by entering into or acquiring a derivative contract referencing an Underlying. Such hedging arrangements may be carried out on a portfolio basis (i.e. where the Hedging Party maintains arrangements for hedging the Notes together with other obligations of the Issuer and/or its Affiliates). A Hedging Party will seek to select hedging arrangements which are efficient for it in the context of the tax, regulatory and business environment in which it operates, but will do so without having regard to the interests of Noteholders. A Hedging Party may also adjust hedging arrangements from time to time but will not always be able to avoid adverse costs, taxes or regulatory changes which affect its hedging arrangements. For the avoidance of doubt, no Hedging Party is under any obligation to enter into any hedging arrangements and, if any hedging arrangements are entered into, such arrangements will not confer any rights or entitlements on any Noteholder and no Noteholder will have recourse to any such hedging arrangements.

(f) *Determination of amounts payable or deliverable*

The Issuer and/or the Calculation Agent and/or such other person will employ the methodology described in the Conditions and/or the Valuation and Settlement Schedule to determine amounts payable or deliverable in respect of the Notes. When making any such determination in relation to any amounts so payable or deliverable, the Issuer and/or the Calculation Agent and/or such other persons may in its/their sole and absolute discretion consider any relevant information, which may but is not required to include, without limitation, one or more of the following:

- (i) quotations (either firm or indicative) supplied by one or more third parties or information sources;
- (ii) information consisting of relevant market data in the relevant markets supplied by one or more third parties or information sources including, without limitation, relevant rates, prices, yields, yield curves, volatilities, spreads correlation or other relevant market data in the relevant market; or
- (iii) information of the types described in (i) or (ii) above from internal sources (including any Affiliates of the Issuer and/or the Calculation Agent and/or such other persons) or other information of a type used by the Issuer and/or the Calculation Agent and/or such other persons in the regular course of its business or in connection with similar transactions.

Whenever any of the Issuer and/or the Calculation Agent and/or such other persons is required to make any determination it may, *inter alia*, decide issues of construction and legal interpretation. Any delay, deferral or forbearance by the Issuer and/or the Calculation Agent and/or such other person in the performance or exercise of any of its obligations or discretions under the Notes including, without limitation, the giving of any notice by it to any person, shall not affect the validity or binding nature of any later performance or exercise of such obligation or discretion.

(g) *Rounding*

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

(h) *Disclaimer of liability and responsibility*

The Issuer and/or the Calculation Agent and/or such other persons makes no express or implied representations or warranties as to (i) the advisability of investing in or obtaining exposure to the Notes, (ii) the value of the Notes at any particular time on any particular date, or (iii) any amounts that may become payable or deliverable in respect of the Notes.

Without limiting any of the foregoing, in no event shall the Calculation Agent and/or such other persons have any liability (whether in negligence or otherwise) to any Noteholders for any direct, indirect, special, punitive, consequential or any other damages (including loss of profits) even if notified of the possibility of such damages.

The Calculation Agent and/or such other persons shall not have any responsibility to any holder for any errors or omissions in any calculations or determinations in respect of the Notes and act solely as

agents of the Issuer and the CGMHI Guarantor and do not assume any obligations towards or relationship of agency or trust for or with any holder.

(i) *Conflict of Interest*

In addition to providing calculation agency services to the Issuer, the Calculation Agent or any of its Affiliates may perform further or alternative roles relating to the Issuer and any Series of Notes including, but not limited to, for example, being involved in arrangements relating to any Underlying(s). Furthermore, the Calculation Agent or any of its Affiliates may contract with the Issuer and/or enter into transactions which relate to the Issuer, the Notes or any Underlying and as a result the Calculation Agent may face a conflict between its obligations as Calculation Agent and its and/or its Affiliates' interests in other capacities. Subject to all regulatory obligations, neither the Issuer nor the Calculation Agent in respect of the Notes shall owe any duty or responsibility to any Noteholder to avoid any conflict or to act in the interests of any Noteholder.

11. Replacement of Notes

If a Note is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws and stock exchange regulations, at the specified office of the Registrar or such other Paying Agent or Transfer Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to holders in accordance with Condition 13, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note is subsequently presented for payment or delivery (where applicable), there will be paid to the Issuer on demand the amount payable or an amount equal to the amount so deliverable by the Issuer in respect of such Note and otherwise as the Issuer may require. Mutilated or defaced Notes must be surrendered before replacements will be issued.

12. Further Issues

The Issuer may from time to time without the consent of the Noteholders create and issue further notes having the same terms and conditions as the Notes (or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue) PROVIDED THAT, for the avoidance of doubt, references in the Conditions to "Issue Date" shall be to the first issue date of the Notes and so that the same shall be consolidated and form a single Series with such Notes, and references in the Conditions to "Notes" shall be construed accordingly.

13. Notices

All notices to the holders of Notes will be deemed validly given if mailed to them at their respective addresses in the Register and any such notice will be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. This paragraph should be read in conjunction with the paragraph below.

Until such time as any definitive Notes are issued, there may, so long as any Global Registered Note Certificate(s) representing the Notes are held in their entirety on behalf of any Relevant Clearing System, be substituted for such mailing as provided above, the delivery of the relevant notice to each Relevant Clearing System for communication by them to the holders of the Notes and, in addition, for so long as the Notes are listed or admitted to trading on a stock exchange and the rules of that stock exchange so require, such notice will be published in the manner and/or place or places required by those rules including publication on the website of the relevant stock exchange if required by those rules. Any such notice shall be deemed to have been given to the holders of the

Notes on the day on which the said notice was given to the Relevant Clearing System or, where there is more than one Relevant Clearing System the first such Relevant Clearing System.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Registrar. Whilst any of the Notes are represented by a Global Registered Note Certificate, such notice may be given by any Noteholder to the Registrar through the Relevant Clearing System in such manner as the Registrar and the Relevant Clearing System may approve for this purpose.

If Notice to the Issuer is specified as applicable in the applicable Issue Terms, notices to be given by any Noteholder to the Issuer regarding the Notes will be validly given if delivered in writing to the Issuer as specified in the applicable Issue Terms. Any such notice shall be deemed to have been given on the day when delivered or if delivered on a day that is not a Notice Delivery Business Day or after 5.00 p.m. in the Notice Delivery Business Day Centre on a Notice Delivery Business Day, will be deemed effective on the next following Notice Delivery Business Day.

14. Consolidation or Merger

- (a) The Issuer or the CGMHI Guarantor shall not consolidate with or merge into any other corporation or convey, transfer or lease its properties and assets substantially as an entirety to any Person (as defined below), other than in relation to the CGMHI Guarantor only, by way of a conveyance, transfer or lease to one or more of its respective Subsidiaries (as defined below), unless:
 - (i) the corporation formed by such consolidation or into which the Issuer or the CGMHI Guarantor is merged or the Person which acquires by conveyance or transfer, or which leases, the properties and assets of the Issuer substantially as an entirety (the **successor corporation**) shall be a corporation organised and existing under the laws of any of the United States, the United Kingdom, Luxembourg, France, Germany, Belgium or The Netherlands or, in any such case, any political subdivision thereof and shall, by taking such action as may be required to be taken were such successor corporation the Substitute for the purposes of Condition 15, expressly assume, the due and punctual payment of, in the case of a consolidation or merger in respect of the Issuer, the principal and interest and the due and punctual delivery of all assets on all the Notes and the performance of the Conditions on the part of the Issuer to be performed or observed or, in the case of a consolidation or merger in respect of the CGMHI Guarantor, all amounts due under the CGMHI Deed of Guarantee, as applicable, in respect of the Notes and the performance of the CGMHI Deed of Guarantee on the part of the CGMHI Guarantor to be performed or observed; and
 - (ii) if the Notes are listed or traded on any stock exchange, each such stock exchange shall have confirmed that, following the proposed substitution of the Substitute, the Notes will continue to be listed or traded on such stock exchange.

For the purposes of the Conditions, **Person** means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, estate, incorporated organisation or government or agency or any political subdivision thereof, and **Subsidiary** means any Person of which a majority of the voting power of the outstanding ownership interests (excluding ownership interests entitled to voting power only by reason of the happening of a contingency) shall at the time be owned, directly or indirectly, by the Issuer, the CGMHI Guarantor, as applicable, and/or one or more relevant Subsidiaries. For this purpose, **voting power** means power to vote in an ordinary election of directors (or, in the case of a Person that is not a corporation, ordinarily to appoint or approve the appointment of Persons holding similar positions).

- (b) Upon any consolidation with or merger into any other corporation, or any conveyance, transfer or lease of the properties and assets of the Issuer or the CGMHI Guarantor substantially as an entirety

in accordance with Condition 14(a) above, the successor corporation formed by such consolidation or into which the Issuer or the CGMHI Guarantor is merged or to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer or the CGMHI Guarantor with the same effect as if such successor corporation had been named as the Issuer or the CGMHI Guarantor herein (subject as provided in Condition 15(g)), and thereafter, except in the case of a lease, the predecessor corporation shall be relieved of all obligations and covenants under the Conditions, the Notes, the CGMHI Deed of Covenant, the CGMHI Deed of Guarantee (in the case of a consolidation or merger in respect of the CGMHI Guarantor only) and the Fiscal Agency Agreement.

15. Substitution of the Issuer and the CGMHI Guarantor

- (a) Either the Issuer or the CGMHI Guarantor may, at any time, without the consent of the Noteholders substitute for itself any company which is, on the date of such substitution and in the opinion of the Issuer or the CGMHI Guarantor, as the case may be, of at least the equivalent standing and creditworthiness to the Issuer or the CGMHI Guarantor, as the case may be, (the **Substitute**), subject to:
- (i) all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of necessary consents) to ensure that in the case of a substitution of the Issuer, the Notes and the CGMHI Deed of Covenant or, in the case of a substitution of the CGMHI Guarantor, the CGMHI Deed of Guarantee, as applicable, represent legal, valid and binding obligations of the Substitute having been taken, fulfilled and done, and are in full force and effect;
 - (ii) the Substitute becoming party to the Fiscal Agency Agreement with any appropriate consequential amendments, as if it had been an original party to the relevant agreement in place of the Issuer or the CGMHI Guarantor, as the case may be;
 - (iii) (A) the Substitute and the Issuer having obtained legal opinions from independent legal advisers of recognised standing in the country of incorporation of the Substitute and in England that the obligations of the Substitute in the case of a substitution of the Issuer under the Notes and the CGMHI Deed of Covenant, or, in the case of a substitution of the CGMHI Guarantor, under the CGMHI Deed of Guarantee are legal, valid and binding obligations of the Substitute; (b) in the case of the substitution of the Issuer (or any substitute thereof), a legal opinion from an independent legal adviser in England, that the CGMHI Deed of Guarantee will apply to the Substitute *mutatis mutandis* as it applies to the Issuer prior to the substitution and will constitute legal, valid and binding obligations of the CGMHI Guarantor, in respect of the Substitute (provided that no opinion as referred to in this sub-paragraph (iii) shall be required where the Substitute is the CGMHI Guarantor with respect to Notes issued by CGMHI); and
 - (B) all consents and approvals as required have been obtained and that the Substitute and the Notes comply with all applicable requirements of the Securities Act;
 - (iv) such substitution being permitted by the rules of any stock exchange on which the Notes are listed and each such stock exchange confirming that, following the proposed substitution of the Substitute, the Notes will continue to be listed on such stock exchange;
 - (v) if appropriate, the Substitute appointing a process agent as its agent in England to receive service of process on its behalf in relation to any legal action or proceedings arising out of or in connection with the Notes; and

- (vi) the Issuer or the CGMHI Guarantor, as the case may be giving notice of the date of such substitution to the holders in accordance with Condition 13.
- (b) Upon such substitution, any reference in the Conditions to the Issuer or the CGMHI Guarantor, as the case may be, shall be deemed to be a reference to the Substitute.
- (c) After a substitution pursuant to Condition 15(a), the Substitute may, without the consent of any holder, effect a further substitution. All the provisions specified in Condition 15(a) and 15(b) shall apply *mutatis mutandis*, and references in the Conditions to the Issuer or the CGMHI Guarantor, as the case may be, shall, where the context so requires, be deemed to be or include references to any such further Substitute. For the avoidance of doubt, the CGMHI Guarantor may be a Substitute for the Issuer and in such case references to the CGMHI Guarantor and the CGMHI Deed of Guarantee should be construed accordingly.
- (d) After a substitution pursuant to Condition 15(a) or 15(c), any Substitute may, without the consent of any holder, reverse the substitution, *mutatis mutandis*.
- (e) For the avoidance of doubt, CGMHI may (i) be substituted as the Issuer by Citigroup Inc. pursuant to this Condition albeit that it is the CGMHI Guarantor or (ii) merge or be consolidated into Citigroup Inc. pursuant to Condition 14, albeit that it is the CGMHI Guarantor without, in either case, there being any breach of the Conditions which shall be construed accordingly.
- (f) For so long as any Notes are listed on a stock exchange, such stock exchange shall be notified of any such consolidation, merger or substitution and the requirements of such stock exchange in respect of such consolidation, merger or substitution shall be complied with (including any requirement to publish a supplement).
- (g) If, pursuant to Condition 14 or Condition 15(a), there is a successor corporation or Substitute of CGMHI and the successor corporation or the Substitute of CGMHI, as the case may be, is organised and existing under the laws of a jurisdiction other than the United States (or any jurisdiction substituted therefor pursuant to the Conditions), there shall be substituted in Conditions 9(a)(i) and 9(a)(ii) for the United States (or such other jurisdiction) and related expressions as determined by the Issuer, the jurisdiction under which such successor corporation or Substitute, as the case may be, is organised and existing.

16. Redenomination

If Redenomination is specified in the applicable Issue Terms as being applicable, the Issuer may, without the consent of the Noteholders, on giving at least 30 days' prior notice to the Noteholders, the Fiscal Agent and the Paying Agents, designate a Redenomination Date, being a date (which in the case of interest bearing Notes shall be a date for payment of interest under the Notes) falling on or after the date on which the country of the relevant Specified Currency and/or the country of the relevant Settlement Currency (as applicable) specified adopts the Euro as its lawful currency in accordance with the Treaty.

With effect from the Redenomination Date, notwithstanding the other provisions of the Conditions and in each case as applicable depending on whether such country is in respect of the Specified Currency or the Settlement Currency:

- (a) the Notes will be deemed to be denominated in such amount of Euro as is equivalent to its denomination in the relevant Specified Currency or the amount of principal or interest so specified in the relevant Settlement Currency in each case at the Established Rate, rounded down to the nearest Euro 0.01;

- (b) after the Redenomination Date, all payments in respect of the Notes, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in Euro as though references in the Notes to the relevant Settlement Currency were to Euro. Payments will be made in Euro by credit or transfer to an account with a bank which processes payments in Euro specified by the payee; and
- (c) such other changes shall be made to the Conditions as the Issuer may decide, with the agreement of Fiscal Agent, and as may be specified in the notice, to conform them to conventions then applicable to Notes denominated in Euro including but not limited to where the Notes are in global form. Any such other changes will not take effect until after they have been notified to the Noteholders in accordance with Condition 13.

As used in the Conditions:

Established Rate means the rate for conversion of the Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Union regulations) into Euro established by the Council of the European Union pursuant to Article 140 of the Treaty.

Redenomination Date means (in the case of Instalment Notes or interest-bearing Notes) any date for payment of instalments of principal or of interest under the Notes or (in the case of non-interest-bearing Notes) any date, in each case specified by the Issuer in the notice given to the Noteholders pursuant to Condition 13 and which falls on or after such date as when the country of the Specified Currency or Settlement Currency, as applicable, participates in the third stage of European economic and monetary union pursuant to the Treaty.

Treaty means the Treaty on the Functioning of the European Union, as amended.

None of the Issuer, the CGMHI Guarantor, the Registrar, the Fiscal Agent and any other Paying Agent will be liable to any Noteholder or other person for any commissions, costs, losses or expenses in relation to or resulting from the credit or transfer of Euro or any currency conversion or rounding effected in connection therewith.

Determinations by the Issuer or the Fiscal Agent pursuant to this Condition 16 will, in the absence of manifest error, be conclusive and binding on the Issuer, the CGMHI Guarantor, the Fiscal Agent, the Paying Agents, the Registrar and the Noteholders.

17. **Governing Law and Submission to Jurisdiction**

(a) *Governing Law*

The Notes and the Fiscal Agency Agreement are governed by, and shall be construed in accordance with, English law.

Any non-contractual obligations arising out of or in connection with the Notes, shall also be governed by, and construed in accordance with, English law.

(b) *Submission to Jurisdiction*

The English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Notes, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Notes (a **Dispute**) and all Disputes will be submitted to the exclusive jurisdiction of the English courts.

Each of the Issuer, the CGMHI Guarantor and any Noteholders irrevocably submit to the exclusive jurisdiction of the English courts and each of the Issuer, the CGMHI Guarantor and any Noteholders taking proceedings in relation to any Dispute waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

(c) *Waiver of any rights to a trial by jury*

EACH NOTEHOLDER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES (TO THE EXTENT PERMITTED BY APPLICABLE LAW) ANY RIGHTS IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED THEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THE NOTES OR ANY OTHER RELATED DOCUMENTS, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN), OR ACTIONS OF THE NOTEHOLDERS.

(d) *Service of Process*

The Issuer irrevocably appoints Citigroup Global Markets Limited at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom as its agent for service of process in any proceedings before the English courts in relation to any Dispute and agrees that, in the event of Citigroup Global Markets Limited being unable or unwilling for any reason so to act, it will immediately appoint another person as its agent for service of process in England in respect of any Dispute and shall immediately notify holders of Notes of such appointment in accordance with Condition 13. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing shall affect the right to serve process in any other manner permitted by law.

18. **Rights of Third Parties**

The Notes confer no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

19. **Definitions**

In the Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

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.

Business Day means:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Business Centre (other than TARGET2 System) specified in the applicable Issue Terms;
- (b) if TARGET2 System is specified as a Business Centre in the applicable Issue Terms, a day on which the TARGET2 System is open; and

- (c) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than any Business Centre and which if the Specified Currency is Australian dollars, New Zealand dollars or Renminbi shall be Sydney, Auckland, and the relevant RMB Settlement Centre(s) respectively) or (B) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

Calculation Amount has the meaning given in the applicable Issue Terms.

Euro-zone means the member states of the European Union that are participating in the third stage of Economic and Monetary Union.

Notice Delivery Business Day means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the Notice Delivery Business Day Centre specified in the applicable Issue Terms.

Relevant Date means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Registrar on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 13.

RMB Settlement Centre(s) means the financial centre(s) specified as such in the applicable Issue Terms in accordance with applicable laws and regulations. If no RMB Settlement Centre is specified in the relevant Issue Terms, the RMB Settlement Centre shall be deemed to be Hong Kong.

sub unit means, with respect to any currency other than Euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to Euro, one cent.

TARGET Business Day means a day on which the TARGET2 System is operating.

SECTION E.2 – SCHEDULES TO THE TERMS AND CONDITIONS OF THE NOTES

UNDERLYING SCHEDULE 1 CREDIT LINKED CONDITIONS

This Underlying Schedule shall apply where the applicable Issue Terms specify that the Notes are Credit Linked Notes and that the provisions of this Schedule apply.

For the avoidance of doubt, defined terms used in this Underlying Schedule shall only apply in respect of Credit Linked Notes where Underlying Schedule 2 – Credit Linked Conditions (2014 Definitions) is not specified as applicable in the applicable Issue Terms.

Interpretation

Any references in these Credit Conditions to ISDA will include any other entity which succeeds to or is performing functions previously undertaken by ISDA in relation to Credit Derivatives Determinations Committees and references to Credit Derivatives Determinations Committees in relation to ISDA will include any successor thereto and the Calculation Agent may make such adjustments to these Credit Conditions and the applicable Issue Terms as it determines appropriate to account for the application of these provisions.

For the avoidance of doubt, the application of any of Credit Conditions 2(e) (Repudiation/Moratorium Extension), 2(f) (Grace Period Extension), 2(g) (Maturity Date Extension) or 2(m) (DC Settlement Suspension) below shall not preclude the application of any other such Credit Condition either contemporaneously or subsequently and in the event that any such Credit Conditions are inconsistent or the Calculation Agent becomes entitled to exercise a discretion under one or more of such Credit Conditions, the Calculation Agent may elect in its discretion which Credit Condition shall apply and under which Credit Condition or Credit Conditions it shall exercise its discretion.

1. INTEREST PROVISIONS

Where the Credit Linked Notes are interest bearing Credit Linked Notes, the following shall apply as a new Condition 20 of the General Conditions:

"(20) Accrual of Interest.

Each Credit Linked Note shall cease to bear interest from the expiry of the day preceding the day on which it is due for redemption unless, other than in the case of a Note for which LA Interest is specified as applicable or Accrual is specified as Not Applicable in the applicable Issue Terms (each a **Non-Accruing Note**), payment of principal and/or delivery of all assets deliverable is improperly withheld or refused. In such event, interest shall continue to accrue on the outstanding principal amount of such Credit Linked Note from (and including) the due date for redemption until (but excluding) the earlier of (i) the date on which all amounts due in respect of such Credit Linked Note have been paid and/or all assets deliverable in respect of such Credit Linked Note have been delivered, and (ii) five days after the date on which the full amount of the moneys payable in respect of such Credit Linked Note has been received by the Fiscal Agent and/or all assets in respect of such Credit Linked Note have been received by an agent appointed by the Issuer to deliver such assets to Noteholders and notice to that effect has been given to the Noteholders in accordance with Condition 13 at the Interest Rate applicable in respect of the last occurring Interest Period, provided that:

- (i) subject as provided in paragraph (ii) below, each Note shall cease to bear interest from the Interest Period End Date or, in the case of a Non-Accruing Note, Interest Payment Date immediately preceding the Credit Event Determination Date or, in the case of an LA Credit Linked Note, Risk Event Determination Date, or if the Credit

Event Determination Date or Risk Event Determination Date (as applicable) is an Interest Period End Date or Interest Payment Date (as applicable) such Interest Period End Date or Interest Payment Date, provided that if the Credit Event Determination Date or Risk Event Determination Date (as applicable) falls prior to the first Interest Period End Date or Interest Payment Date (as applicable), no interest shall be payable in respect of the Notes;

- (ii) subject to the provisions of Credit Conditions 2(e), 2(f) and 2(g) below, if DC Determinations is specified in the applicable Issue Terms and a Credit Event Resolution Request Date occurs during an Interest Period but Conditions to Settlement are not satisfied on or prior to the Interest Payment Date in respect of such Interest Period (unless on or prior to such Interest Payment Date (w) a DC No Credit Event Announcement occurs with respect thereto, (x) the relevant Credit Derivatives Determinations Committee has Resolved not to determine whether the relevant event constitutes a Credit Event with respect to the Reference Entity or Obligation thereof, (y) the requisite number of Convened DC Voting Members (as defined in the Rules) have not agreed to deliberate the issue within the requisite time period or (z) the request the subject of the Credit Event Resolution Request Date has been withdrawn in accordance with the Rules prior to the first meeting at which deliberations are held with respect to such request), no interest will be payable in respect of the Notes on that Interest Payment Date, notwithstanding that Conditions to Settlement are not then satisfied. If Conditions to Settlement are not satisfied on or prior to the Interest Payment Date in respect of the next Interest Period, the interest that would otherwise have been payable on the Interest Payment Date for the earlier Interest Period will be payable on the Interest Payment Date for that next Interest Period and interest will continue to be payable as provided herein thereafter. No further or other amount in respect of interest shall be payable and no additional amount shall be payable in respect of such delay;

- (iii) if:

- (A) Credit Condition 2(e) or 2(f) below applies in respect of the Notes and, in the case of Credit Condition 2(e) below, a Repudiation/Moratorium has not occurred on or prior to the Repudiation/Moratorium Evaluation Date or, in the case of Credit Condition 2(f) below, a Failure to Pay has not occurred on or prior to the Grace Period Extension Date, as the case may be; and/or
- (B) Credit Condition 2(g) below applies in respect of the Notes and redemption of the Notes is postponed as provided therein,

then interest will accrue as provided in Credit Condition 2(e), 2(f) or 2(g) below, as the case may be; and

- (iv) in the case of a Non-Accruing Note redeemed pursuant to Condition 5(b), Condition 5(e), Condition 5(f) or Condition 9 of the General Conditions, interest will accrue as provided in Credit Condition 5(b)(v) or Condition 2.1(a)(v) of the Valuation and Settlement Schedule, as applicable."

2. REDEMPTION PROVISIONS

- (a) *Redemption at Maturity*

Condition 5(a) of the General Conditions will be replaced by the following:

"(a) *Redemption at Maturity.*

Unless previously redeemed or purchased and cancelled in accordance with these Conditions and subject as provided in Credit Conditions 2(b), 2(c), 2(d) and, in respect of LA Credit Linked Notes, Credit Condition 5, each principal amount of Notes equal to the Calculation Amount will be redeemed on the Maturity Date by payment of the Redemption Amount."

(b) *Auction Settlement*

Unless previously redeemed or purchased and cancelled, if Auction Settlement is specified in the applicable Issue Terms as the applicable Settlement Method and Conditions to Settlement are satisfied during the Notice Delivery Period (such date of satisfaction, the **Credit Event Determination Date**), the Issuer shall give notice to the Noteholders in accordance with Condition 13 of the General Conditions and redeem all but not some only of the Notes, each principal amount of Notes equal to the Calculation Amount being redeemed by the Issuer at the Credit Event Redemption Amount on the Credit Event Redemption Date, provided that if the relevant Conditions to Settlement are subsequently deemed not to have been satisfied in accordance with the definition thereof in Credit Condition 7 below, the Credit Event Determination Date previously determined shall be deemed not to have occurred and the redemption of the Notes shall be cancelled and the Notes shall continue in accordance with their terms as if the relevant Conditions to Settlement had not been satisfied, subject to such adjustments as the Calculation Agent determines appropriate in its sole and absolute discretion to reflect the retrospective effect of this proviso (including, without limitation, adjusting the due date for payment of any amount payable under the Notes). The Issuer shall give notice to the Noteholders in accordance with Condition 13 of the General Conditions that the relevant Conditions to Settlement are deemed not to have been satisfied as soon as practicable thereafter.

If:

- (i) unless settlement has occurred in accordance with the paragraph above, Conditions to Settlement are satisfied pursuant to sub-paragraph (a) of the definition thereof and, subject to Credit Condition 2(m):
 - (I) on or prior to the Auction Cut-Off Date, ISDA publicly announces that no Auction will be held in accordance with any Credit Derivatives Auction Settlement Terms in relation to obligations of appropriate seniority of the Reference Entity (the date on which ISDA first makes such announcement, the **No Auction Announcement Date**);
 - (II) on or prior to the Auction Cut-Off Date, no No Auction Announcement Date has occurred but the relevant Credit Derivatives Determinations Committee has not determined that one or more Auctions will be held in accordance with any Credit Derivatives Auction Settlement Terms in relation to obligations of appropriate seniority of the Reference Entity; or
 - (III) on or prior to the Auction Cut-Off Date the Calculation Agent determines that it is not reasonably likely that an Auction will be held in accordance with any Credit Derivatives Auction Settlement Terms in relation to obligations of appropriate seniority of the Reference Entity and gives notice of such to the Issuer (the date on which the Calculation Agent gives such notice, the **Calculation Agent No Auction Determination Date**); or

- (IV) on or prior to the Auction Final Price Cut-Off Date (if specified as applicable in the relevant Issue Terms), the Auction Final Price is not determined in accordance with the relevant Auction: or
- (ii) Conditions to Settlement are satisfied pursuant to sub-paragraph (b) of the definition thereof (and subject to the rest of the provisions of that definition),

then:

- (x) if Cash Settlement is specified as the applicable Fallback Settlement Method in the applicable Issue Terms, the Issuer shall redeem the Notes in accordance with Credit Condition 2(c) below; or
- (y) if Physical Delivery is specified as the applicable Fallback Settlement Method in the applicable Issue Terms, the Issuer shall redeem the Notes in accordance with Credit Condition 2(d) below.

If Conditions to Settlement are satisfied and the Notes become redeemable in accordance with this Credit Condition 2(b), upon payment of the Credit Event Redemption Amount in respect of the Notes the Issuer shall have discharged its obligations in respect of the Notes and shall have no other liability or obligation whatsoever in respect thereof. The Credit Event Redemption Amount may be less than the principal amount of a Note. Any shortfall shall be borne by the Noteholders and no liability shall attach to the Issuer.

(c) *Cash Settlement of Credit Linked Notes*

Unless previously redeemed or purchased and cancelled, if Cash Settlement is specified in the applicable Issue Terms as the applicable Settlement Method or if Credit Condition 2(b)(x) above applies and, subject to Credit Condition 2(m), Conditions to Settlement are satisfied during the Notice Delivery Period (such date of satisfaction, the **Credit Event Determination Date**), the Issuer shall give notice to the Noteholders in accordance with Condition 13 of the General Conditions and redeem all but not some only of the Credit Linked Notes, each principal amount of Credit Linked Notes equal to the Calculation Amount being redeemed by the Issuer at the Credit Event Redemption Amount on the Credit Event Redemption Date, provided that if the relevant Conditions to Settlement are subsequently deemed not to have been satisfied in accordance with the definition thereof in Credit Condition 7 below, the Credit Event Determination Date previously determined shall be deemed not to have occurred and the redemption of the Credit Linked Notes shall be cancelled and the Credit Linked Notes shall continue in accordance with their terms as if the relevant Conditions to Settlement had not been satisfied, subject to such adjustments as the Calculation Agent determines appropriate in its sole and absolute discretion to reflect the retrospective effect of this proviso (including, without limitation, adjusting the due date for payment of any amount payable under the Credit Linked Notes). The Issuer shall give notice to the Noteholders in accordance with Condition 13 of the General Conditions that the relevant Conditions to Settlement are deemed not to have been satisfied as soon as practicable thereafter.

If Conditions to Settlement are satisfied and the Notes become redeemable in accordance with this Credit Condition 2(c), upon payment of the Credit Event Redemption Amount in respect of the Notes the Issuer shall have discharged its obligations in respect of the Notes and shall have no other liability or obligation whatsoever in respect thereof. The Credit Event Redemption Amount may be less than the principal amount of a Note. Any shortfall shall be borne by the Noteholders and no liability shall attach to the Issuer.

(d) *Physical Settlement of Credit Linked Notes*

Unless previously redeemed or purchased and cancelled, if Physical Delivery is specified in the applicable Issue Terms as the applicable Settlement Method or if Credit Condition 2(b)(y) above applies and, subject to Credit Condition 2(m), Conditions to Settlement are satisfied during the Notice Delivery Period (such date of satisfaction, the **Credit Event Determination Date**), the Issuer shall give notice (such notice a **Notice of Physical Settlement**) to the Noteholders in accordance with Condition 13 of the General Conditions and redeem all but not some only of the Credit Linked Notes, each principal amount of Credit Linked Notes equal to the Calculation Amount being redeemed by Delivery of the Deliverable Obligations comprising an Asset Amount, subject to and in accordance with Credit Conditions 2(h) and 2(i) below, provided that if the relevant Conditions to Settlement are subsequently deemed not to have been satisfied in accordance with the definition thereof in Credit Condition 7 below, the Credit Event Determination Date previously determined shall be deemed not to have occurred and the redemption of the Credit Linked Notes shall be cancelled and the Credit Linked Notes shall continue in accordance with their terms as if the relevant Conditions to Settlement had not been satisfied, subject to such adjustments as the Calculation Agent determines appropriate in its sole and absolute discretion to reflect the retrospective effect of this proviso (including, without limitation, adjusting the due date for payment of any amount payable under the Credit Linked Notes). The Issuer shall give notice to the Noteholders in accordance with Condition 13 of the General Conditions that the relevant Conditions to Settlement are deemed not to have been satisfied as soon as practicable thereafter.

In the Notice of Physical Settlement the Issuer shall specify the Deliverable Obligations comprising an Asset Amount that it reasonably expects to Deliver. For the avoidance of doubt, the Issuer shall be entitled to select any of the Deliverable Obligations to constitute any Asset Amount, irrespective of their market value.

If "Restructuring Maturity Limitation and Fully Transferable Obligation" is specified as applicable in the applicable Issue Terms and Restructuring is the only Credit Event specified in a Credit Event Notice or the subject of the DC Resolution resulting in the satisfaction of Conditions to Settlement, as applicable, then a Deliverable Obligation may be included in an Asset Amount only if it (i) is a Fully Transferable Obligation and (ii) has a final maturity date not later than the Restructuring Maturity Limitation Date.

If "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation" is specified as applying in the applicable Issue Terms and Restructuring is the only Credit Event specified in a Credit Event Notice or the subject of the DC Resolution resulting in the satisfaction of Conditions to Settlement, as applicable, then a Deliverable Obligation may be included in an Asset Amount 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.

If Conditions to Settlement are satisfied and the Credit Linked Notes become redeemable in accordance with this Credit Condition 2(d), upon Delivery of the Deliverable Obligations Deliverable and/or payment of the Cash Settlement Amount, as the case may be, in respect of the Notes, the Issuer shall have discharged its obligations in respect of the Notes and shall have no other liability or obligation whatsoever in respect thereof. The value of such Deliverable Obligations and/or the Cash Settlement Amount may be less than the principal amount outstanding of a Note. Any shortfall shall be borne by the Noteholders and no liability shall attach to the Issuer.

- (e) *Repudiation/Moratorium Extension*

Where Repudiation/Moratorium is specified as a Credit Event in the applicable Issue Terms, the provisions of this Credit Condition 2(e) shall apply.

Where Conditions to Settlement have not been satisfied or, in the case of LA Credit Linked Notes, a Risk Event Determination Date has not occurred, in either case on or prior to the Scheduled Maturity Date but the Repudiation/Moratorium Extension Condition has been satisfied on or prior to the Scheduled Maturity Date or, if Credit Condition 2(g)(ii) below applies, the Postponed Maturity Date (as defined below) and the Repudiation/Moratorium Evaluation Date in respect of such Potential Repudiation Moratorium will in the sole determination of the Calculation Agent, fall after the Scheduled Maturity Date, then the Calculation Agent shall notify the Noteholders in accordance with Condition 13 of the General Conditions that a Potential Repudiation/Moratorium has occurred and:

- (i) where (A) a Repudiation/Moratorium has not occurred on or prior to the Repudiation/Moratorium Evaluation Date or (B) in the case of Notes which are not LA Credit Linked Notes, a Repudiation/Moratorium has occurred on or prior to the Repudiation/Moratorium Evaluation Date but Conditions to Settlement have not been satisfied:
 - (I) each principal amount of Credit Linked Notes equal to the Calculation Amount will be redeemed by the Issuer by payment of the Redemption Amount on the third Business Day following (x) the Repudiation/Moratorium Evaluation Date or, if Credit Condition 2(g)(ii) below applies and if later, (y) the Postponed Maturity Date; and
 - (II) in the case of interest bearing Credit Linked Notes, the Issuer shall be obliged to pay interest calculated as provided herein, accruing from (and including) the Interest Period End Date immediately preceding the Scheduled Maturity Date (or, if none, the Interest Commencement Date) to (but excluding) the Scheduled Maturity Date or, in the case of Non-Accruing Notes, in respect of the Interest Payment Date falling on the Maturity Date but shall only be obliged to make such payment of interest on the third Business Day following the Repudiation/Moratorium Evaluation Date or, as the case may be, Postponed Maturity Date and no further or other amount in respect of interest shall be payable and no additional interest or other amount shall be payable in respect of such delay; or
- (ii) where a Repudiation/Moratorium has occurred on or prior to the Repudiation/Moratorium Evaluation Date and (x) Conditions to Settlement are satisfied in the Notice Delivery Period, the provisions of Credit Conditions 2(b), 2(c) or 2(d), as applicable, shall apply to the Credit Linked Notes or (y) a Risk Event Determination Date has occurred, the provisions of Credit Conditions 5(c), 5(d) or 5(e), as applicable, shall apply to the Credit Linked Notes and in either case the provisions of Condition 20 of the General Conditions shall apply for which purposes the Credit Event Determination Date or Risk Event Determination Date (as applicable) shall be deemed to be the day immediately preceding the Scheduled Maturity Date.

(f) *Grace Period Extension*

If "Grace Period Extension" is specified as applicable in the applicable Issue Terms, the provisions of this Credit Condition 2(f) shall apply:

- (i) Where Conditions to Settlement have not been satisfied or, in the case of LA Credit Linked Notes, a Risk Event Determination Date has not occurred, in either case on or prior to the Scheduled Maturity Date but a Potential Failure to Pay has occurred with respect to one or more Obligation(s) in respect of which a Grace Period is applicable on or prior to the Scheduled Maturity Date (and such Grace Period(s) is/are continuing as at the Scheduled Maturity Date), then:
 - (I) where (A) a Failure to Pay has not occurred as a result of such Potential Failure to Pay becoming a Failure to Pay on or prior to the Grace Period Extension Date or (B) in the case of Notes which are not LA Credit Linked Notes, a Failure to Pay has occurred as a result of such Potential Failure to Pay becoming a Failure to Pay on or prior to the Grace Period Extension Date but Conditions to Settlement have not been satisfied:
 - (A) each principal amount of Credit Linked Notes equal to the Calculation Amount will be redeemed by the Issuer by payment of the Redemption Amount on the third Business Day (the **Delayed Payment Date**) following the later of the date on which, in the sole and absolute discretion of the Issuer, such Potential Failure to Pay is no longer occurring and the Grace Period Extension Date; and
 - (B) in the case of interest bearing Credit Linked Notes, the Issuer shall be obliged to pay interest calculated as provided herein, accruing from (and including) the Interest Period End Date immediately preceding the Scheduled Maturity Date (or, if none, the Interest Commencement Date) to (but excluding) the Scheduled Maturity Date or, in the case of Non-Accruing Notes, in respect of the Interest Payment Date falling on the Maturity Date but shall only be obliged to make such payment of interest on the Delayed Payment Date and no further or other amount in respect of interest shall be payable and no additional interest or other amount shall be payable in respect of such delay; or
 - (II) where a Failure to Pay has occurred as a result of such Potential Failure to Pay on or prior to the Grace Period Extension Date in relation to such Potential Failure to Pay and (x) the Conditions to Settlement are satisfied in the Notice Delivery Period, the provisions of Credit Conditions 2(b), 2(c) or 2(d), as applicable, shall apply to the Credit Linked Notes or (y) a Risk Event Determination Date has occurred, the provisions of Credit Conditions 5(c), 5(d) or 5(e), as applicable, shall apply to the Credit Linked Notes, and in either case the provisions of Condition 20 of the General Conditions shall apply for which purposes the Credit Event Determination Date or Risk Event Determination Date (as applicable) shall be deemed to be the day immediately preceding the Scheduled Maturity Date.

(g) *Maturity Date Extension*

If:

- (i) on (A) the Scheduled Maturity Date or, (B) if applicable, the Repudiation/Moratorium Evaluation Date, or (C) if Grace Period Extension is specified as applying in the applicable Issue Terms, the Grace Period Extension Date, as the case may be, Conditions to Settlement have not been satisfied or, in the case of LA Credit Linked Notes, a Risk Event Determination Date has not occurred,

but, in the opinion of the Calculation Agent, a Credit Event or Risk Event may have occurred; or

- (ii) on the Scheduled Maturity Date, in the opinion of the Calculation Agent, a Potential Repudiation/Moratorium may have occurred,

the Calculation Agent may notify the Noteholders in accordance with Condition 13 of the General Conditions that redemption of the Notes has been postponed to a date (such date the **Postponed Maturity Date**) specified in such notice falling 90 calendar days after the Scheduled Maturity Date, the Repudiation/Moratorium Evaluation Date or the Grace Period Extension Date, as the case may be, or if such date is not a Business Day, the immediately succeeding Business Day and:

where:

- (I) in the case of Credit Condition 2(g)(i) the Conditions to Settlement are not satisfied or a Risk Event Determination Date has not occurred, in either case on or prior to the Postponed Maturity Date, or, in the case of Credit Condition 2(g)(ii), the Repudiation/Moratorium Extension Condition is not satisfied on or prior to the Postponed Maturity Date:
 - (A) subject as provided below each principal amount of Credit Linked Notes equal to the Calculation Amount will be redeemed by the Issuer by payment of the Redemption Amount on the Postponed Maturity Date; and
 - (B) in the case of interest bearing Credit Linked Notes, the Issuer shall be obliged to pay interest calculated as provided herein, accruing from (and including) the Interest Period End Date immediately preceding the Scheduled Maturity Date (or if none the Interest Commencement Date) to (but excluding) the Scheduled Maturity Date or, in the case of Non-Accruing Notes, in respect of the Interest Payment Date falling on the Maturity Date but shall only be obliged to make such payment of interest on the Postponed Maturity Date and no further or other amount in respect of interest shall be payable and no additional interest or other amount shall be payable in respect of such delay; or

(II) where:

- (A) in the case of Credit Condition 2(g)(i) Conditions to Settlement are satisfied or a Risk Event Determination Date has occurred, in either case on or prior to the Postponed Maturity Date, the provisions of Credit Conditions 2(b), 2(c), 2(d), 5(c), 5(d) or 5(e) as applicable shall apply to the Credit Linked Notes and in either case the provisions of Condition 20 shall apply for which purposes the Credit Event Determination Date or Risk Event Determination Date (as applicable) shall be deemed to be the day immediately preceding the Scheduled Maturity Date; or
- (B) in the case of Credit Condition 2(g)(ii) the Repudiation/Moratorium Extension Condition is satisfied on or prior to the Postponed Maturity Date, the provisions of Credit Condition 2(e) shall apply to the Credit Linked Notes.

(h) *Physical Delivery*

- (i) If any Credit Linked Note is to be redeemed by Delivery of an Asset Amount, in order to obtain Delivery of the Deliverable Obligations comprising the Asset Amount(s) in respect of any Credit Linked Note:
- (I) if such Credit Linked Note is represented by a Global Registered Note Certificate, the relevant Noteholder must deliver a duly completed Asset Transfer Notice (as defined below) (x) in respect of Notes cleared through Euroclear or Clearstream, Luxembourg, to Euroclear or Clearstream, Luxembourg, as the case may be, with a copy to the Fiscal Agent or (y) in respect of Notes cleared through DTC, to the Fiscal Agent, not later than the close of business in each place of reception on the Cut-Off Date specified in the applicable Issue Terms; and
 - (II) if such Credit Linked Note is in definitive form, the relevant Noteholder must deliver to the Registrar or any Paying Agent, in each case with a copy to the Issuer, not later than the close of business in each place of reception on the Cut-Off Date specified in the applicable Issue Terms, a duly completed Asset Transfer Notice.

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

An Asset Transfer Notice may only be delivered, if such Credit Linked Note is represented by a Global Registered Note Certificate, in such manner as is acceptable to the Relevant Clearing System, or if such Credit Linked Note is in definitive form, in writing or by tested telex.

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

An Asset Transfer Notice must:

- (A) specify the name, address and contact telephone number of the relevant Noteholder, the person from whom the Issuer may obtain details for the Delivery of the Deliverable Obligations comprising the Asset Amount(s) and any details required for Delivery of the Deliverable Obligations comprising the Asset Amount(s) set out in the applicable Issue Terms;
- (B) in the case of Credit Linked Notes represented by a Global Registered Note Certificate, specify the Series number and principal amount of Credit Linked Notes which are the subject of such notice and the number of the Noteholder's account at the Relevant Clearing System, to be debited with such Credit Linked Notes and irrevocably instruct and authorise the Relevant Clearing System, to debit the relevant Noteholder's account with such Credit Linked Notes on or before the Settlement Date;
- (C) include an undertaking to pay all Delivery Expenses and, in the case of Credit Linked Notes represented by a Global Registered Note Certificate, an authority to debit a specified account of the Noteholder at the Relevant Clearing System, in respect thereof and to pay such Delivery Expenses;
- (D) specify an account to which any amounts payable pursuant to Credit Condition 2(i) or any other cash amounts specified in the applicable Issue Terms as being payable are to be paid;

- (E) certify either (i) in respect of Notes represented by a Regulation S Global Registered Note Certificate, that the beneficial owner of each Note the subject of the relevant Asset Transfer Notice is not a U.S. person (as defined in the Asset Transfer Notice), the Note is not being redeemed within the United States or on behalf of a U.S. person and no cash, securities or other property have been or will be delivered within the United States or to, or for the account or benefit of, a U.S. person in connection with any redemption thereof or (ii) in respect of Notes represented by a Rule 144A Global Registered Note Certificate, that the beneficial owner of each Note the subject of the relevant Asset Transfer Notice is a QIB; and
- (F) authorise the production of such notice in any applicable administrative or legal proceedings.

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

Upon receipt of an Asset Transfer Notice, (x) in respect of Notes cleared through Euroclear or Clearstream, Luxembourg, the Relevant Clearing System or (y) in respect of Notes cleared through DTC, the Fiscal Agent shall verify that the person specified therein as the accountholder is the holder of the Notes described therein according to its records. Subject thereto, in respect of Notes cleared through Euroclear or Clearstream, Luxembourg, the Relevant Clearing System will confirm to the Fiscal Agent the Series number and principal amount of Notes the subject of such notice, the relevant account details and the details for the delivery of the Asset Amount(s) in respect of each Note the subject of such notice. Upon receipt of such confirmation or, in respect of Notes cleared through DTC, upon receipt of an Asset Transfer Notice, the Fiscal Agent will inform the Issuer thereof.

Any determination as to whether an Asset Transfer Notice is duly completed and in proper form shall be made (x) in respect of Notes cleared through Euroclear or Clearstream, Luxembourg, by the Relevant Clearing System in consultation with the Fiscal Agent and the Issuer or (y) in respect of Notes cleared through DTC, by the Fiscal Agent, and shall be conclusive and binding on the Issuer, the Fiscal Agent and the relevant Noteholder. Subject as set out below, any Asset Transfer Notice so determined to be incomplete or not in proper form, or, in respect of Notes cleared through Euroclear or Clearstream, Luxembourg, which is not copied to the Fiscal Agent immediately after being delivered or sent to the Relevant Clearing System, as provided in Condition above, shall be null and void.

If such Asset Transfer Notice is subsequently corrected to the satisfaction of (x) in respect of Notes cleared through Euroclear or Clearstream, Luxembourg, the Relevant Clearing System in consultation with the Fiscal Agent or (y) in respect of Notes cleared through DTC, the Fiscal Agent, it shall be deemed to be a new Asset Transfer Notice submitted at the time such correction was delivered (x) in respect of Notes cleared through Euroclear or Clearstream, Luxembourg to the Relevant Clearing System and the Fiscal Agent or (y) in respect of Notes cleared through DTC, to the Fiscal Agent.

The Fiscal Agent shall use reasonable endeavours promptly to notify the Noteholder submitting an Asset Transfer Notice if it has been determined, as provided above, that such Asset Transfer Notice is incomplete or not in proper form. In the absence

of negligence or wilful default on its part, none of the Issuer, the CGMHI Guarantor, the Paying Agents, the Agents, the Calculation Agent and the Relevant Clearing System shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Noteholder.

Delivery of the Deliverable Obligations comprising the Asset Amount in respect of each Credit Linked Note shall be made at the risk of the relevant Noteholder in such commercially reasonable manner as the Calculation Agent shall in its sole discretion determine and notify to the person designated by the Noteholder in the relevant Asset Transfer Notice or in such manner as is specified in the applicable Pricing Supplement.

If a Noteholder fails to give an Asset Transfer Notice as provided herein on or prior to the Cut-Off Date specified in the applicable Issue Terms, the Issuer, will, subject as provided above, Deliver the Deliverable Obligations constituting Asset Amount(s) in respect of the relevant Credit Linked Notes as soon as practicable after the receipt of the duly completed Asset Transfer Notice, provided that if, in respect of a Credit Linked Note, a Noteholder fails to give an Asset Transfer Notice prior to the day falling 180 calendar days after the Cut-Off Date, the Issuer's obligations in respect of such Credit Linked Notes shall be discharged and the Issuer shall have no liability in respect thereof.

Where the Issuer has an obligation to deliver any asset, including the Deliverable Obligations comprising the Asset Amount, to a Noteholder, the Issuer may (i) deliver the relevant asset to an Affiliate of the Issuer (an **Intermediary**) and (ii) procure that the relevant Intermediary deliver the relevant asset to the Noteholder. Delivery by the Intermediary of the relevant asset to the Noteholder's specified account shall discharge the Issuer's obligations in respect of the Note.

- (ii) If any Credit Linked Note represented by a Rule 144A Global Registered Note Certificate is to be redeemed by Delivery of Asset Amount(s), the relevant provisions relating to such Delivery shall be set out in the applicable Pricing Supplement.
- (iii) All Delivery Expenses arising from the Delivery of the Deliverable Obligations comprising the Asset Amount(s) in respect of such Credit Linked Notes shall be for the account of the relevant Noteholder and no Delivery of the Deliverable Obligations comprising the Asset Amount(s) shall be made until all Delivery Expenses have been paid to the satisfaction of the Issuer by the relevant Noteholder.
- (iv) After Delivery of the Deliverable Obligations comprising the Asset Amount and for the Intervening Period, none of the Issuer, the Calculation Agent nor any other person shall at any time (A) be under any obligation to deliver, or procure delivery, to any Noteholder any letter, certificate, notice, circular or any other document or, except as provided herein, payment whatsoever received by that person in respect of the securities or obligations included in such Asset Amount, (B) be under any obligation to exercise or procure exercise of any or all rights attaching to such securities or obligations included in such Asset Amount or (C) be under any liability to a Noteholder in respect of any loss or damage which such Noteholder may sustain or suffer as a result, whether directly or indirectly, of that person being registered during such Intervening Period as legal owner of such securities or obligations included in such Asset Amount.

- (v) In relation to each Deliverable Obligation constituting an Asset Amount the Issuer will Deliver or procure the Delivery of the relevant Deliverable Obligation as provided below on the Settlement Date, provided that if all or some of the Deliverable Obligations included in such Asset Amount are Undeliverable Obligations and/or Hedge Disruption Obligations, then the Issuer shall continue to attempt to Deliver all or a portion of such Undeliverable Obligations or Hedge Disruption Obligations, as the case may be, on or prior to the 30th Business Day following the Settlement Date (the **Final Delivery Date**),

provided further that if all or a portion of such Undeliverable Obligations or Hedge Disruption Obligations, as the case may be, are not Delivered by the Final Delivery Date the provisions of Credit Condition 2(i) shall apply.

References in these Credit Conditions to Hedge Disruption Obligations shall be disregarded in relation to the Credit Linked Notes if the applicable Issue Terms specified "Hedge Disruption Event" as Not Applicable.

(i) *Partial Cash Settlement*

If all or a portion of the Undeliverable Obligations or Hedge Disruption Obligations comprising an Asset Amount are not Delivered by the Final Delivery Date, the Issuer shall give notice (a **Cash Settlement Notice**) to the Noteholders in accordance with Condition 13 and the Issuer shall pay in respect of each Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, the Cash Settlement Amount on the Cash Settlement Date.

Unless otherwise specified in the applicable Pricing Supplement, for the purposes of this Credit Condition 2(i) the following terms shall be defined as follows:

Cash Settlement Amount means, for each Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, an amount calculated by the Calculation Agent equal to the greater of (i) (A) the Outstanding Principal Balance, the Due and Payable Amount or the Currency Amount, as applicable, of each Undeliverable Obligation or Hedge Disruption Obligations, as the case may be, multiplied by (B) the Final Price with respect to such Undeliverable Obligation or Hedge Disruption Obligations, as the case may be, less (C) Unwind Costs, if any (but excluding any Unwind Costs already taken into account in calculating the relevant Asset Amount), and (ii) zero.

Cash Settlement Date means, subject to Credit Condition 2(m), the date falling three Business Days after the calculation of the Final Price.

Indicative Quotation means, in accordance with the Quotation Method, each quotation obtained from a Quotation Dealer at the Valuation Time for (to the extent reasonably practicable) an amount of the Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, equal to the Quotation Amount, which reflects such Quotation Dealer's reasonable assessment of the price of such Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, based on such factors as such Quotation Dealer may consider relevant, which may include historical prices and recovery rates.

Market Value means, with respect to an Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, on a Valuation Date, (i) if more than three Full Quotations are obtained, the arithmetic mean of such Full Quotations, disregarding the Full Quotations having the highest and lowest values (and, if more than one such Full Quotations have the same highest or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (ii) if exactly three Full Quotations are obtained, the Full Quotations 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); (iii) if exactly two Full Quotations are obtained, the arithmetic mean of such Full Quotations; (iv) if fewer than two Full Quotations are obtained and a Weighted Average Quotation is obtained, such Weighted Average Quotation; (v) if Indicative Quotations are specified as applicable in the applicable Issue Terms and exactly three Indicative Quotations are obtained, the Indicative Quotation remaining after disregarding the highest and lowest Indicative Quotations (and, if more than one such Indicative Quotations have the same highest or lowest value, then one of such highest or lowest Indicative Quotations shall be disregarded); (vi) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained (and, if Indicative Quotations are applicable, fewer than three Indicative Quotations are obtained) then, subject to paragraph (ii) of the definition of "Quotation" below, an amount as determined by the Calculation Agent on the next Business Day on which two or more Full Quotations or a Weighted Average Quotation or, if applicable, three Indicative Quotations are obtained; and (vii) if fewer than two Full Quotations are obtained, no Weighted Average Quotation is obtained (and, if Indicative Quotations are applicable, fewer than three Indicative Quotations are obtained) on the same Business Day on or prior to the tenth Business Day following the applicable Valuation Date, the Market Value shall be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day or, if no Full Quotation is obtained, the weighted average of any firm quotations (or, if applicable, Indicative Quotations) for the Undeliverable Obligations or Hedge Disruption Obligations, as the case may be, obtained from Quotation Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations (or, if applicable, Indicative Quotations) were not obtained on such day.

Quotation means each Full Quotation, the Weighted Average Quotation and, if Indicative Quotations are specified as applicable in the applicable Issue Terms, each Indicative Quotation obtained and expressed as a percentage with respect to a Valuation Date in the manner that follows:

- (i) The Calculation Agent shall attempt to obtain Full Quotations with respect to each Valuation Date from five or more Quotation Dealers. If the Calculation Agent is unable to obtain two or more such Full Quotations on the same Business Day within three Business Days of a Valuation Date, then on the next following Business Day (and, if necessary, on each Business Day thereafter until the tenth Business Day following the relevant Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from five or more Quotation Dealers, and, if two or more Full Quotations are not available, a Weighted Average Quotation. If two or more such Full Quotations or a Weighted Average Quotation are not available on any such Business Day and Indicative Quotations are specified as applicable in the applicable Issue Terms, the Calculation Agent shall attempt to obtain three Indicative Quotations from five or more Quotation Dealers.
- (ii) If the Calculation Agent is unable to obtain two or more Full Quotations or a Weighted Average Quotation (or, if Indicative Quotations are specified as applicable in the applicable Issue Terms, three Indicative Quotations) on the same Business Day on or prior to the tenth Business Day following the applicable Valuation Date, the Quotations shall be deemed to be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day or, if no Full Quotation is obtained, the weighted average of any firm quotations (or, if applicable, Indicative Quotations) for the Undeliverable Obligation or Hedge Disruption Obligations, as

the case may be, obtained from Quotation Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations (or, if applicable, Indicative Quotations) were not obtained on such day.

- (iii) The Calculation Agent shall determine, based on the then current market practice in the market of the relevant Undeliverable Obligations or Hedge Disruption Obligations, as the case may be, whether such Quotations shall include or exclude accrued but unpaid interest. All Quotations shall be obtained in accordance with this specification or determination.
- (iv) 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, with respect to each type or issue of Undeliverable Obligation or Hedge Disruption Obligations, as the case may be, an amount equal to the Outstanding Principal Balance or Due and Payable Amount (or, in either case, its equivalent in the relevant Obligation Currency converted by the Calculation Agent in a commercially reasonable manner by reference to exchange rates in effect at the time that the relevant Quotation is being obtained), as applicable, of such Undeliverable Obligation or Hedge Disruption Obligations, as the case may be.

Quotation Method means Bid.

Reference Obligation means each Undeliverable Obligation or Hedge Disruption Obligations, as the case may be.

Valuation Method means Highest unless fewer than two Full Quotations are obtained or a Weighted Average Quotation applies (or, if applicable, Indicative Quotations), in which case "Valuation Method" is deemed to be Market.

Valuation Time is the time specified as such in the applicable Issue Terms, or, if no time is so specified, 11:00 a.m. in the principal trading market for the Undeliverable Obligation or Hedge Disruption Obligations, as the case may be.

Weighted Average Quotation means, in accordance with the Quotation Method, the weighted average of firm quotations obtained from Quotation Dealers at the Valuation Time, to the extent reasonably practicable, each for an amount of the Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, with an Outstanding Principal Balance of as large a size as available but less than the Quotation Amount that in aggregate are approximately equal to the Quotation Amount.

(j) *Redemption of Credit Linked Notes following a Merger Event*

If this Credit Condition 2(j) is specified as applicable in the applicable Issue Terms, in the event that in the determination of the Calculation Agent a Merger Event has occurred, the Issuer may give notice to the Noteholders in accordance with Condition 13 and redeem the Credit Linked Notes at the Early Redemption Amount on the Merger Event Redemption Date.

(k) *Credit Event Notice after Restructuring Credit Event*

If this Credit Condition 2(k) is specified as applicable in the applicable Issue Terms, then, notwithstanding anything to the contrary in these Terms and Conditions, upon the occurrence of a Restructuring Credit Event during the Notice Delivery Period or Risk Event Determination Period, as applicable:

- (i) the Calculation Agent may deliver a Credit Event Notice or Risk Event Notice, as applicable, in respect of an amount (the **Partial Redemption Amount**) that is less than the principal amount outstanding of each Credit Linked Note immediately prior to the delivery of such Credit Event Notice or Risk Event Notice. In such circumstances the provisions of these Credit Conditions shall be deemed to apply to the Partial Redemption Amount only and each such Credit Linked Note shall be redeemed in part (such redeemed part being equal to the Partial Redemption Amount).
- (ii) For the avoidance of doubt (A) the principal amount of each such Credit Linked Note not so redeemed in part shall remain outstanding and interest shall be payable in respect of the principal amount outstanding of such Credit Linked Note as provided herein or in the Valuation and Settlement Schedule as applicable (adjusted in such manner as the Calculation Agent in its sole and absolute discretion determines to be appropriate), (B) the provisions of these Credit Conditions shall apply to such principal amount outstanding of such Credit Linked Note in the event that subsequent Credit Event Notices or Risk Event Notices are delivered in respect of the Reference Entity that was the subject of the Restructuring Credit Event and (C) once a Credit Event Notice or Risk Event Notice with respect to a Restructuring Credit Event has been delivered in respect of a Reference Entity, no further Credit Event Notices or Risk Event Notices may be delivered in respect of any Reference Entity other than the Reference Entity that was the subject of the Restructuring Credit Event. The Issuer may also instruct the Calculation Agent to determine what other adjustments should be made to these Terms and Conditions to reflect such partial redemption. Notice of such adjustments shall be given to the Noteholders pursuant to Condition 13 of the General Conditions.
- (iii) If the provisions of this Credit Condition 2(k) apply in respect of the Credit Linked Notes, on redemption of part of each such Credit Linked Note the relevant Note or, if the Credit Linked Notes are represented by a Global Registered Note Certificate, such Global Registered Note Certificate, shall be endorsed to reflect such partial redemption.

(l) *Provisions relating to Multiple Holder Obligation*

If this Credit Condition 2(l) is specified as applicable in the applicable Issue Terms, notwithstanding anything to the contrary in the definition of Restructuring and related provisions, the occurrence of, agreement to, or announcement of, any of the events described in sub-paragraphs (a) to (e) of the definition of Restructuring shall not be a Restructuring unless the Obligation in respect of any such events is a Multiple Holder Obligation.

Multiple Holder Obligation means an Obligation that (i) at the time of the event which constitutes a Restructuring Credit Event is held by more than three holders that are not Affiliates of each other and (ii) with respect to which a percentage of holders (determined pursuant to the terms of the Obligation as in effect on the date of such event) at least equal to sixty-six and two-thirds is required to consent to the event which constitutes a Restructuring

Credit Event provided that any Obligation that is a Bond shall be deemed to satisfy the requirement in this sub-paragraph (ii).

(m) *DC Settlement Suspension*

If DC Settlement Suspension is specified as applicable in the applicable Issue Terms then following the determination of a Credit Event Determination Date following the satisfaction of sub-paragraph (b) of the definition of Conditions to Settlement but prior to the Settlement Date or, to the extent applicable, a Valuation Date, ISDA publicly announces that the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in sub-paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date are satisfied in accordance with the Rules, the timing requirements set out in the definition of Notice Delivery Period, the definition of Credit Event Redemption Date, the definition of Valuation Date, Credit Condition 2(b), Credit Condition 2(c), Credit Condition 2(d) and the definition of Settlement Date, as applicable, or any other Credit Condition that pertains 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) the matters described in sub-paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date or (b) not to determine such matters. During such suspension period, the Issuer and the Noteholders are not obliged to, nor are they entitled to, take any action in connection with the settlement of the Notes. Once ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved (i) the matters described in sub-paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date or (ii) not to determine such matters, the relevant timing requirements of these Credit Conditions, the definition of Notice Delivery Period, the definition of Credit Event Redemption Date, the definition of Valuation Date, Credit Condition 2(b), Credit Condition 2(c), Credit Condition 2(d) and the definition of Settlement Date, as applicable, or any other Credit Condition that pertains to settlement that have previously tolled or been suspended shall resume on the Business Day following such public announcement by ISDA with the parties having the benefit of the full day notwithstanding when the tolling or suspension began in accordance with this Credit Condition 2(m).

3. FIRST TO DEFAULT NOTES

If First to Default Notes is specified as applicable in the applicable Issue Terms, the following shall apply:

- (a) The Credit Linked Notes will reference a basket of Reference Entities but either (i) the Conditions to Settlement may only be satisfied on one occasion in respect of one Reference Entity and consequently, subject as provided in Credit Condition 2(k), if applicable, and, if is specified as applicable in the applicable Issue Terms, the definition of Conditions to Settlement in Credit Condition 7, a Credit Event Notice may only be delivered on one occasion or (ii) a Risk Event Notice may only be delivered on one occasion (as applicable). If Conditions to Settlement are satisfied or Risk Event Notices are delivered in respect of more than one Reference Entity on the same date, the Calculation Agent shall determine in its sole and absolute discretion which Reference Entity is the Reference Entity in respect of which Conditions to Settlement are satisfied or the Risk Event Notice is effectively delivered; and
- (b) the following shall be inserted after the paragraph commencing "In the case of (b) above" in the definition of Successor in Credit Condition 7:

"Notwithstanding the provisions above and sub-paragraph (b) of the definition of Reference Entity, where one or more Reference Entities (each an **Affected Reference Entity**) and/or

the Issuer would, but for this provision, be identified as a Successor pursuant thereto and at least one other entity which is not a Reference Entity or the Issuer is also identified as a Successor in respect of the relevant Succession Event, each Affected Reference Entity and/or the Issuer, as applicable, shall not be regarded as a "Successor" for the purposes of the Notes. Where pursuant to the provisions above or sub-paragraph (b) of the definition of Reference Entity one or more Reference Entities (each an **Affected Reference Entity**) and/or the Issuer would, but for this provision, be identified as a Successor pursuant thereto but no other entities which are not Reference Entities or the Issuer are identified as a Successor in respect of the relevant Succession Event, each Affected Reference Entity and/or the Issuer, as applicable, shall not be regarded as a "Successor" for the purposes of the Notes and, in respect of each Affected Reference Entity or the Issuer, as applicable, the Calculation Agent shall use reasonable endeavours to (a) select an Alternative Reference Entity to be the Successor in respect of the relevant Succession Event and (b) select an Alternative Reference Obligation to be the Reference Obligation in respect of such Alternative Reference Entity after the relevant Succession Event. If the Calculation Agent is unable to select an Alternative Reference Entity or an Alternative Reference Obligation, no Successor shall be appointed, the Reference Entity to which the relevant Succession Event relates shall be deemed to have ceased to be a Reference Entity and that portion of the interest payable or, if the Notes are non-interest-bearing Notes, the portion of the Redemption Amount which is referable to the purchase of credit protection purchased by the Issuer under the Notes shall be reduced accordingly as determined by the Calculation Agent in its sole and absolute discretion, in each case with effect from the date determined by the Calculation Agent to be the date on which the relevant Succession Event was effective.

Where:

Alternative Reference Entity means an entity which satisfies both the Industry Requirement and the Spread Requirement as determined by the Calculation Agent in its sole and absolute discretion;

Alternative Reference Obligation means any obligation of the Alternative Reference Entity selected by the Calculation Agent in its sole and absolute discretion which, as far as practicable, in the determination of the Calculation Agent is substantially similar in economic terms to the relevant Reference Obligation of the Reference Entity to which the Succession Event relates;

Industry Requirement means an entity that is in the same industry group specified by Moody's Investor Service, Inc. or any successor to the rating business thereof or Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. or any successor to the rating business thereof as the Reference Entity to which the relevant Succession Event relates, as determined by the Calculation Agent in its sole and absolute discretion;

Spread means the bid-side quotation obtained by the Calculation Agent from such leading dealer in the credit default swap market selected by the Calculation Agent in its sole and absolute discretion for a credit default swap in respect of the relevant entity with a credit protection period commencing on the date determined by the Calculation Agent to be the date of the relevant Succession Event and ending on the Scheduled Maturity Date and with the Reference Obligation(s) specified in the applicable Issue Terms; and

Spread Requirement means an entity that, as at the date of selection, has a Spread not greater than the product of (a) the Spread Requirement Percentage specified in the applicable Issue Terms and (b) the Spread of the Reference Entity to which the relevant Succession Event relates, immediately prior to the relevant Succession Event as determined by the Calculation Agent in its sole and absolute discretion."

4. CALCULATION AGENT AND CALCULATION AGENT NOTICES

The determination by the Calculation Agent of any amount or of any state of affairs, circumstance, event or other matter, or the formation of any opinion or the exercise of any discretion required or permitted to be determined, formed or exercised by the Calculation Agent pursuant to this Credit Condition 4 shall (in the absence of manifest error) be final and binding on the Issuer and the Noteholders. Whenever the Calculation Agent is required to make any determination it may, *inter alia*, decide issues of construction and legal interpretation. Unless otherwise provided herein, in performing its duties pursuant to the Notes, the Calculation Agent shall act in its sole and absolute discretion. Any delay, deferral or forbearance by the Calculation Agent in the performance or exercise of any of its obligations or its discretion under the Notes including, without limitation, the giving of any notice by it to any person, shall not affect the validity or binding nature of any later performance or exercise of such obligation or discretion, and neither the Calculation Agent nor the Issuer shall, in the absence of wilful default and gross negligence, bear any liability in respect of, or consequent upon, any such delay, deferral or forbearance.

In relation to the delivery by the Calculation Agent to the Issuer of any notice pursuant to this Credit Condition 4, a notice delivered on or prior to 4:00 p.m. (Calculation Agent City time) on a Calculation Agent City Business Day will be effective on such Calculation Agent City Business Day. A notice delivered after 4:00 p.m. (Calculation Agent City time) on a Calculation Agent City Business Day or on a day which is not a Calculation Agent City Business Day will be deemed effective on the next following Calculation Agent City Business Day, regardless of the form in which it is delivered. For purposes of the two preceding sentences, 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 Calculation Agent City Business Day of that notice. Failure to provide that written confirmation will not affect the effectiveness of that telephonic notice.

5. LA CREDIT LINKED PROVISIONS

If the applicable Issue Terms specify that the Notes are LA Credit Linked Notes and that the provisions of this Schedule apply, the following provisions shall apply, and to the extent that there is any conflict between such provisions and the provisions of Credit Conditions 1 to 4 above, this Credit Condition 5 shall govern:

(a) *LA Redemption at Maturity*

Unless previously redeemed or purchased and cancelled in accordance with these Conditions and subject as provided in Credit Conditions 5(c), 5(d), 5(e), 5(f) and 5(g) each principal amount of Notes equal to the Calculation Amount of the Notes will be redeemed on the Maturity Date by payment of the LA Final Redemption Amount.

(b) *LA Interest*

Subject to the provisions of Condition 20 of the General Conditions and Credit Condition 5(f) and notwithstanding Condition 4 of the General Conditions, if LA Interest is specified as applicable in the applicable Issue Terms:

- (i) the Issuer will pay the LA Interest Amount specified for the relevant Interest Payment Date in the Settlement Currency;
- (ii) for these purposes, the **Interest Amount** will be the LA Interest Amount specified in respect of the relevant Interest Payment Date in the applicable Issue Terms;

- (iii) Condition 5(e) of the General Conditions will be amended by the deletion of the words "together, if applicable, with interest accrued to (but excluding) the relevant Optional Redemption Date" therein;
- (iv) Condition 5(f) of the General Conditions will be amended by the deletion of the words "together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date" therein; and
- (v) if the Notes are redeemed pursuant to Condition 5(b), Condition 5(e), Condition 5(f) or Condition 9 of the General Conditions, no interest will be payable in respect of which the relevant Interest Payment Date has not occurred on or prior to the date fixed for such redemption, Provided That if the date fixed for such redemption falls prior to the first Interest Payment Date, no interest shall be payable in respect of the Notes.

(c) *LA Physical Settlement*

Unless previously redeemed or purchased and cancelled, if LA Physical Settlement is specified as applicable in the applicable Issue Terms and if, at any time during the Risk Event Determination Period, the Calculation Agent determines that a Risk Event has occurred or exists during the Risk Event Determination Period, then the Issuer shall (on the basis of the Calculation Agent's determination) give notice (a **Risk Event Notice**) to the Noteholder(s) (i) declaring that a Risk Event has occurred or exists; and (ii) giving details of such Risk Event. References in these Credit Conditions to "Credit Event Notice" shall be deemed to include "Risk Event Notice" where the context so admits.

Subject to Credit Condition 5(f) and following the effective delivery of a Risk Event Notice, on or before the LA Physical Settlement Date, the Issuer shall, in full satisfaction of all its obligation(s) in respect of the Note(s), redeem the Note(s) by delivery to each Noteholder of a principal amount of LA Settlement Assets, equal to the Applicable Principal Currency Amount, *pro rated* amongst each principal amount of Notes equal to the Calculation Amount, less Unwind Costs (rounded down to the nearest integral authorised denomination of the LA Settlement Assets), provided that if in the determination of the Issuer:

- (i) due to circumstances beyond the control of the Issuer, it is or would be impossible, illegal or in breach of any restriction (whether regulatory, fiduciary or contractual) to obtain, hold or deliver some or all of the LA Settlement Assets (including any such LA Settlement Assets held by or on behalf of the Issuer and/or any Affiliate) to the Noteholder(s), including circumstances in which a Market Disruption Event is subsisting; and/or
- (ii) due to circumstances beyond the control of the Issuer, it is or would be impracticable (whether on grounds of illiquidity or otherwise) and/or it is not commercially reasonable for the Issuer to obtain, hold or deliver some or all of the LA Settlement Assets (including any such LA Settlement Assets held by or on behalf of the Issuer and/or any Affiliate) to the Noteholder(s); and/or
- (iii) due to circumstances within the control of the Noteholder(s), including the Noteholder(s) not having opened or notified the Issuer of its specified account or given any required certifications, the Issuer is unable to arrange, or conditions are not fulfilled, for the delivery of some or all of the LA Settlement Assets,

and such circumstances continue up to and including the LA Physical Settlement Date, then the Issuer shall have no further delivery obligations hereunder to the Noteholder(s) with

respect to those LA Settlement Assets which are affected by such circumstances described in (i), (ii) and/or (iii) above (the **Undeliverable Assets**) and the Issuer shall, in respect of the Undeliverable Assets in respect of any Note held by a Noteholder, pay to the specified account of that Noteholder on the LA Cash Payment Date the Undeliverable LA Redemption Amount.

Where the Issuer has an obligation to deliver any asset, including Reference Assets, to a Noteholder, the Issuer may (i) deliver the relevant asset to an Affiliate of the Issuer (an **Intermediary**) and (ii) procure that the relevant Intermediary deliver the relevant asset to the Noteholder. Delivery by the Intermediary of the relevant asset to the Noteholder's specified account shall discharge the Issuer's obligations in respect of the Note.

(d) *LA Cash Settlement*

Unless previously redeemed or purchased and cancelled, if LA Cash Settlement is specified as applicable in the applicable Issue Terms and if, at any time during the Risk Event Determination Period, the Calculation Agent determines that a Risk Event has occurred or exists during the Risk Event Determination Period, then the Issuer shall (on the basis of the Calculation Agent's determination) give notice (a **Risk Event Notice**) to the Noteholder(s) (i) declaring that a Risk Event has occurred or exists; and (ii) giving details of such Risk Event. References in these Credit Conditions to "Credit Event Notice" shall be deemed to include "Risk Event Notice" where the context so admits.

Subject to Credit Condition 5(f) below and following the effective delivery of a Risk Event Notice, on or before the LA Cash Payment Date, the Issuer shall, in full satisfaction of all its obligation(s) in respect of the Note(s), redeem all but not some only of the Credit Linked Notes, each principal amount of Credit Linked Notes equal to the Calculation Amount being redeemed by the Issuer at the relevant LA Redemption Amount on the LA Cash Payment Date.

(e) *LA Zero Recovery*

Unless previously redeemed or purchased and cancelled, if LA Zero Recovery is specified as applicable in the applicable Issue Terms and if, at any time during the Risk Event Determination Period, the Calculation Agent determines that a Risk Event has occurred or exists during the Risk Event Determination Period, then the Issuer shall (on the basis of the Calculation Agent's determination) give notice (a **Risk Event Notice**) to the Noteholder(s) (i) declaring that a Risk Event has occurred or exists; and (ii) giving details of such Risk Event.

Following the effective delivery of a Risk Event Notice, the Notes will be cancelled forthwith and the Issuer's obligations in respect of the Notes will be immediately discharged and the Issuer shall have no liability in respect thereof. In such circumstances no amounts will be payable or assets deliverable to the Noteholder(s).

(f) *Adjustment following a Regulatory Change Event*

If the Calculation Agent determines at any time on or prior to the latest of the Maturity Date, the LA Physical Settlement Date and the LA Cash Payment Date, if applicable, that a Regulatory Change Event has occurred or exists, then any payment due to the Noteholder(s), or amount of LA Settlement Assets to be delivered to the Noteholder(s), shall be reduced by an amount in the currency of such payment or an amount of LA Settlement Assets (rounded down to the nearest integral authorised denomination of the LA Settlement Assets), as the

case may be, that is equal in value to the allocable proportion of the Regulatory Change Cost, as determined by the Calculation Agent.

(g) *Postponement for Potential Risk Event*

If Potential Risk Event Postponement is specified as applicable in the applicable Issue Terms and if, on the Maturity Date or, if the Notes are interest bearing, on any Interest Payment Date, or, if the Notes are Instalment Notes, on any Instalment Date, the Calculation Agent determines that a Risk Event may exist or may have occurred at any time during the Risk Event Determination Period (but the Issuer has not provided a Risk Event Notice in respect thereof), the Issuer shall not pay the Redemption Amount and/or the relevant Interest Amount and/or the relevant Instalment Amount (as applicable), until the earlier of (i) the date on which the Calculation Agent determines that a Risk Event has not so occurred or existed; and (ii) the date which is 30 calendar days after the Maturity Date or relevant Interest Payment Date or relevant Instalment Date (as applicable), as the case may be, (the **LA Cut-Off Date**), provided that if the Calculation Agent determines, on or before the LA Cut-Off Date, that a Risk Event occurred or existed during the Risk Event Determination Period and the Issuer gives notice to the Noteholder(s) declaring that a Risk Event had so occurred or existed, then the Issuer's obligations under the Note(s) shall be as set out in (x) if LA Physical Settlement is applicable, Credit Condition 5(c) above save that the LA Physical Settlement Date shall be deemed to be the date which is 30 calendar days following the LA Cut-Off Date or (y) if LA Cash Settlement is applicable, Credit Condition 5(d) above save that the LA Cash Payment Date shall be deemed to be the date which is 5 calendar days following the LA Cut-off Date or (z) if LA Zero Recovery is applicable, Credit Condition 5(e) above.

For the avoidance of doubt, each of Credit Condition 2(e), 2(f), 2(g) and/or this Credit Condition 5(g) may apply to the Notes as the context so admits, provided that the Notes will not be redeemed pursuant to any such Credit Condition other than for a Risk Event whilst the provisions of any such other Credit Condition also still apply.

(h) *Purchase and Cancellation and Further Issues*

- (i) The terms of the Notes set out herein and in the applicable Issue Terms are stated on the basis of the aggregate principal amount of Notes issued on the Issue Date. Where pursuant to Condition 5(g) of the General Conditions some but not all of the Notes are cancelled, the Calculation Agent may adjust such of these provisions, as it determines to be appropriate acting in good faith and in a commercially reasonable manner, to preserve for the Noteholders the economic equivalent of the payment and/or delivery obligations of the Issuer in respect of the Notes after the cancellation of such Notes.

Upon the Calculation Agent making such adjustment(s), the Issuer shall give notice as soon as practicable to the Noteholders in accordance with Condition 13 of the General Conditions stating the relevant adjustments.

- (ii) Condition 12 of the General Conditions shall not apply to the Notes.

6. **ADDITIONAL DISCLAIMERS**

None of the Issuer, the CGMHI Guarantor, the Dealer, nor any of their Affiliates or agents, will be obligated to hold any LA Settlement Assets or pursue any remedies they may have with respect thereto (even if the Issuer, Dealer or any of their Affiliates or agents transfers LA Settlement Assets

to the Noteholder(s) or refers to their market value in connection with the satisfaction of the Issuer's obligations following the declaration of a Risk Event as described above).

7. DEFINITIONS APPLICABLE TO CREDIT LINKED PROVISIONS

Accreted Amount means, with respect to an Accreting Obligation, an amount equal to (i) the sum of (A) the original issue price of such obligation and (B) the portion of the amount payable at maturity that has accreted in accordance with the terms of the obligation (or as otherwise described below), less (ii) any cash payments made by the obligor thereunder that, under the terms of such obligation, reduce the amount payable at maturity (unless such cash payments have been accounted for in sub-paragraph (i)(B) 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 Delivery Date or applicable Valuation Date, as the case may be. Such Accreted Amount shall include any accrued and unpaid periodic cash interest payments (as determined by the Calculation Agent in its sole and absolute discretion) only if "Include Accrued Interest" is specified as applicable in the applicable Issue Terms. If an Accreting Obligation is expressed to accrete pursuant to a straight-line method or if such Obligation's yield to maturity is not specified in, nor implied from, the terms of such Obligation, then, for the purposes of sub-paragraph (i)(B) above, the Accreted Amount shall be calculated using a rate equal to the yield to maturity of such Obligation. Such yield shall be determined on a semi-annual bond equivalent basis using the original issue price of such obligation and the amount payable at the scheduled maturity of such obligation, and shall be determined as of the earlier of (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 Delivery Date or applicable Valuation Date, as the case may be. The Accreted Amount shall exclude, in the case of an Exchangeable Obligation, any amount that may be payable under the terms of such obligation in respect of the value of the Equity Securities for which such obligation is exchangeable.

Accreting Obligation means any obligation (including, without limitation, a Convertible Obligation or an Exchangeable Obligation), the terms of which expressly provide for an amount payable upon acceleration equal to the original issue price (whether or not equal to the face amount thereof) plus an additional amount or amounts (on account of original issue discount or other accruals of interest or principal not payable on a periodic basis) that will or may accrete, whether or not (i) payment of such additional amounts is subject to a contingency or determined by reference to a formula or index, or (ii) periodic cash interest is also payable.

Additional Risk Event means, if specified as applicable in the Issue Terms, the occurrence or existence of any of:

- (a) an Inconvertibility Event;
- (b) an Ownership Restriction Event;
- (c) a Settlement/Custodial Event; or
- (d) an Underlying RMB Currency Event.

Additional Risk Event Start Date means either the Trade Date or the Issue Date, as specified in the applicable Issue Terms.

Affiliate means, in respect of any designated person, any person that directly or indirectly controls or is controlled by or is under common control with such designated person. For the purposes of this definition, control (including with correlative meanings, the terms controlled by and under common control with), as used with respect to any person, shall mean the possession, directly, or indirectly, of

the power to direct or cause the direction of the management and policies of such person, whether through the ownership of voting securities or by contract or otherwise.

Asset Amount means, in respect of each principal amount of Credit Linked Notes equal to the Calculation Amount, Deliverable Obligations, as selected by the Issuer in its sole and absolute discretion, with:

- (a) in the case of Deliverable Obligations that are Borrowed Money, an Outstanding Principal Balance (including accrued but unpaid interest (as determined by the Calculation Agent) if "Include Accrued Interest" is specified as applicable in the applicable Issue Terms, but excluding accrued but unpaid interest if "Exclude Accrued Interest" is specified as applicable in the applicable Issue Terms, and if neither "Include Accrued Interest" nor "Exclude Accrued Interest" is specified as applying in the applicable Issue Terms, excluding accrued but unpaid interest); or
- (b) in the case of Deliverable Obligations that are not Borrowed Money, a Due and Payable Amount,

(or, in the case of either (a) or (b), the equivalent Currency Amount of any such amount), in an aggregate amount as of the relevant Delivery Date equal to the outstanding principal amount of such Notes less, if Unwind Costs are specified as applicable in the applicable Issue Terms, Deliverable Obligations with a market value (determined by the Calculation Agent in its sole and absolute discretion on the Business Day selected by the Calculation Agent falling during the period from and including the Credit Event Determination Date to and including the Delivery Date) equal to Unwind Costs.

If an obligation by its terms represents or contemplates an obligation to pay an amount greater than the Outstanding Principal Balance of such obligation as of the Delivery Date as a result of the occurrence or non-occurrence of an event or circumstance, the Outstanding Principal Balance of such obligation shall not include any additional amount that would be payable upon the occurrence or non-occurrence of such event or circumstance.

Asset Transfer Notice means a duly completed asset transfer notice substantially in the form set out in the Fiscal Agency Agreement.

Auction has the meaning given to such term in the Transaction Auction Settlement Terms.

Auction Cut-Off Date means, the date falling ninety calendar days (or such other number of calendar days as is specified in the applicable Issue Terms) after (a) the Scheduled Maturity Date or, (b) if Credit Condition 2(e) applies, the Repudiation/Moratorium Evaluation Date or, if later and if Credit Condition 2(g)(II)(B) applies, the Postponed Maturity Date, or (c) if Credit Condition 2(f) applies, the Grace Period Extension Date or, (d) if Credit Condition 2(g)(II)(A) applies, the Postponed Maturity Date.

Auction Final Price means:

- (a) if the relevant Credit Derivatives Determinations Committee determines that an Auction will be held in accordance with any Credit Derivatives Auction Settlement Terms in relation to obligations of appropriate seniority of the Reference Entity in respect of which Conditions to Settlement have been satisfied, the relevant Auction Final Price determined in accordance with such Auction; or
- (b) if the relevant Credit Derivatives Determinations Committee determines that more than one Auction will be held in accordance with any Credit Derivatives Auction Settlement Terms in

relation to obligations of appropriate seniority of the Reference Entity in respect of which Conditions to Settlement have been satisfied:

- (i) the Auction Final Price determined in accordance with the Auction applicable to credit derivatives transactions triggered by the credit protection buyer thereunder (**Buyer Credit Derivatives Transactions**) with Scheduled Termination Dates of a range within which the Scheduled Maturity Date falls;
- (ii) if no Auction is held applicable to Buyer Credit Derivatives Transactions with Scheduled Termination Dates of a range within which the Scheduled Maturity Date falls, the Auction Final Price determined in accordance with the Auction applicable to Buyer Credit Derivatives Transactions with Scheduled Termination Dates falling next earliest to the Scheduled Maturity Date;
- (iii) if no Auction is held applicable to Buyer Credit Derivatives Transactions with Scheduled Termination Dates falling next earliest to the Scheduled Maturity Date, the Auction Final Price determined in accordance with the Auction applicable to Buyer Credit Derivatives Transactions with Scheduled Termination Dates falling next following the Scheduled Maturity Date; or
- (iv) if no Auction is held applicable to Buyer Credit Derivatives Transactions with Scheduled Termination Dates falling next following the Scheduled Maturity Date, the Auction Final Price determined in accordance with the Auction applicable to credit derivatives transactions triggered by the credit protection seller thereunder.

Auction Final Price Cut-Off Date means, if specified as applicable in the Issue Terms, the date falling ninety calendar days (or such other number of calendar days specified in the applicable Issue Terms) after (a) the Scheduled Maturity Date or, (b) if Credit Condition 2(e) applies, the Repudiation/Moratorium Evaluation Date or, if later and if Credit Condition 2(g)(II)(B) applies, the Postponed Maturity Date, or (c) if Credit Condition 2(f) applies, the Grace Period Extension Date or, (d) if Credit Condition 2(g)(II)(A) applies, the Postponed Maturity Date.

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 or before the Maturity Date, whichever is earlier;
- (e) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);

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

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 Calculation Agent makes its determination for the purposes of the definition of "Successor", other relevant information that is contained in any written communication provided by the Reference Entity to its primary securities regulator, primary stock exchange, shareholders, creditors or other persons whose approval of the Succession Event is required; or
- (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 (a) above, the best publicly available information at the disposal of the Calculation Agent to allow it to make a determination for the purposes of the definition of "Successor".

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

Calculation Agent City means the city specified as such in the applicable Issue Terms or, if a city is not so specified, the city in which the office through which the Calculation Agent is acting for the purposes of the Notes.

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

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

administrative agent, clearing agent or paying agent for a Deliverable Obligation shall not be considered to be a requirement for consent for purposes of this definition of "Conditionally Transferable Obligation".

For purposes of determining whether a Deliverable Obligation satisfies the requirements of the definition of Conditionally Transferable Obligation, such determination shall be made as of the Delivery Date for the Deliverable Obligation, taking into account only the terms of the Deliverable Obligation and any related transfer or consent documents which have been obtained by the Issuer and/or its Affiliates, as the case may be.

Conditions to Settlement means either:

- (a) if DC Determinations is specified in the applicable Issue Terms, following the occurrence of a Credit Event Resolution Request Date on or following the Issue Date of the first Tranche of the Notes, ISDA publicly announces during the Notice Delivery Period that the relevant Credit Derivatives Determinations Committee has Resolved that such event constitutes a Credit Event; or
- (b) the delivery by the Calculation Agent to the Issuer of a Credit Event Notice that is effective and if Notice of Publicly Available Information is specified as applicable in the applicable Issue Terms, a Notice of Publicly Available Information, that is effective, in each case, during the Notice Delivery Period,

provided that,

- (i) in the case of sub-paragraph (a) above, if the relevant Credit Derivatives Determinations Committee subsequently resolves that the relevant event does not constitute a Credit Event prior to the Auction Final Price Determination Date, Valuation Date or Settlement Date, if and as applicable, Conditions to Settlement shall be deemed not to have been satisfied; and
- (ii) in the case of sub-paragraph (b) above and if DC Determinations is specified in the applicable Issue Terms, if following the delivery of the Credit Event Notice by the Calculation Agent a Credit Event Resolution Request Date occurs in relation to the event referred to in the Credit Event Notice and prior to the Valuation Date or Settlement Date, if and as applicable:
 - (A) the Credit Event Notice is deemed to be revoked in accordance with its definition below, Conditions to Settlement shall be deemed not to have been satisfied; or
 - (B) the relevant Credit Derivatives Determinations Committee Resolves that such event constitutes a Credit Event with respect to the relevant Reference Entity or Obligation thereof, the Calculation Agent may in its sole and absolute discretion revoke the Credit Event Notice by giving notice to the Issuer, in which case Conditions to Settlement shall be deemed not to have been satisfied in accordance with sub-paragraph (b) above but shall be deemed to be satisfied in accordance with sub-paragraph (a) above.

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

Credit Condition means each condition specified in this Schedule.

Credit Derivatives Auction Settlement Terms has the meaning given to such term in the definition of Transaction Auction Settlement Terms below.

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 published by ISDA on its website at www2.isda.org (or any successor website thereto) from time to time and as amended from time to time in accordance with the terms thereof (the **Rules**).

Credit Event means the occurrence of any one or more of the Credit Events specified in the applicable Issue Terms which may include Bankruptcy, Failure to Pay, Obligation Acceleration, Obligation Default, Repudiation/Moratorium or Restructuring, or any additional Credit Event specified in the applicable Issue 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 defense 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.

Credit Event Backstop Date means:

- (a) for the purposes of any event that the relevant Credit Derivatives Determinations Committee has Resolved as constituting a Credit Event (or with respect to Repudiation/Moratorium, the event described in sub-paragraph (b) of the definition of Repudiation/Moratorium), the date that is 60 calendar days prior to the Credit Event Resolution Request Date; or
- (b) otherwise, the date that is 60 calendar days prior to the earlier of:
 - (i) the first date on which both the Credit Event Notice and, if Notice of Publicly Available Information is specified as applicable in the applicable Issue Terms, the Notice of Publicly Available Information are delivered by the Calculation Agent to the Issuer during the Notice Delivery Period; and
 - (ii) in circumstances where:
 - (A) the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in sub-paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date are satisfied in accordance with the Rules;

- (B) the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters; and
- (C) the Credit Event Notice and, if Notice of Publicly Available Information is specified as applicable in the applicable Issue Terms, the Notice of Publicly Available Information are delivered by the Calculation Agent to the Issuer not more than fourteen calendar days after the day on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters, the Credit Event Resolution Request Date.

For the avoidance of doubt, the Credit Event Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention.

Credit Event Notice means a notice from the Calculation Agent (which may be by telephone) to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that describes a Credit Event that occurred at or after 12.01 a.m. Greenwich Mean Time on the Issue Date or, if specified as applicable in the applicable Issue Terms, the Credit Event Backstop Date and at or prior to 11.59 p.m., Greenwich Mean Time, on the latest of:

- (a) the Scheduled Maturity Date;
- (b) the Grace Period Extension Date if:
 - (i) "Grace Period Extension" is specified as applicable in the applicable Issue Terms;
 - (ii) the Credit Event that is the subject of the Credit Event Notice is a Failure to Pay that occurs after the Scheduled Maturity Date; and
 - (iii) the Potential Failure to Pay with respect to such Failure to Pay occurs at or prior to 11.59 p.m., Greenwich Mean Time, on the Scheduled Maturity Date; and
- (c) the Repudiation/Moratorium Evaluation Date if:
 - (i) the Credit Event that is the subject of the Credit Event Notice is a Repudiation/Moratorium that occurs after the Scheduled Maturity Date;
 - (ii) the Potential Repudiation/Moratorium with respect to such Repudiation/Moratorium occurs at or prior to 11.59 p.m., Greenwich Mean Time, on the Scheduled Maturity Date; and
 - (iii) the Repudiation/Moratorium Extension Condition is satisfied.

provided that if DC Determinations is specified in the applicable Issue Terms:

- (A) if the relevant Credit Derivatives Determinations Committee has Resolved that such event does not constitute a Credit Event with respect to the relevant Reference Entity or Obligation thereof, the Calculation Agent may not deliver a Credit Event Notice in relation thereto, unless the DC Resolutions in respect of which the Calculation Agent acting in good faith and in a commercially reasonable manner and taking into account the differences between the definition of Credit Event under the 2003 ISDA Credit Derivatives Definitions and the definition of Credit Event hereunder and such other factor(s) as it deems appropriate, determines are inappropriate to follow for the purposes of the Notes; and
- (B) if the relevant Credit Derivatives Determinations Committee subsequently Resolves that the event described in the Credit Event Notice does not constitute a Credit Event with respect to

the relevant Reference Entity or Obligation thereof, the Credit Event Notice shall be deemed to be revoked and Conditions to Settlement shall be deemed not to have been satisfied, unless the DC Resolutions in respect of which the Calculation Agent acting in good faith and in a commercially reasonable manner and taking into account the differences between the definition of Credit Event under the 2003 ISDA Credit Derivatives Definitions and the definition of Credit Event hereunder and such other factor(s) as it deems appropriate, determines are inappropriate to follow for the purposes of the Notes. For the avoidance of doubt, such deemed revocation of the Credit Event Notice shall not prevent the Calculation Agent from delivering a further Credit Event Notice subsequently in relation to a new Credit Event.

A Credit Event Notice must contain a description in reasonable detail of the facts relevant to the determination that a Credit Event has occurred. The Credit Event that is the subject of the Credit Event Notice need not be continuing on the date the Credit Event Notice is effective. A Credit Event Notice shall be subject to the requirements regarding notices set out in Credit Condition 4.

Credit Event Redemption Amount means in respect of each principal amount of Notes equal to the Calculation Amount of the Credit Linked Notes, the amount specified as such in the applicable Issue Terms or if no such amount is specified in the applicable Issue Terms, an amount calculated by the Calculation Agent equal to:

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

where:

"A" is the outstanding principal amount of such Notes;

"B" is the Final Price or, if Auction Settlement is specified in the applicable Issue Terms and Credit Condition 2(b)(x) does not apply, the Auction Final Price; and

"C" is Unwind Costs,

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

Credit Event Redemption Date means, in respect of:

- (a) Maturity Date Settlement Credit Linked Notes, the later of:
 - (i) the Maturity Date; and
 - (ii) the day falling the number of Business Days specified (or, if a number of Business Days is not so specified, three Business Days) in the applicable Issue Terms after (a) the calculation of the Final Price or the publication of the Auction Final Price, as the case may be or (b) if the Credit Event Redemption Amount is specified in the applicable Issue Terms or Fixed Recovery is specified as applicable in the applicable Issue Terms, the Credit Event Determination Date; and
- (b) any Credit Linked Notes other than Maturity Date Settlement Credit Linked Notes, the day falling the number of Business Days specified (or, if a number of Business Days is not so specified, three Business Days) in the applicable Issue Terms after (a) the calculation of the Final Price or the publication of the Auction Final Price, as the case may be or (b) if the Credit Event Redemption Amount is specified in the applicable Issue Terms or Fixed Recovery is specified as applicable in the applicable Issue Terms, the Credit Event Determination Date.

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

- (a) whether an event that constitutes a Credit Event has occurred with respect to the 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,

unless the DC Resolutions in respect of which the Calculation Agent acting in good faith and in a commercially reasonable manner and taking into account the differences between the definition of Credit Event under the 2003 ISDA Credit Derivatives Definitions and the definition of Credit Event hereunder and such other factor(s) as it deems appropriate, determines are inappropriate to follow for the purposes of the Notes, the date, as publicly announced by ISDA, that the relevant Credit Derivatives Determinations Committee Resolves to be the first date on which such notice was effective and on which the relevant Credit Derivatives Determinations Committee was in possession, in accordance with the Rules, of Publicly Available Information with respect to the DC Resolutions referred to in sub-paragraphs (a) and (b) above.

Currency Amount means, whenever an amount is denominated in a currency other than the Settlement Currency and is specified to be determined by reference to a Currency Amount, such amount converted to the relevant Settlement Currency using the Currency Rate.

Currency Rate means:

- (a) the rate determined by the Calculation Agent equal to the rate of conversion of the currency of the Deliverable Obligation into the Settlement Currency by reference to:
 - (i) if the Settlement Currency is U.S. Dollars, the Federal Reserve Bank of New York 10:00 a.m. (New York time) mid point rate as displayed on Reuters Page FEDSPOT on the date that the Notice of Physical Settlement is deemed given, or on such date and in such other commercially reasonable manner as it shall determine; or
 - (ii) if the Settlement Currency is euro, the MEAN price as displayed on Reuters Page EUROFX/1 as of 12:00 p.m. (London time) on the date that the Notice of Physical Settlement is deemed given, or on such date and in such other commercially reasonable manner as it shall determine; or
- (b) if the Settlement Currency is not U.S. Dollars or euro, the rate determined by the Calculation Agent in a commercially reasonable manner.

Custodian means any custodian (including the Reference Custodian), sub-custodian, depository, settlement system, bank or clearing house (or any agent or delegate of any of the foregoing) or any exchange used by a Reference Investor as part of any Reference Custodial/Settlement Arrangement entered into from time to time.

DC Resolution has the meaning given to such term in the Rules.

Default Requirement means the amount specified as such in the applicable Issue Terms or its equivalent in the relevant Obligation Currency or, if a Default Requirement is not specified in the applicable Issue Terms, USD10,000,000, or its equivalent as calculated by the Calculation Agent in the relevant Obligation Currency, in either case, as of the occurrence of the relevant Credit Event.

Deliver means to deliver, novate, transfer (including, in the case of a Qualifying Guarantee, transfer of the benefit of the Qualifying Guarantee), assign or sell, as appropriate, in the manner customary for the settlement of the applicable Deliverable Obligations (which shall include executing all necessary documentation and taking any other necessary actions), in order to convey all right, title and interest in an Asset Amount to the relevant Noteholder free and clear of any and all liens, charges, claims or encumbrances (including without limitation any counterclaim, defence (other than a counterclaim or defence based on the factors set out in paragraphs (a) to (d) in the definition of "Credit Event" above) or right of set-off by or of the Reference Entity or, as applicable, an Underlying Obligor) provided that if all or a portion of an Asset Amount consists of Direct Loan Participations, **Deliver** means to create (or procure the creation of) a participation in favour of the relevant Noteholder and to the extent that all or a portion of an Asset Amount consists of Qualifying Guarantees, **Deliver** means to Deliver both the Qualifying Guarantee and the Underlying Obligation. **Delivery** and **Delivered** will be construed accordingly. In the case of a Loan, Delivery shall be effected using documentation substantially in the form of the documentation determined by the Calculation Agent to be customarily used in the relevant market for Delivery of such Loan at that time.

Deliverable Obligation means, in respect of a Reference Entity and subject as provided in Credit Condition 2(d) above:

- (a) any obligation of the Reference Entity (either directly, as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Issue Terms, as provider of any Qualifying Guarantee) determined pursuant to the method described in "(A) *Method for Determining Deliverable Obligations*" below (but excluding any Excluded Deliverable Obligation specified in the applicable Issue Terms) that (A) is payable in an amount equal to its Outstanding Principal Balance or Due and Payable Amount, as applicable, (B) is not subject to any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in paragraphs (a) to (d) of the definition of "Credit Event" above) or right of set off by or of a Reference Entity or any applicable Underlying Obligor and (C) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the Delivery Date, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the Outstanding Principal Balance or Due and Payable Amount being Delivered apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement;
- (b) subject to the second paragraph of the definition of "Not Contingent" in "(A) *Method for Determining Deliverable Obligations*" below, each Reference Obligation of the Reference Entity, unless specified in the applicable Issue Terms as an Excluded Deliverable Obligation;
- (c) solely in relation to a Restructuring Credit Event applicable to a Sovereign Reference Entity, any Sovereign Restructured Deliverable Obligation of such Sovereign Reference Entity (but excluding any Excluded Deliverable Obligation) that (A) is payable in an amount equal to its Outstanding Principal Balance or Due and Payable Amount, as applicable, (B) is not subject to any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in paragraphs (a) to (d) of the definition of "Credit Event" above) or right of set-off by or of a Reference Entity or, as applicable, an Underlying Obligor and (C) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the Delivery Date, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the Outstanding Principal Balance or Due and Payable Amount being Delivered apart from the giving of any notice of non-payment or

similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement; and

- (d) any Additional Deliverable Obligation of the Reference Entity specified as such in the applicable Issue Terms.

- (a) **Method for Determining Deliverable Obligations.** For the purposes of this definition of "Deliverable Obligation", the term "Deliverable Obligation" may be defined as each obligation of the Reference Entity described by the Deliverable Obligation Category specified in the applicable Issue Terms, and, subject to (A)(C) below, having each of the Deliverable Obligation Characteristics, if any, specified in the applicable Issue Terms, in each case, as of the date on which the Notice of Physical Settlement is deemed given. The following terms shall have the following meanings:

- (A) **Deliverable Obligation Category** means one of Payment, Borrowed Money, Reference Obligation Only, Bond, Loan, or Bond or Loan (each as defined in the definition of "Obligation" below, except that, for the purpose of determining Deliverable Obligations, the definition of "Reference Obligation Only" shall be amended to state that no Deliverable Obligation Characteristics shall be applicable to Reference Obligation Only).

- (B) **Deliverable Obligation Characteristics** means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed, Not Domestic Issuance (each as defined in the definition of "Obligation" below), Not Contingent, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer where:

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

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) of the preceding paragraph have not been

exercised (or such exercise has been effectively rescinded) on or before the Delivery Date.

- (2) **Assignable Loan** means a Loan that is capable of being assigned or novated to, at a minimum, commercial banks or financial institutions (irrespective of their jurisdiction or organisation) that are not then a lender or a member of the relevant lending syndicate, without the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the applicable borrower if a Reference Entity is guaranteeing such Loan) or any agent;
- (3) **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;
- (4) **Direct Loan Participation** means a Loan in respect of which, pursuant to a participation agreement, the Issuer is capable of creating, or procuring the creation of, a contractual right in favour of each Noteholder that provides each such Noteholder with recourse to the participation seller for a specified share in any payments due under the relevant Loan which are received by such participation seller, any such agreement to be entered into between each such Noteholder and either (A) the Issuer and/or any of its Affiliates, as the case may be, (to the extent that the Issuer and/or any of its Affiliates, as applicable, 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);
- (5) **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;
- (6) **Maximum Maturity** means an obligation that has a remaining maturity from the Settlement Date of not greater than the period specified in the applicable Issue Terms;

- (7) **Accelerated or Matured** means an obligation under which the total amount owed, whether at maturity, by reason of acceleration, upon termination or otherwise (other than amounts in respect of default interest, indemnities, tax gross-ups and other similar amounts), is, or on or prior to the Delivery Date will be, due and payable in full in accordance with the terms of such obligation, or would have been but for, and without regard to, any limitation imposed under any applicable insolvency laws; and
- (8) **Not Bearer** means any obligation that is not a bearer instrument unless interests with respect to such bearer instrument are cleared via Euroclear, Clearstream, Luxembourg or any other internationally recognised clearing system.

(ii) **Interpretation of Provisions.**

- (A) If the Obligation Characteristic "Listed" is specified in the applicable Issue Terms, the applicable Issue 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;
- (B) if (a) either of the Deliverable Obligation Characteristics "Listed" or "Not Bearer" is specified in the applicable Issue Terms, the applicable Issue 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; (b) the Deliverable Obligation Characteristic "Transferable" is specified in the applicable Issue Terms, the applicable Issue 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 (c) any of the Deliverable Obligation Characteristics "Assignable Loan", "Consent Required Loan" or "Direct Loan Participation" is specified in the applicable Issue Terms, the applicable Issue 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;
- (C) if any of Payment, Borrowed Money, Loan or Bond or Loan is specified as the Deliverable Obligation Category and more than one of Assignable Loan, Consent Required Loan and Direct Loan Participation are specified as Deliverable Obligation Characteristics, the Deliverable Obligations may include any Loan that satisfies any one of such Deliverable Obligation Characteristics specified and need not satisfy all such Deliverable Obligation Characteristics; and
- (D) in the event that an Obligation or a Deliverable Obligation is a Qualifying Guarantee, the following will apply:

- (1) For purposes of the application of the Obligation Category or the Deliverable Obligation Category, the Qualifying Guarantee shall be deemed to be described by the same category or categories as those that describe the Underlying Obligation.
- (2) 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 Issue 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 Issue 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.
- (3) 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 Issue 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.
- (4) 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.
- (5) The terms "Outstanding Principal Balance" and "Due and Payable Amount" (as they are used in the Terms and Conditions, including without limitation, the definitions of "Cash Settlement Amount" and "Quotation Amount" in Credit Condition 2(i)), when used in connection with Qualifying Guarantees are to be interpreted to be the then "Outstanding Principal Balance" or "Due and Payable Amount", as applicable, of the Underlying Obligation which is supported by a Qualifying Guarantee.

For the avoidance of doubt the provisions of this paragraph (ii) apply in respect of the definitions of Obligation and Deliverable Obligation as the context admits.

Delivery Date means, with respect to a Deliverable Obligation, the date such Deliverable Obligation is Delivered.

Delivery Expenses means all costs, taxes, duties and/or expenses, including any applicable depository charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer, withholding taxes or tax on income profits or gains and/or other costs, duties or taxes arising from the Delivery of an Asset Amount.

Domestic Currency means the currency specified as such in the applicable Issue Terms and any successor currency. If no currency is specified in the applicable Issue Terms, the Domestic Currency shall be the lawful currency and any successor currency of (a) the relevant Reference Entity, if the Reference Entity is a Sovereign, or (b) the jurisdiction in which the relevant Reference Entity is organised, if the Reference Entity is not a Sovereign. In no event shall Domestic Currency include any successor currency if such successor currency is the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro (or any successor currency to any such currency).

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

Due and Payable Amount means, subject as provided in paragraph (ii) (*Interpretation of Provisions*) in the definition of Deliverable Obligation, the amount that is due and payable under (and in accordance with the terms of) a Deliverable Obligation on the Delivery Date, whether by reason of acceleration, maturity, termination or otherwise (excluding sums in respect of default interest, indemnities, tax gross-ups and other similar amounts).

Eligible Transferee means each of the following:

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

All references in this definition to U.S.\$ include equivalent amounts in other currencies.

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

Equity Securities means:

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

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

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

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

Failure to Pay means, after the expiration of any applicable Grace Period (after the satisfaction of any conditions precedent to the commencement of such Grace Period), the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations in accordance with the terms of such Obligations at the time of such failure.

Final Price means:

- (a) Either:
 - (i) If Reference Obligation Final Price is specified in the applicable Issue Terms, the price of the Reference Obligation, expressed as a percentage, determined in accordance with the Valuation Method specified in the applicable Issue Terms. The Calculation Agent shall as soon as practicable after obtaining all Quotations for a Valuation Date, make available for inspection by Noteholders at the specified office of the Registrar (i) each such Quotation that it receives in connection with the calculation of the Final Price and (ii) a written computation showing its calculation of the Final Price; or
 - (ii) if Deliverable Obligation Final Price is specified in the applicable Issue Terms, the highest firm bid quotation that the Calculation Agent is able to obtain on the Valuation Date from a Reference Dealer for the sale to the Reference Dealer of such of the Deliverable Obligations as selected by the Issuer with an outstanding

principal balance equal to the outstanding principal amount of the Notes (or the equivalent thereof) as determined by the Calculation Agent and expressed as a percentage of such outstanding principal balance, provided that if none of the Reference Dealers provides such a firm quotation then the Final Price shall be determined by the Calculation Agent.

For these purposes:

- (x) references to "Delivery Date", "being Delivered", "date on which the Notice of Physical Settlement is deemed given" and "Settlement Date" in the Credit Conditions are deemed replaced with "Valuation Date", "being valued", "date of selection as a Deliverable Obligation" and "Valuation Date" respectively; and
- (y) the penultimate two paragraphs of Credit Condition 2(d) relating to "Restructuring Maturity Limitation and Fully Transferable Obligation" and "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation" may apply notwithstanding that Physical Delivery does not apply and references therein to "included in an Asset Amount" are deemed replaced with "selected for the purposes of calculating the Final Price"; or
- (iii) if Fixed Recovery is specified as applicable in the applicable Issue Terms, the percentage specified therein.

For the avoidance of doubt, the Final Price may be equal to zero.

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

Fully Transferable Obligation means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Eligible Transferees without the consent of any person being required, in the case of any Deliverable Obligation other than Bonds. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation shall not be considered as a requirement for consent for purposes of this definition of "Fully Transferable Obligation".

FX Rate means the rate, determined by the Calculation Agent on the FX Rate Set Date, at which a non-resident of the Reference Jurisdiction can purchase the Settlement Currency against delivery of the LA Relevant Currency for value on the LA Value Date provided that if LA Relevant Currency is specified as not applicable in the applicable Issue Terms, FX Rate shall be 1 (one).

FX Rate Set Date means the date selected by the Calculation Agent, in its sole discretion, for determining the FX Rate.

Governmental Authority means any de facto or de jure government (or any agency, instrumentality, ministry or department thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of a Reference Entity or of the jurisdiction of organisation of a Reference Entity.

Grace Period means:

- (a) subject to paragraphs (b) and (c) below, the applicable grace period with respect to payments under the relevant Obligation under the terms of such Obligation in effect as of the date as of which such Obligation is issued or incurred;
- (b) if Grace Period Extension is specified as applicable in the applicable Issue Terms, a Potential Failure to Pay has occurred on or prior to the Scheduled Maturity Date and the applicable grace period cannot, by its terms, expire on or prior to the Scheduled Maturity Date, the Grace Period shall be deemed to be the lesser of such grace period and the period specified as such in the applicable Issue Terms or, if no period is specified in the applicable Issue Terms, thirty calendar days; and
- (c) if, at the later of the Trade Date and 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 Issue Terms, such deemed Grace Period shall expire no later than the Scheduled Maturity Date.

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

Grace Period Extension Date means, if:

- (a) Grace Period Extension is specified as applying in the applicable Issue Terms; and
- (b) a Potential Failure to Pay occurs on or prior to an Interest Payment Date and/or the Scheduled Maturity Date,

the day that is, unless otherwise specified in the Issue Terms, five Business Days following the day falling the number of days in the Grace Period after the date of such Potential Failure to Pay.

Hedge Disruption Event means in the opinion of the Calculation Agent any event (including, without limitation, any delay in settlement of any Auction) as a result of which the Issuer and/or any of its Affiliates has not received the relevant Deliverable Obligations under the terms of any transaction entered into by the Issuer and/or such Affiliate to hedge the Issuer's obligations or position in respect of the Credit Linked Notes.

Hedge Disruption Obligation means a Deliverable Obligation included in an Asset Amount which, on the Settlement Date for such Deliverable Obligation, the Calculation Agent determines cannot be Delivered as a result of a Hedge Disruption Event.

References to Hedge Disruption Event and Hedge Disruption Obligations in these Terms and Conditions shall be disregarded in relation to the Credit Linked Notes if the applicable Issue Terms specifies "Hedge Disruption Event" as Not Applicable.

Inconvertibility Event means the occurrence after the Additional Risk Event Start Date of any event or existence of any condition that has the effect of it being impossible, illegal or impracticable for, or has the effect of prohibiting, restricting or materially delaying the ability of, any Reference Investor (i) to convert the LA Relevant Currency into the Settlement Currency through customary legal channels; or (ii) to effect currency transactions on terms as favourable as those available to residents of the Reference Jurisdiction; or (iii) to freely and unconditionally transfer or repatriate any

funds (in the Settlement Currency or the LA Relevant Currency) from accounts inside the Reference Jurisdiction to accounts outside the Reference Jurisdiction or between accounts inside the Reference Jurisdiction; or (iv) to receive the full value of any cash payment (when converted to the Settlement Currency) made under the Reference Investor Assets due to the introduction after the Additional Risk Event Start by any Governmental Authority of a new currency regime (including the introduction of a dual currency regime) or the imposition of currency exchange limitations.

Initial Applicable Principal Currency Amount means the Applicable Principal Currency Amount or, in the case of Instalment Notes, the Applicable Principal Currency Amount as of the Issue Date.

Intervening Period means such period of time as any person other than the relevant Noteholder shall continue to be registered as the legal owner of any securities or other obligations comprising the Asset Amount.

LA Cash Payment Date means:

- (a) if LA Cash Settlement is specified in the applicable Issue Terms and unless otherwise specified therein, the date which is 5 Business Days following the Risk Event Determination Date; and
- (b) if LA Physical Settlement is specified in the applicable Issue Terms and unless otherwise specified therein, the date which is 5 Business Days after the LA Physical Settlement Date.

LA Final Redemption Amount means the amount specified as such in the applicable Issue Terms or, if an amount is not so specified, an amount equal to each principal amount of Notes equal to the Calculation Amount's *pro rata* portion of an amount in the Settlement Currency equal to the Applicable Principal Currency Amount divided by the FX Rate.

LA Physical Settlement Date means the date which is, unless otherwise specified in the applicable Issue Terms, 30 calendar days following the Risk Event Determination Date.

LA Redemption Amount means an amount (which shall not be less than, but may be equal to, zero) in the Settlement Currency equal to the Recovery Value, *pro rated* amongst each principal amount of Notes equal to the Calculation Amount less Unwind Costs determined by the Calculation Agent on the date (the **LA Valuation Date**) selected by the Calculation Agent, in its sole discretion, which falls on any Business Day during the period from and including the Risk Event Determination Date to and including the LA Cash Payment Date.

LA Relevant Currency means the currency specified as such in the applicable Issue Terms, being the lawful currency of the Reference Jurisdiction, or if the LA Relevant Currency ceases to be the lawful currency of the Reference Jurisdiction, any other lawful currency in effect in such jurisdiction.

LA Settlement Assets means:

- (a) if Reference Assets Only Settlement is specified as applicable in the applicable Issue Terms, the Reference Assets; and
- (b) if Reference Assets Only Settlement is specified as not applicable in the applicable Issue Terms, Deliverable Obligations selected by the Issuer in its sole and absolute discretion.

LA Value Date means (as applicable) the Maturity Date or, where the Notes are interest bearing the relevant Interest Payment Date or, where the Notes are Instalment Notes the relevant Instalment Date or, if Fixed Recovery LA Redemption Amount is specified as applicable in the applicable Issue Terms, the LA Cash Payment Date (if any), or as the case may be, the LA Cut-Off Date.

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.

Market Disruption Event means the occurrence of any event or existence of any condition that has the effect of (a) the failure or suspension of normal trading on any recognized securities, futures or other exchange on which the Reference Investor Assets or futures thereon are traded; or (b) any Reference Investor Asset becoming ineligible for clearance or settlement through the principal clearing system or by the relevant settlement procedure for the Reference Investor Assets.

Market Value means, with respect to a Reference Obligation on a Valuation Date:

- (a) if more than three Full Quotations are obtained, the arithmetic mean of such Full Quotations, disregarding the Full Quotations having the highest and lowest values (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded);
- (b) if exactly three Full Quotations are obtained, the Full Quotation remaining after disregarding the highest and lowest Full Quotations (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded);
- (c) if exactly two Full Quotations are obtained, the arithmetic mean of such Full Quotations;
- (d) if fewer than two Full Quotations and a Weighted Average Quotation is obtained, such Weighted Average Quotation;
- (e) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained, subject as provided in the definition of Quotation, an amount as determined by the Calculation Agent on the next Business Day on which two or more Full Quotations or a Weighted Average Quotation is obtained; and
- (f) if two or more Full Quotations or a Weighted Average Quotation are not obtained on or prior to the tenth Business Day following the applicable Valuation Date, the Market Value shall be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day, or if no Full Quotation is obtained, the weighted average of any firm quotations for the Reference Obligation obtained from Quotation Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations were not obtained on such day.

Maturity Date Settlement Credit Linked Notes means any Credit Linked Notes in respect of which "Maturity Date Settlement" is specified as applicable in the applicable Issue Terms.

Merger Event means that at any time during the period from (and including) the Issue Date to (but excluding) the Scheduled Maturity Date, (i) the Issuer consolidates or amalgamates with, or merges into, or transfers all or substantially all of its assets to, a Reference Entity, or (ii) a Reference Entity consolidates or amalgamates with, or merges into, or transfers all or substantially all of its assets to the Issuer or (iii) the Issuer become Affiliates of a Reference Entity.

Merger Event Redemption Date means the date specified as such in the applicable Issue Terms.

Minimum Quotation Amount means the amount specified as such in the applicable Issue Terms (or its equivalent in the relevant Obligation Currency) or, if no amount is so specified, the lower of (i) U.S.\$1,000,000 (or its equivalent in the relevant Obligation Currency) and (ii) the Quotation Amount.

Modified Eligible Transferee means any bank, financial institution or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities and other financial assets.

Modified Restructuring Maturity Limitation Date means, with respect to a Deliverable Obligation, the Limitation Date occurring on or immediately following the Scheduled Maturity Date, provided that, in circumstances where the Scheduled Maturity Date is later than the 2.5-year Limitation Date, at least one Enabling Obligation exists. If "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified in the Issue Terms and the Scheduled Maturity Date is later than the 2.5-year Limitation Date and prior to the 5-year Limitation Date, a Restructured Bond or Loan will not constitute an Enabling Obligation. Notwithstanding the foregoing, if the Scheduled Maturity Date is either (i) on or prior to the 2.5-year Limitation Date or (ii) 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.

Notice Delivery Period means the period from and including the Issue Date to and including (i) the Scheduled Maturity Date; (ii) the Grace Period Extension Date if (A) "Grace Period Extension" is specified as applicable in the applicable Issue Terms, (B) the Credit Event that is the subject of the Credit Event Notice is a Failure to Pay that occurs after the Scheduled Maturity Date, and (C) the Potential Failure to Pay with respect to such Failure to Pay occurs on or prior to the Scheduled Maturity Date; (iii) the Repudiation/Moratorium Evaluation Date if (A) the Credit Event that is the subject of the Credit Event Notice is a Repudiation/Moratorium that occurs after the Scheduled Maturity Date, (B) the Potential Repudiation/Moratorium with respect to such Repudiation/Moratorium occurs on or prior to the Scheduled Maturity Date and (C) the Repudiation/Moratorium Extension Condition is satisfied; or (iv) the Postponed Maturity Date if redemption of the Notes is postponed pursuant to Credit Condition 2(g).

Notice of Publicly Available Information means an irrevocable notice from the Calculation Agent (which may be by telephone) to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that cites Publicly Available Information confirming the occurrence of the Credit Event or Potential Repudiation/Moratorium, as applicable, described in the Credit Event Notice or Repudiation/Moratorium Extension Notice. In relation to a Repudiation/Moratorium Credit Event, the Notice of Publicly Available Information must cite Publicly Available Information confirming the occurrence of both clauses (a) and (b) of the definition of Repudiation/Moratorium. The notice given must contain a copy or a description in reasonable detail, of the relevant Publicly Available Information. If Notice of Publicly Available Information is specified as applicable in the applicable Issue Terms and a Credit Event Notice or Repudiation/Moratorium Extension Notice, as applicable, contains Publicly Available Information, such Credit Event Notice or Repudiation/Moratorium Extension Notice will also be deemed to be a Notice of Publicly Available Information. A Notice of Publicly Available Information shall be subject to the requirements regarding notices in Credit Condition 4.

Obligation means, in respect of a Reference Entity:

- (a) any obligation of a Reference Entity (either directly or as a provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Issue 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 of such Reference Entity specified in the applicable Issue Terms, unless specified as an Excluded Obligation; and
- (c) any Additional Obligation of such Reference Entity specified as such in the applicable Issue Terms.

Method for Determining Obligations. For the purposes of paragraph (a) of this definition of "Obligation", the term "Obligation" may be defined as each obligation of the Reference Entity described by the Obligation Category specified in the applicable Issue Terms, and having each of the Obligation Characteristics (if any) specified in the applicable Issue Terms, in each case, as of the date of the event which constitutes the Credit Event which 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. The following terms shall have the following meanings:

- (a) **Obligation Category** means Payment, Borrowed Money, Reference Obligation Only, Bond, Loan, or Bond or Loan, only one of which shall be specified in the applicable Issue Terms, where:
 - (i) **Payment** means any obligation (whether present or future, contingent or otherwise) for the payment or repayment of money, including, without limitation, Borrowed Money;
 - (ii) **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);
 - (iii) **Reference Obligation Only** means any obligation that is a Reference Obligation and no Obligation Characteristics shall be applicable to Reference Obligation Only;
 - (iv) **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;
 - (v) **Loan** means any obligation of a type included in the "Borrowed Money" Obligation Category that is documented by a term loan agreement, revolving loan agreement or other similar credit agreement and shall not include any other type of Borrowed Money; and
 - (vi) **Bond or Loan** means any obligation that is either a Bond or a Loan.
- (b) **Obligation Characteristics** means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed and Not Domestic Issuance specified in the applicable Issue Terms, where:
 - (i) (A) **Not Subordinated** means an obligation that is not Subordinated to (i) the most senior Reference Obligation in priority of payment or (ii) if no Reference Obligation is specified in the applicable Issue Terms, any unsubordinated Borrowed Money obligation of the Reference Entity; provided that, if any of the events set forth under sub-paragraph (a) of the definition of "Substitute Reference Obligation" herein has occurred with respect to all of the Reference Obligations or if the events described in the

final paragraph of the definition of "Successor" herein have occurred 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. For purposes of determining whether an obligation satisfies the "Not Subordinated" Obligation Characteristic or Deliverable Obligation Characteristic, the ranking in priority of payment of each Reference Obligation or each Prior Reference Obligation, as applicable, shall be determined as of the date as of which the relevant Reference Obligation or Prior Reference Obligation, as applicable, was issued or incurred, and shall not reflect any change to such ranking in priority of payment after such date;

- (B) **Subordination** means, with respect to an obligation (the **Subordinated Obligation**) and another obligation of the Reference Entity to which such obligation is being compared (the **Senior Obligation**), a contractual, trust or other similar arrangement providing that (i) upon the liquidation, dissolution, reorganisation or winding up of the Reference Entity, claims of the holders of the Senior Obligation will be satisfied prior to the claims of the holders of the Subordinated Obligation or (ii) the holders of the Subordinated Obligation will not be entitled to receive or retain payments in respect of their claims against the Reference Entity at any time that the Reference Entity is in payment arrears or is otherwise in default under the Senior Obligation. "Subordinated" will be construed accordingly. For purposes of determining whether Subordination exists or whether an obligation is Subordinated with respect to another obligation to which it is being compared, the existence of preferred creditors arising by operation of law or of collateral, credit support or other credit enhancement arrangements shall not be taken into account, except that, notwithstanding the foregoing, priorities arising by operation of law shall be taken into account where the Reference Entity is a Sovereign;
- (ii) **Specified Currency** means an obligation that is payable in the currency or currencies specified as such in the applicable Issue Terms (or, if Specified Currency is specified in the applicable Issue 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 Issue Terms as the **Standard Specified Currencies**);
- (iii) **Not Sovereign Lender** means any obligation that is not primarily owed to a Sovereign or Supranational Organisation, including, without limitation, obligations generally referred to as "Paris Club debt";
- (iv) **Not Domestic Currency** means any obligation that is payable in any currency other than the Domestic Currency;
- (v) **Not Domestic Law** means any obligation that is not governed by the laws of (a) the relevant Reference Entity, if such Reference Entity is a Sovereign, or (b) the jurisdiction of organisation of the relevant Reference Entity, if such Reference Entity is not a Sovereign;

- (vi) **Listed** means an obligation that is quoted, listed or ordinarily purchased and sold on an exchange; and
- (vii) **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.

Obligation Acceleration means one or more Obligations in an aggregate amount of not less than the Default Requirement have become due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default or other similar condition or event (however described), other than a failure to make any required payment, in respect of a Reference Entity under one or more Obligations.

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

Obligation Default means one or more Obligations in an aggregate amount of not less than the Default Requirement have become capable of being declared due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default, or other similar condition or event (however described), other than a failure to make any required payment, in respect of a Reference Entity under one or more Obligations.

Outstanding Principal Balance means, subject as provided in sub-paragraph (D)(5) of paragraph (ii) (*Interpretation of Provisions*) in the definition of Deliverable Obligation:

- (a) with respect to any Accreting Obligation, the Accreted Amount thereof; and
- (b) with respect to any other obligation, the outstanding principal balance of such obligation,

provided that with respect to any Exchangeable Obligation that is not an Accreting Obligation, "Outstanding Principal Balance" shall exclude any amount that may be payable under the terms of such obligation in respect of the value of the Equity Securities for which such obligation is exchangeable.

Ownership Restriction Event means the occurrence after the Additional Risk Event Start Date of any event or the existence of any condition that has the effect of it being illegal, impossible or impracticable for, or has the effect of prohibiting, restricting or materially delaying the ability of, any Reference Investor to purchase, hold, receive, sell, freely transfer or remain the owner of any Reference Investor Asset or any amount received in respect thereof.

Payment Requirement means the amount specified as such in the applicable Issue Terms or its equivalent in the relevant Obligation Currency or, if a Payment Requirement is not specified in the applicable Issue Terms, U.S.\$1,000,000, or its equivalent as calculated by the Calculation Agent in the relevant Obligation Currency, in either case, as of the occurrence of the relevant Failure to Pay or Potential Failure to Pay, as applicable.

Permitted Currency means (i) 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 (ii) the legal tender of any country which, as of the date of such change, is a member of the Organisation for Economic Co-operation and Development and has a local currency long term debt rating of either

AAA or higher assigned to it by Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. or any successor to the rating business thereof, Aaa or higher assigned to it by Moody's Investor Service, Inc. 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.

Physical Settlement Period means the number of Business Days specified as such in the applicable Issue Terms or, if a number of Business Days is not so specified, then, with respect to a Deliverable Obligation comprising an Asset Amount, the longest number of Business Days for settlement in accordance with then current market practice of such Deliverable Obligation, as determined by the Calculation Agent.

Potential Failure to Pay means the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations, without regard to any grace period or any conditions precedent to the commencement of any grace period applicable to such Obligations, in accordance with the terms of such Obligations at the time of such failure.

Potential Repudiation/Moratorium means the occurrence of an event described in paragraph (a) of the definition of Repudiation/Moratorium.

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

Publicly Available Information means:

- (a) information that reasonably confirms any of the facts relevant to the determination that the Credit Event or a Potential Repudiation/Moratorium, as applicable, described in a Credit Event Notice or Repudiation/Moratorium Extension Notice has occurred and which:
- (b) 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 the Calculation Agent or the Issuer or any of their respective Affiliates is cited as the sole source of such information, then such information shall not be deemed to be Publicly Available Information unless either the Calculation Agent, the Issuer or any of their Affiliates is acting in its capacity as trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for an Obligation;
- (c) is information received from or published by (1) a Reference Entity or, as the case may be, a Sovereign Agency in respect of a Reference Entity which is a Sovereign or (2) a trustee, fiscal agent, administrative agent, clearing agent or paying agent for an Obligation; or
- (d) 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
- (e) 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.

- (i) In the event that the Calculation Agent is (A) 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 (B) a holder of such Obligation, the Calculation Agent shall be required to deliver to the Issuer a certificate signed by a Managing Director (or other substantially equivalent title) of the Calculation Agent, which shall certify the occurrence of a Credit Event with respect to the relevant Reference Entity.
- (ii) In relation to any information of the type described in paragraphs (a)(c), (d) and (e) above, the Calculation Agent may assume that such information has been disclosed to it without violating any law, agreement or understanding regarding the confidentiality of such information and that the entity disclosing such information has not taken any action or entered into any agreement or understanding with the Reference Entity or any Affiliate of the Reference Entity that would be breached by, or would prevent, the disclosure of such information to third parties.
- (iii) Publicly Available Information need not state:
 - (A) in relation to the definition of "Downstream Affiliate", the percentage of Voting Shares owned, directly or indirectly, by the Reference Entity; and
 - (B) that such occurrence (1) has met the Payment Requirement or Default Requirement; (2) is the result of exceeding any applicable Grace Period; or (3) has met the subjective criteria specified in certain Credit Events.

Qualifying Affiliate Guarantee means a Qualifying Guarantee provided by a Reference Entity in respect of an Underlying Obligation of a Downstream Affiliate of that Reference Entity.

Qualifying Guarantee means an arrangement evidenced by a written instrument pursuant to which a Reference Entity irrevocably agrees (by guarantee of payment or equivalent legal arrangement) to pay all amounts due under an obligation (the **Underlying Obligation**) for which another party is the obligor (the **Underlying Obligor**). Qualifying Guarantees shall exclude any arrangement (i) structured as a surety bond, financial guarantee insurance policy, letter of credit or equivalent legal arrangement or (ii) pursuant to the terms of which the payment obligations of the Reference Entity can be discharged, reduced or otherwise altered or assigned (other than by operation of law) as a result of the occurrence or non-occurrence of an event or circumstance (other than payment). The benefit of a Qualifying Guarantee must be capable of being Delivered together with the Delivery of the Underlying Obligation.

Qualifying Participation Seller means any participation seller that meets the requirements specified in the applicable Issue Terms. If no such requirements are specified, there shall be no Qualifying Participation Seller.

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

- (a) The Calculation Agent shall attempt to obtain Full Quotations with respect to each Valuation Date from five or more Quotation Dealers. If the Calculation Agent is unable to obtain two or more such Full Quotations on the same Business Day within three Business Days of a Valuation Date, then on the next following Business Day (and, if necessary, on each Business Day thereafter until the tenth Business Day following the relevant Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from five or more Quotation Dealers and, if two or more Full Quotations are not available, a Weighted Average Quotation. If the Calculation Agent is unable to obtain two or more Full Quotations or a

Weighted Average Quotation on the same Business Day on or prior to the tenth Business Day following the applicable Valuation Date, the Quotations shall be deemed to be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day, or if no Full Quotation is obtained, the weighted average of any firm quotations for the Reference Obligation obtained from Quotation Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations were not obtained on such day.

- (b)
 - (i) If "Include Accrued Interest" is specified in the applicable Issue Terms in respect of Quotations, such Quotations shall include accrued but unpaid interest;
 - (ii) if "Exclude Accrued Interest" is specified in the applicable Issue Terms in respect of Quotations, such Quotations shall not include accrued but unpaid interest; and
 - (iii) if neither "Include Accrued Interest" nor "Exclude Accrued Interest" is specified in the applicable Issue Terms in respect of Quotations, the Calculation Agent shall determine based on then current market practice in the market of the Reference Obligation, whether such Quotations shall include or exclude accrued but unpaid interest.

All Quotations shall be obtained in accordance with this specification or determination.

- (c) If any Quotation obtained with respect to an Accreting Obligation is expressed as a percentage of the amount payable in respect of such obligation at maturity, such Quotation will instead be expressed as a percentage of the Outstanding Principal Balance for the purposes of determining the Final Price.

Quotation Amount means the amount specified as such in the applicable Issue Terms (which may be specified by reference to an amount in a currency or by reference to a Representative Amount) or, if no amount is specified in the applicable Issue Terms, the aggregate principal amount of the Notes (or, in either case, its equivalent in the relevant Obligation Currency converted by the Calculation Agent in a commercially reasonable manner by reference to exchange rates in effect at the time that the relevant Quotation is being obtained).

Quotation Dealer means a dealer in obligations of the type of Obligation(s) for which Quotations are to be obtained, including each Quotation Dealer specified in the applicable Issue Terms. If no Quotation Dealers are specified in the applicable Issue Terms, the Calculation Agent shall select the Quotation Dealers in its sole and absolute discretion. Upon a Quotation Dealer no longer being in existence (with no successors), or not being an active dealer in the obligations of the type for which Quotations are to be obtained, the Calculation Agent may substitute any other Quotation Dealer(s) for such Quotation Dealer(s).

Quotation Method means the applicable Quotation Method specified in the applicable Issue Terms by reference to one of the following terms:

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

If a Quotation Method is not specified in the applicable Issue Terms, Bid shall apply.

Recovery Value means:

- (a) if Fixed Recovery LA Redemption Amount is not specified as applicable in the applicable Issue Terms, the highest firm bid quotation that the Calculation Agent is able to obtain on the LA Valuation Date from the Reference Dealers for the sale to the Reference Dealers of:
 - (i) if Credit Condition 5(c) is applicable, the relevant Undeliverable Assets; or
 - (ii) if Credit Condition 5(d) is applicable, an original face amount equal to the Initial Applicable Principal Currency Amount of the LA Settlement Assets of the relevant Reference Entity, as such assets may be amended from time to time (including without limitation any securities, cash proceeds or other assets into which such assets shall have been exchanged or converted from time to time),

in each case in the Settlement Currency payable outside the Reference Jurisdiction, provided that if none of the Reference Dealers provides such a firm quotation then the Recovery Value shall be determined by the Calculation Agent, in its sole discretion. The applicable Recovery Value may be equal to zero; or

- (b) if Fixed Recovery LA Redemption Amount is specified as applicable in the applicable Issue Terms, an amount in the Settlement Currency equal to the Fixed Recovery LA Redemption Amount specified in the applicable Issue Terms.

Reference Assets means an amount of any assets specified as such in the applicable Issue Terms issued by the relevant Reference Entity with an original maturity date as specified in the applicable Issue Terms and an original face amount equal to the Initial Applicable Principal Currency Amount, as such assets may be amended from time to time (including without limitation any securities, cash proceeds or other assets into which such assets shall have been exchanged or converted from time to time, provided that when determining whether any of the events or conditions that may be applicable to the Note(s) have occurred, such determination shall be made by the Calculation Agent with reference to the terms and conditions of the original Reference Assets and not such replacement securities or assets).

Reference Custodial/Settlement Arrangement means any formal or informal (express or implied) arrangement, method, means or account type through which a Reference Investor may hold, directly or indirectly, an interest (including a beneficial interest) in the Reference Investor Assets and/or any amount received in respect thereof.

Reference Custodian means the entity specified as such in the applicable Issue Terms.

Reference Dealers means such leading dealers, banks or banking corporations, which are not resident in the Reference Jurisdiction (if any) and which deal in obligations of the type of the Deliverable Obligations, Undeliverable Assets or LA Settlement Assets (as applicable) as are selected by the Calculation Agent, in its sole discretion, in order to determine the Deliverable Obligation Final Price or the Recovery Value (as applicable).

Reference Entity means the entity or entities specified as such in the applicable Issue Terms. Any Successor to a Reference Entity either (a) identified by the Calculation Agent pursuant to the definition of "Successor" in this Credit Condition 7 on or following the Issue Date or (b) in respect of which ISDA publicly announces on or following the Trade Date that the relevant Credit Derivatives Determinations Committee has Resolved, in respect of a Succession Event Resolution Request Date, a Successor in accordance with the Rules shall, in each case, be the Reference Entity for the purposes of the relevant Notes, unless in the case of sub-paragraph (b) the Calculation Agent, acting in good faith and a commercially reasonable manner and taking into account the differences

between the definition of Successor under the 2003 ISDA Credit Derivatives Definitions and the definition of Successor hereunder and such other factor(s) as it deems appropriate, determines that it is inappropriate to follow such DC Resolution for the purposes of the Notes.

Reference Investor means any person that holds the Reference Investor Assets, which may include the Issuer and/or any of its Affiliates (including, without limitation, any trust, special purpose vehicle or account through which the Issuer or any of its Affiliates may hold Reference Investor Assets in the Reference Jurisdiction).

Reference Investor Assets means:

- (a) if Reference Assets Only Settlement is specified as applicable in the applicable Issue Terms, the Reference Assets; and
- (b) if Reference Assets Only Settlement is specified as not applicable in the applicable Issue Terms, Obligations and/or Deliverable Obligations.

Reference Jurisdiction means the jurisdiction specified as such in the applicable Issue Terms.

Reference Obligation means each obligation specified as such or of a type described as such in the applicable Issue Terms (if any are so specified or described) and any Substitute Reference Obligation.

Regulatory Change Cost means, in respect of a Regulatory Change Event, an amount, determined by the Calculation Agent equal to the cost which a Reference Investor would have incurred in respect of such Regulatory Change Event had it purchased, received, held, transferred or sold the Reference Investor Assets (and/or any amount received in respect thereof) at any time during the term of the Note(s).

Regulatory Change Event means:

- (a) the adoption of, change in or change in the interpretation or administration of, any law, rule, directive, decree or regulation in the Reference Jurisdiction after the Trade Date by any Governmental Authority; and/or
- (b) the compliance by a Reference Investor with any request or directive of any Governmental Authority provided that such term shall also include any taxing authority),

which in any such case:

- (i) would, in respect of any amount of Reference Investor Assets (and/or any amount received in respect thereof) which a Reference Investor could have held during the term of the Note(s), impose, modify or apply any tax, charge, duty, reserve, special deposit, insurance assessment or any other requirement on such Reference Investor (and this results in additional costs to a Reference Investor); and/or
- (ii) increases in any other way the actual or potential cost to a Reference Investor of hedging the obligations of the Issuer with respect to the Note(s) at any time during the term of the Note(s).

Relevant Obligations means the Obligations constituting Bonds and Loans of the Reference Entity outstanding immediately prior to the effective date of the Succession Event, excluding any debt obligations outstanding between the Reference Entity and any of its Affiliates, as determined by the Calculation Agent. The Calculation Agent will determine the entity which succeeds to such Relevant Obligations on the basis of the Best Available Information. If the date on which the Best

Available Information becomes available or is filed precedes the legally effective date of the relevant Succession Event, any assumptions as to the allocation of obligations between or among entities contained in the Best Available Information will be deemed to have been fulfilled as of the legally effective date of the Succession Event, whether or not this is in fact the case.

Representative Amount means an amount that is representative for a single transaction in the relevant market and at the relevant time, such amount to be determined by the Calculation Agent.

Repudiation/Moratorium means the occurrence of both of the following events:

- (a) an authorised officer of a Reference Entity or a Governmental Authority:
 - (i) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, one or more Obligations in an aggregate amount of not less than the Default Requirement; or
 - (ii) declares or imposes a moratorium, standstill, roll-over or deferral, whether de facto or de jure, with respect to one or more Obligations in an aggregate amount of not less than the Default Requirement; and
- (b) a Failure to Pay, determined without regard to the Payment Requirement, or a Restructuring, determined without regard to the Default Requirement, with respect to any such Obligation occurs on or prior to the Repudiation/Moratorium Evaluation Date.

Repudiation/Moratorium Evaluation Date means, if a Potential Repudiation/Moratorium occurs on or prior to the Scheduled Maturity Date, (i) if the Obligations to which such Potential Repudiation/Moratorium relates include Bonds, the date that is the later of (A) the date that is 60 days after the date of such Potential Repudiation/Moratorium and (B) the first payment date under any such Bond after the date of such Potential Repudiation/Moratorium (or, if later, the expiration date of any applicable Grace Period in respect of such payment date) and (ii) if the Obligations to which such Potential Repudiation/Moratorium relates do not include Bonds, the date that is 60 days after the date of such Potential Repudiation/Moratorium; provided that, in either case, the Repudiation/Moratorium Evaluation Date shall occur no later than the Scheduled Maturity Date unless the Repudiation/Moratorium Extension Condition is satisfied. If (I) the Repudiation/Moratorium Extension Condition is satisfied and (II) an Event Determination Date or Risk Event Determination Date (as applicable) in respect of that Repudiation/Moratorium does not occur on or prior to the final day of the Notice Delivery Period, the later of the Scheduled Maturity Date and the Repudiation/Moratorium Evaluation Date will be the Maturity Date (even if a Repudiation/Moratorium occurs after the Scheduled Maturity Date).

Repudiation/Moratorium Extension Condition is satisfied (i) if ISDA publicly announces, pursuant to a valid request that was delivered in accordance with the Rules and effectively received on or prior to the date that is fourteen calendar days after the Scheduled Maturity Date, that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Potential Repudiation/Moratorium for purposes of the Notes has occurred with respect to an Obligation of the relevant Reference Entity and that such event occurred on or prior to the Scheduled Maturity Date, unless the DC Resolutions in respect of which the Calculation Agent acting in good faith and in a commercially reasonable manner and taking into account the differences between the definition of Potential Repudiation/Moratorium under the 2003 ISDA Credit Derivatives Definitions and the definition of Potential Repudiation/Moratorium hereunder and such other factor(s) as it deems appropriate, determines are inappropriate to follow for the purposes of the Notes or (ii) otherwise, by the delivery of a Repudiation/Moratorium Extension Notice and, if Notice of Publicly Available Information is specified as applicable in the applicable Issue Terms, a Notice of Publicly Available Information that are each effective on or prior to the Scheduled Maturity Date or, if Credit

Condition 2(g)(ii) applies, the Postponed Maturity Date. In all cases, the Repudiation/Moratorium Extension Condition will be deemed not to have been satisfied, or capable of being satisfied, if, or to the extent that, ISDA publicly announces, pursuant to a valid request that was delivered in accordance with the Rules and effectively received on or prior to the Scheduled Maturity Date or, if Credit Condition 2(g)(ii) applies, the Postponed Maturity Date, that the relevant Credit Derivatives Determinations Committee has Resolved that either (A) an event does not constitute a Potential Repudiation/Moratorium with respect to an Obligation of the relevant Reference Entity, or (B) an event that constitutes a Potential Repudiation/Moratorium has occurred with respect to an Obligation of the relevant Reference Entity but that such event occurred after the Scheduled Maturity Date, unless the DC Resolutions in respect of which the Calculation Agent acting in good faith and in a commercially reasonable manner and taking into account the differences between the definition of Potential Repudiation/Moratorium under the 2003 ISDA Credit Derivatives Definitions and the definition of Potential Repudiation/Moratorium hereunder and such other factor(s) as it deems appropriate, determines are inappropriate to follow for the purposes of the Notes.

Repudiation/Moratorium Extension Notice means an irrevocable notice (which may be by telephone) from the Calculation Agent to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that describes a Potential Repudiation/Moratorium that occurred on or after the Issue Date and on or prior to the Scheduled Maturity Date. A Repudiation/Moratorium Extension Notice must contain a description in reasonable detail of the facts relevant to the determination that a Potential Repudiation/Moratorium has occurred and indicate the date of the occurrence. The Potential Repudiation/Moratorium that is the subject of the Repudiation/Moratorium Extension Notice need not be continuing on the date the Repudiation/Moratorium Extension Notice is effective. A Repudiation/Moratorium Extension Notice shall be subject to the requirements regarding notices set out in Credit Condition 4.

Resolve has the meaning given to it in the Rules, and "Resolved" and "Resolves" shall be interpreted accordingly.

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

Restructuring means 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 a Reference Entity or a Governmental Authority and a sufficient number of holders of the Obligation to bind all the holders of such Obligation or is announced (or otherwise decreed) by a Reference Entity or a Governmental Authority in a form that binds all holders of such Obligation, and such event is not expressly provided for under the terms of such Obligation in effect as of the later of the Trade Date or, if Credit Event Backstop Date is specified as applicable in the Issue Terms, the Credit Event Backstop Date and 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 (x) the payment or accrual of interest or (y) 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.

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

- (i) the payment in euro of interest or principal in relation to an Obligation denominated in a currency of a Member State of the European Union that adopts or has adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on the European Union;
- (ii) the occurrence of, agreement to or announcement of any of the events described in (a) to (e) above due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and
- (iii) the occurrence of, agreement to or announcement of any of the events described in (a) to (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 of Restructuring and the definition of Multiple Holder Obligation, 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 Issue Terms, as provider of any Qualifying Guarantee. In the case of a Qualifying Guarantee and an Underlying Obligation, references to the Reference Entity in the initial paragraph of the definition of Restructuring shall be deemed to refer to the Underlying Obligor and the reference to the Reference Entity in the second paragraph of this definition of Restructuring shall continue to refer to the Reference Entity.

Restructuring Date means, with respect to a Restructured Bond or Loan, the date on which a Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.

Restructuring Maturity Limitation Date means, with respect to a Deliverable Obligation, the Limitation Date occurring on or immediately following the Scheduled Maturity Date, provided that, in circumstances where the Scheduled Maturity Date is later than the 2.5-year Limitation Date, at least one Enabling Obligation exists. Notwithstanding the foregoing, if the final maturity date of the Restructured Bond or Loan with the latest final maturity date of any Restructured Bond or Loan occurs prior to the 2.5-year Limitation Date (such Restructured Bond or Loan, a **Latest Maturity Restructured Bond or Loan**) and the Scheduled Maturity Date occurs prior to the final maturity date of such Latest Maturity Restructured Bond or Loan, then the Restructuring Maturity Limitation Date will be the final maturity date of such Latest Maturity Restructured Bond or Loan.

Risk Event means the occurrence or existence of (a) a Credit Event or (b) if the Issue Terms specify "Additional Risk Event Applicable", an Additional Risk Event.

Risk Event Determination Date means the date on which the Issuer declares that a Risk Event has occurred or exists pursuant to Credit Condition 5(c), 5(d) or 5(e) above.

Risk Event Determination Period means the period from and including the Additional Risk Event Start Date, as specified in the applicable Issue Terms, to and including the Maturity Date.

Rules has the meaning given to that term in the definition of Credit Derivatives Determinations Committees above.

Settlement Currency means the currency specified as such in the applicable Issue Terms, or if no currency is specified in the applicable Issue Terms, the Specified Currency of the Credit Linked Notes.

Settlement Date means, subject to Credit Condition 2(m), the last day of the longest Physical Settlement Period following:

- (a) the satisfaction of Conditions to Settlement; or
- (b) if Physical Delivery is the applicable Fallback Settlement Method, (1) if Credit Condition 2(b)(i) above applies, the earlier to occur of the No Auction Announcement Date, the Auction Cut-Off Date (if the occurrence of this date were the cause of the applicability of the Fallback Settlement Method), the Auction Final Price Cut-off Date (if specified as applicable in the applicable Issue Terms and the occurrence of this date were the cause of the applicability of the Fallback Settlement Method) or the Calculation Agent No Auction Determination Date or (2) if Credit Condition 2(b)(ii) above applies, the Credit Event Determination Date,

(in either case, the **Scheduled Settlement Date**) provided that if a Hedge Disruption Event has occurred and is continuing on the second Business Day immediately preceding the Scheduled Settlement Date, the Settlement Date shall be the earlier of (i) the second Business Day following the date on which no Hedge Disruption Event subsists and (ii) the day falling 60 Business Days following the Scheduled Settlement Date.

Settlement/Custodial Event means (a) the occurrence after the Additional Risk Event Start Date, of any event, the existence of any condition or the taking of any action that results, or may result with the passage of time, in the Bankruptcy as if references to "Reference Entity" were changed to "Custodian" for these purposes) of any Custodian or (b) in respect of the Reference Investor Assets owned by such Reference Investor or any amount received in respect thereof, a Custodian (i) fails to perform in a timely manner any or all of its obligations owed to a Reference Investor under any Reference Custodial/Settlement Arrangement, or (ii) fails to take any action when instructed to do so by a Reference Investor pursuant to the terms of any Reference Custodial/Settlement Arrangement, or (iii) takes any action which is contrary to the terms of any Reference Custodial/Settlement Arrangement; in each case that affects or may affect, in the determination of the Calculation Agent, the hedging arrangements of the Issuer and/or any of its Affiliates in respect of the Issuer's obligations with respect to the Note(s).

Sovereign means any state, political subdivision or government, or any agency, instrumentality, ministry, department or other authority (including without limiting the foregoing, the central bank) thereof.

Sovereign Agency means any agency, instrumentality, ministry, department or other authority (including, without limiting the foregoing, the central bank) of a Sovereign.

Sovereign Restructured Deliverable Obligation means an Obligation of a Sovereign Reference Entity (i) in respect of which a Restructuring that is the subject of the relevant Credit Event Notice has occurred and (ii) described by the Deliverable Obligation Category specified in the applicable Issue Terms, and, subject to paragraph (C) of "(A) *Interpretation of Provisions*" in the definition of "Deliverable Obligation", having each of the Deliverable Obligation Characteristics, if any, specified in the applicable Issue 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.

Specified Number means the number of Public Source(s) specified in the applicable Issue Terms, or if no number is specified in the applicable Issue Terms, two.

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

- (a) In the event that:
 - (i) a Reference Obligation in respect of such Reference Entity is redeemed in whole; or
 - (ii) in the opinion of the Calculation Agent (1) the aggregate amounts due under any Reference Obligation in respect of such Reference Entity have been materially reduced by redemption or otherwise (other than due to any scheduled redemption, amortisation or prepayments), (2) any Reference Obligation in respect of such Reference Entity 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 (3) for any other reason, other than due to the existence or occurrence of a Credit Event, any Reference Obligation in respect of such Reference Entity is no longer an obligation of a Reference Entity, the Calculation Agent shall identify one or more Obligations to replace such Reference Obligation in respect of such Reference Entity.
- (b) Any Substitute Reference Obligation or Substitute Reference Obligations shall be an Obligation that (A) ranks *pari passu* (or, if no such Obligation exists, then, at the Issuer's option, an Obligation that ranks senior) in priority of payment with such Reference Obligation (with the ranking in priority of payment of such Reference Obligation being determined as of the 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), (B) preserves the economic equivalent, as closely as practicable as determined by the Calculation Agent of the delivery and payment obligations of the Issuer and (C) is an 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 Issue Terms, as provider of any Qualifying Guarantee). The Substitute Reference Obligation or Substitute Reference Obligations identified by the Calculation Agent shall, without further action, replace such Reference Obligation or Reference Obligations.
- (c) If more than one specific Reference Obligation is identified as a Reference Obligation in respect of such Reference Entity in relation to a Series, any of the events set forth in paragraph (a) above has occurred with respect to one or more but not all of such Reference Obligations, and the Calculation Agent determines that no Substitute Reference Obligation is available for one or more of such Reference Obligations, each such Reference Obligation for which no Substitute Reference Obligation is available shall cease to be a Reference Obligation.
- (d) If more than one specific Reference Obligation is identified as a Reference Obligation in respect of such Reference Entity in relation to a Series, any of the events set forth in paragraph (a) above has occurred with respect to all of such Reference Obligations, and the Calculation Agent determines that at least one Substitute Reference Obligation is available for any such Reference Obligation, then each such Reference Obligation shall be replaced by

a Substitute Reference Obligation and each Reference Obligation for which no Substitute Reference Obligation is available will cease to be a Reference Obligation.

(e) If:

- (i) more than one specific Reference Obligation is identified as a Reference Obligation in respect of such Reference Entity in relation to a Series, any of the events set forth in paragraph (a) above has occurred with respect to all of such Reference Obligations and the Calculation Agent determines that no Substitute Reference Obligation is available for any of such Reference Obligations; or
- (ii) only one specific Reference Obligation is identified as a Reference Obligation in relation to a Series, any of the events set forth in paragraph (a) above has occurred with respect to such Reference Obligation and the Calculation Agent determines that no Substitute Reference Obligation is available for that Reference Obligation,

then the Calculation Agent shall continue to attempt to identify a Substitute Reference Obligation until the later of (1) the Scheduled Maturity Date, (2) the Grace Period Extension Date (if any) and (3) the Repudiation/Moratorium Evaluation Date (if any). If (x) either Cash Settlement is specified in the applicable Issue Terms and the Credit Event Redemption Amount is determined by reference to a Reference Obligation or Physical Delivery is specified in the applicable Issue Terms and the Reference Obligation is the only Deliverable Obligation and (y) on or prior to the later of (1) the Scheduled Maturity Date, (2) the Grace Period Extension Date or (3) the Repudiation/Moratorium Evaluation Date, a Substitute Reference Obligation has not been identified, the Issuer's obligations under the Credit Linked Notes shall cease as of the later of (1) the Scheduled Maturity Date, (2) the Grace Period Extension Date or (3) the Repudiation/Moratorium Evaluation Date.

(f) For the purposes of identification of a Reference Obligation, any change in the Reference Obligation's CUSIP or ISIN number or other similar identifier will not, in and of itself, convert such Reference Obligation into a different Obligation.

Succession Event means (i) with respect to a Reference Entity that is not a Sovereign, an event such as a merger, de-merger, consolidation, amalgamation, transfer of assets or liabilities, spin off or other similar event in which one entity succeeds to the obligations of another entity, whether by operation of law or pursuant to any agreement or (ii) with respect to a Reference Entity that is a Sovereign, an event such as an annexation, unification, secession, partition, dissolution, consolidation, reconstitution or other event that results in any direct or indirect successor(s) to such Reference Entity. Notwithstanding the foregoing, "Succession Event" shall not include 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, demerger, consolidation, amalgamation, transfer of assets or liabilities, spin-off or other similar event or (B) if Succession Event Backstop Date is specified as applicable in the applicable Issue Terms, 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.

Succession Event Backstop Date means (a) for purposes of any event that constitutes a Succession Event, as determined by DC Resolution, the date that is 90 calendar days prior to the Succession Event Resolution Request Date or (b) otherwise, the date that is 90 calendar days prior to the earlier of (i) the date on which the Calculation Agent becomes aware of the occurrence of a Succession Event and (ii) in circumstances where (A) the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in sub-paragraphs (a) and (b) of the definition of Succession Event Resolution Request Date are satisfied in accordance with the Rules, (B) the relevant Credit Derivatives Determinations Committee has Resolved not to determine such

matters and (C) the Calculation Agent determines a Successor not more than fourteen calendar days after the day on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters, the Succession Event Resolution Request Date. The Succession Event Backstop Date shall not be subject to adjustment in accordance with any Business Day.

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

- (a) whether an event that constitutes a Succession Event has occurred with respect to the relevant Reference Entity; and
- (b) if the relevant Credit Derivatives Determinations Committee Resolves that such event has occurred, (i) with respect to a Reference Entity that is not a Sovereign, the legally effective date of such event or (ii) with respect to a Reference Entity that is a Sovereign, the date of the occurrence of such event,

the date, as publicly announced by ISDA, that the relevant Credit Derivatives Determinations Committee Resolves to be the date on which such notice is effective.

Successor means:

- (a) in relation to a Reference Entity that is not a Sovereign, the entity or entities, if any, determined as set forth below:
 - (i) if one entity directly or indirectly succeeds to seventy-five per cent. or more of the Relevant Obligations of the Reference Entity by way of a Succession Event, that entity will be the sole Successor;
 - (ii) if only one entity directly or indirectly succeeds to more than twenty-five per cent. (but less than seventy-five per cent.) of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than twenty-five per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entity that succeeds to more than twenty-five per cent. of the Relevant Obligations will be the sole Successor;
 - (iii) if more than one entity each directly or indirectly succeed to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than twenty-five per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entities that succeed to more than twenty-five per cent. of the Relevant Obligations will each be a Successor and these Terms and Conditions and/or the applicable Issue Terms will be adjusted as provided below;
 - (iv) if one or more entity each directly or indirectly succeed to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity by way of a Succession Event, and more than twenty-five per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, each such entity and the Reference Entity will each be a Successor and these Terms and Conditions and/or the applicable Issue Terms will be adjusted as provided below;
 - (v) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity

succeeds to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity continues to exist, there will be no Successor and the Reference Entity will not be changed in any way as a result of the Succession Event;

- (vi) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity ceases to exist, the entity which succeeds to the greatest percentage of Relevant Obligations (or, if two or more entities succeed to an equal percentage of Relevant Obligations, the entity from among those entities which succeeds to the greatest percentage of obligations of the Reference Entity) will be the sole Successor; and
- (b) in relation to a Sovereign Reference Entity, any direct or indirect successor(s) to that Reference Entity irrespective of whether such successor(s) assumes any of the obligations of such Reference Entity.

In the case of paragraph (a) above, the Calculation Agent will be responsible for determining, as soon as reasonably practicable after it becomes aware of the relevant Succession Event (but no earlier than fourteen calendar days after the legally effective date of the Succession Event), and with effect from the legally effective date of the Succession Event, whether the relevant thresholds set forth above have been met, or which entity qualifies under paragraph (a)(vi) above, as applicable; provided that the Calculation Agent will not make such determination if, at such time, either (A) ISDA has publicly announced that the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in the definition of Successor in relation to the relevant Reference Entity, and in sub-paragraphs (a) and (b)(i) of the definition of Succession Event Resolution Request Date are satisfied in accordance with the Rules (until such time, if any, as ISDA subsequently publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine a Successor or the request the subject of the Succession Event Resolution Request Date is withdrawn in accordance with the Rules prior to the first meeting at which deliberations are held with respect to such request) or (B) ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved that no event that constitutes a Succession Event with respect to the relevant Reference Entity has occurred, unless in either case the Calculation Agent, acting in good faith and in a commercially reasonable manner and taking into account the differences between the definition of Successor under the 2003 ISDA Credit Derivatives Definitions and the definition of Successor hereunder and such other factor(s) as it deems appropriate, determines that it is inappropriate to follow such DC Resolutions for the purposes of the Notes. In calculating the percentages used to determine whether the relevant thresholds set forth above have been met, or which entity qualifies under paragraph (a)(vi) above, as applicable, the Calculation Agent shall use, in respect of each applicable Relevant Obligation included in such calculation, the amount of the liability in respect of such Relevant Obligation listed in the Best Available Information and shall, as soon as practicable after such calculation, make such calculation available for inspection by Noteholder(s) at the specified office of the Registrar.

In the case of (b) above, the Calculation Agent will be responsible for determining, as soon as reasonably practicable after it becomes aware of the relevant Succession Event (but no earlier than fourteen calendar days after the date of occurrence of the relevant Succession Event), and with effect from the date of occurrence of the Succession Event, each Sovereign and/or entity, if any, that qualifies under (b) above; provided that the Calculation Agent will not make such determination if, at such time, either (A) ISDA has publicly announced that the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in the definition of Successor in relation to the relevant Reference Entity, and in sub-paragraphs (a) and (b)(ii) of the definition of Succession Event Resolution Request Date are satisfied in accordance with the Rules

(until such time, if any, as ISDA subsequently publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine a Successor or the request the subject of the Succession Event Resolution Request Date is withdrawn in accordance with the Rules prior to the first meeting at which deliberations are held with respect to such request) or (B) ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved that no event that constitutes a Succession Event with respect to the relevant Reference Entity has occurred, unless in either case the Calculation Agent, acting in good faith and in a commercially reasonable manner and taking into account the differences between the definition of Successor under the 2003 ISDA Credit Derivatives Definitions and the definition of Successor hereunder and such other factor(s) as it deems appropriate, determines that it is inappropriate to follow such DC Resolutions for the purposes of the Notes.

Where pursuant to paragraph (a)(iii) or (a)(iv) above, more than one Successor has been identified, the Calculation Agent shall adjust such of the Terms and Conditions and/or the applicable Issue Terms as it in its sole and absolute discretion acting in a commercially reasonable manner shall determine to be appropriate to reflect that the relevant Reference Entity has been succeeded by more than one Successor and shall determine the effective date of that adjustment. The Calculation Agent shall be deemed to be acting in a commercially reasonable manner if it adjusts such of the Terms and Conditions and/or the applicable Issue Terms in such a manner as to reflect the adjustment to and/or division of any credit derivative transaction(s) related to or underlying the Notes under the provisions of the 2003 ISDA Credit Derivatives Definitions.

Upon the Calculation Agent making such adjustment, the Issuer shall give notice as soon as practicable to Noteholders in accordance with Condition 13, stating the adjustment to the Terms and Conditions and/or the applicable Issue Terms and giving brief details of the relevant Succession Event.

For the purposes of this definition of "Successor", **succeed** means, with respect to a Reference Entity and its Relevant Obligations (or, as applicable, obligations), that a party other than such Reference Entity (i) assumes or becomes liable for such Relevant Obligations (or, as applicable, obligations) whether by operation of law or pursuant to any agreement or (ii) issues Bonds that are exchanged for Relevant Obligations (or, as applicable, obligations), and in either case such Reference Entity is no longer an obligor (primarily or secondarily) or guarantor with respect to such Relevant Obligations (or, as applicable, obligations). The determinations required pursuant to paragraph (a) of this definition of "Successor" shall be made, in the case of an exchange offer, on the basis of the Outstanding Principal Balance of Relevant Obligations tendered and accepted in the exchange and not on the basis of the Outstanding Principal Balance of Bonds for which Relevant Obligations have been exchanged.

Where:

- (x) a Reference Obligation is specified in the applicable Issue Terms; and
- (y) one or more Successors to the Reference Entity have been identified; and
- (z) any one or more such Successors have not assumed the Reference Obligation,

a Substitute Reference Obligation will be determined in accordance with the definition of "Substitute Reference Obligation" above.

Supranational Organisation means any entity or organisation established by treaty or other arrangement between two or more Sovereigns or the Sovereign Agencies of two or more Sovereigns, and includes, without limiting the foregoing, the International Monetary Fund, European Central

Bank, International Bank for Reconstruction and Development and the European Bank for Reconstruction and Development.

Trade Date means the date specified as such in the applicable Issue Terms.

Transaction Auction Settlement Terms means any credit derivatives auction settlement terms published by ISDA on its website at www2.isda.org (**Credit Derivatives Auction Settlement Terms**) that the Calculation Agent determines are applicable.

Undeliverable LA Redemption Amount means an amount (which shall not be less than, but may be equal to, zero) in the Settlement Currency equal to the Recovery Value less Unwind Costs, if any (but excluding any Unwind Costs already taken into account in calculating the principal amount of the relevant LA Settlement Assets to deliver), all as determined by the Calculation Agent on the date (the **LA Valuation Date**) selected by the Calculation Agent, in its sole discretion, which falls on any Business Day during the period from and including the LA Physical Settlement Date to and including the LA Cash Payment Date.

Undeliverable Obligation means a Deliverable Obligation included in an Asset Amount which, on the Settlement Date for such Deliverable Obligation, the Calculation Agent determines for any reason (including without limitation, failure of the relevant clearance system or due to any law, regulation, court order or market conditions or the non-receipt of any requisite consents with respect to the Delivery of Loans) it is impossible, impracticable or illegal to Deliver on the Settlement Date.

Underlying RMB Currency Event means any one of Underlying RMB Illiquidity, Underlying RMB Inconvertibility and Underlying RMB Non-Transferability.

Underlying RMB Illiquidity means the occurrence of any event or circumstance after the Additional Risk Event Start Date whereby (i) the general Renminbi exchange market outside the PRC becomes illiquid (including, without limitation, the existence of any significant price distortion) as a result of which the Issuer cannot obtain sufficient Renminbi in order to perform its obligations under the Notes or any party to a Hedge Position would not be able to obtain sufficient Renminbi in order to perform its obligations under such Hedge Position; or (ii) it becomes impossible or impractical for the Issuer (or would be impossible or impractical for any party to a Hedge Position) to obtain a firm quote of the exchange rate, in each case, as determined by the Calculation Agent in good faith and in a commercially reasonable manner;

Underlying RMB Inconvertibility means the occurrence after the Additional Risk Event Start Date of any event or existence of any condition that has the effect of it being impossible, illegal or impracticable for, or has the effect prohibiting, restricting or materially delaying the ability of, the Issuer or any party to a Hedge Position to convert any amount as may be required to be paid by any party on any payment date in respect of the Notes or any Hedge Position into RMB, other than where such impossibility, impracticability or illegality is due solely to the failure of the relevant party and/or any of its affiliates to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the relevant Series and it is impossible, impracticable or illegal for the relevant party and/or any of its affiliates, due to an event beyond the control of that party and/or its affiliates, to comply with such law, rule or regulation);

Underlying RMB Non-Transferability means the occurrence after the Additional Risk Event Start Date of any event that makes it impossible, impracticable or illegal for the Issuer or (if applicable) any party to a Hedge Position and/or any of its affiliates to deliver RMB between accounts inside the relevant RMB Settlement Centre(s) or from an account inside the relevant RMB Settlement Centre(s) to an account outside such RMB Settlement Centre(s) (including where the RMB clearing and settlement system for participating banks in the relevant RMB Settlement Centre(s) is disrupted

or suspended) or from an account outside the relevant RMB Settlement Centre(s) to an account inside such RMB Settlement Centre(s), other than where such impossibility, impracticability or illegality is due solely to the failure of the relevant party and/or any of its affiliates to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the relevant Series and it is impossible, impracticable or illegal for the relevant party and/or any of its affiliates, due to an event beyond the control of the relevant party and/or any of its affiliates (as applicable), to comply with such law, rule or regulation)

Unwind Costs means the amount specified in the applicable Issue Terms or if **Standard Unwind Costs** are specified in the applicable Issue Terms, an amount determined by the Calculation Agent equal to the sum of (without duplication) all costs, fees, charges, expenses (including loss of funding), tax and duties incurred by the Issuer and/or any of its Affiliates in connection with the redemption of the Credit Linked Notes and (if the Issuer has elected to hedge its exposure and such hedge is held at the related redemption) the related termination, settlement or re-establishment of any hedge or related trading position, such amount to be apportioned *pro rata* amongst each principal amount of Credit Linked Notes in the Calculation Amount.

Valuation Date means, subject to Credit Condition 2(m), (i) where Physical Delivery is specified as applying in the applicable Issue Terms, the day falling two Business Days after the Final Delivery Date, or (ii) where Cash Settlement is specified as applying in the applicable Issue Terms, (A) if "Single Valuation Date" is specified in the applicable Issue Terms, the date that is (i) the number of Business Days specified in the Issue Terms or (ii), if the number of Business Days is not so specified, five Business Days, in either case after (x) the Credit Event Determination Date or (y) if Cash Settlement is the applicable Fallback Settlement Method, (1) if Credit Condition 2(b)(i) above applies, the earlier to occur of the No Auction Announcement Date, the Auction Cut-Off Date (if the occurrence of this date were the cause of the applicability of the Fallback Settlement Method), the Auction Final Price Cut-off Date (if the occurrence of this date were the cause of the applicability of the Fallback Settlement Method) or the Calculation Agent No Auction Determination Date or (2) if Credit Condition 2(b)(ii) above applies, the Credit Event Determination Date, and (B) if "Multiple Valuation Dates" is specified in the applicable Issue Terms, each of the following dates:

- (a) the date that is the number of Business Days specified in the applicable Issue Terms after (x) the Credit Event Determination Date or (y) if Cash Settlement is the applicable Fallback Settlement Method, (1) if Credit Condition 2(b)(i) above applies, the earlier to occur of the No Auction Announcement Date, the Auction Cut-Off Date (if the occurrence of this date were the cause of the applicability of the Fallback Settlement Method), the Auction Final Price Cut-off Date (if specified as applicable in the applicable Issue Terms and if the occurrence of this date were the cause of the applicability of the Fallback Settlement Method) or the Calculation Agent No Auction Determination Date or (2) if Credit Condition 2(b)(ii) above applies, the Credit Event Determination Date (or in either case if the number of Business Days is not specified, five Business Days); and
- (b) each successive date that is the number of Business Days specified in the applicable Issue Terms (or if the number of Business Days is not so specified, five Business Days) after the date on which the Calculation Agent obtains a Market Value with respect to the immediately preceding Valuation Date.

When "Multiple Valuation Dates" is specified in the applicable Issue Terms, the total number of Valuation Dates shall be equal to the number of Valuation Dates specified in the applicable Issue Terms (or, if the number of Valuation Dates is not so specified, five Valuation Dates).

If neither Single Valuation Date nor Multiple Valuation Dates is specified in the applicable Issue Terms, Single Valuation Date shall apply.

Valuation Method:

- (i) The following Valuation Methods may be specified in the applicable Issue Terms for a Series with only one Reference Obligation and only one Valuation Date:

- (A) **Market** means the Market Value determined by the Calculation Agent with respect to the Valuation Date; or
- (B) **Highest** means the highest Quotation obtained by the Calculation Agent with respect to the Valuation Date.

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

- (ii) The following Valuation Methods may be specified in the applicable Issue Terms for a Series with only one Reference Obligation and more than one Valuation Date:

- (A) **Average Market** means the unweighted arithmetic mean of the Market Values determined by the Calculation Agent with respect to each Valuation Date; or
- (B) **Highest** means the highest Quotation obtained by the Calculation Agent with respect to any Valuation Date; or
- (C) **Average Highest** means the unweighted arithmetic mean of the highest **Quotations** obtained by the Calculation Agent with respect to each Valuation Date.

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

- (iii) The following Valuation Methods may be specified in the applicable Issue Terms for a Series with more than one Reference Obligation and only one Valuation Date:

- (A) **Blended Market** means the unweighted arithmetic mean of the Market Value for each Reference Obligation determined by the Calculation Agent with respect to the Valuation Date; or
- (B) **Blended Highest** means the unweighted arithmetic mean of the highest Quotations obtained by the Calculation Agent for each Reference Obligation with respect to the Valuation Date.

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

- (iv) The following Valuation Methods may be specified in the applicable Issue Terms for a Series with more than one Reference Obligation and more than one Valuation Date:

- (A) **Average Blended Market** means, using values with respect to each Valuation Date determined by the Calculation Agent in accordance with the Blended Market Valuation Method, the unweighted arithmetic mean of the values so determined with respect to each Valuation Date; or
- (B) **Average Blended Highest** means, using values with respect to each Valuation Date determined by the Calculation Agent in accordance with the Blended Highest Valuation Method, the unweighted arithmetic mean of the values so determined with respect to each Valuation Date.

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

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

Valuation Time means the time specified as such in the applicable Issue Terms or, if no time is so specified, 11.00 a.m. in the principal trading market for the Reference Obligation.

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

8. AMENDMENT OF CREDIT CONDITIONS AND ISSUE TERMS IN ACCORDANCE WITH MARKET CONVENTION

The Calculation Agent may from time to time amend any provision of these Credit Conditions and the applicable Issue Terms in any manner which the Calculation Agent determines in a commercially reasonable manner is necessary or desirable (i) to incorporate and/or reflect (x) further or alternative documents or protocols from time to time published by ISDA with respect to the documentation, trading or settlement of credit derivative transactions and/or (y) the operation or application of determinations by the Credit Derivatives Determinations Committees and/or (ii) to reflect or account for market practice for credit derivative transactions. Any amendment made in accordance with this Credit Condition 8 shall be notified to the Noteholders in accordance with Condition 13 of the General Conditions.

UNDERLYING SCHEDULE 2 CREDIT LINKED CONDITIONS (2014 DEFINITIONS)

This Underlying Schedule shall apply where the applicable Issue Terms specify that the Notes are Credit Linked Notes and that the provisions of this Schedule apply.

For the avoidance of doubt, defined terms used in this Underlying Schedule shall only apply in respect of Credit Linked Notes where Underlying Schedule 2 – Credit Linked Conditions (2014 Definitions) is specified as applicable in the applicable Issue Terms.

1. INTEREST PROVISIONS

Where the Credit Linked Notes are interest bearing Credit Linked Notes, the following shall apply as a new Condition 20 of the General Conditions:

"(20) *Accrual of Interest.*

Each Credit Linked Note shall cease to bear interest from the expiry of the day preceding the day on which it is due for redemption unless, other than in the case of a Note for which LA Interest is specified as applicable or Accrual is specified as Not Applicable in the applicable Issue Terms (each a **Non-Accruing Note**), payment of principal and/or delivery of all assets deliverable is improperly withheld or refused. In such event, interest shall continue to accrue on the outstanding principal amount of such Credit Linked Note from (and including) the due date for redemption until (but excluding) the earlier of (i) the date on which all amounts due in respect of such Credit Linked Note have been paid and/or all assets deliverable in respect of such Credit Linked Note have been delivered, and (ii) five days after the date on which the full amount of the moneys payable in respect of such Credit Linked Note has been received by the Fiscal Agent and/or all assets in respect of such Credit Linked Note have been received by an agent appointed by the Issuer to deliver such assets to Noteholders and notice to that effect has been given to the Noteholders in accordance with Condition 13 at the Interest Rate applicable in respect of the last occurring Interest Period, provided that:

- (i) subject as provided in paragraph (ii) below, each Note shall cease to bear interest from the Interest Period End Date or, in the case of a Non-Accruing Note, Interest Payment Date immediately preceding the Credit Event Determination Date or, in the case of an LA Credit Linked Note, Risk Event Determination Date, or if the Credit Event Determination Date or Risk Event Determination Date (as applicable) is an Interest Period End Date or Interest Payment Date (as applicable) such Interest Period End Date or Interest Payment Date, provided that if the Credit Event Determination Date or Risk Event Determination Date (as applicable) falls prior to the first Interest Period End Date or Interest Payment Date (as applicable), no interest shall be payable in respect of the Notes;
- (ii) subject to the provisions of Credit Conditions 3(e), 3(f) and 3(g) below, if DC Determinations is specified in the applicable Issue Terms and a Credit Event Resolution Request Date occurs during an Interest Period but a Credit Event Determination Date has not occurred on or prior to the Interest Payment Date in respect of such Interest Period (unless on or prior to such Interest Payment Date (w) a DC No Credit Event Announcement occurs with respect thereto, (x) a DC Credit Event Question Dismissal occurs with respect thereto, (y) the requisite number of Convened DC Voting Members (as defined in the DC Rules) have not agreed to deliberate the issue within the requisite time period or (z) the request the subject of the Credit Event Resolution Request Date has been withdrawn in accordance with

the DC Rules prior to the first meeting at which deliberations are held with respect to such request), no interest will be payable in respect of the Notes on that Interest Payment Date, notwithstanding that a Credit Event Determination Date has not then occurred. If a Credit Event Determination Date has not occurred on or prior to the Interest Payment Date in respect of the next Interest Period, the interest that would otherwise have been payable on the Interest Payment Date for the earlier Interest Period will be payable on the Interest Payment Date for that next Interest Period and interest will continue to be payable as provided herein thereafter. No further or other amount in respect of interest shall be payable and no additional amount shall be payable in respect of such delay;

(iii) if:

- (A) Credit Condition 3(e) or 3(f) below applies in respect of the Notes and, in the case of Credit Condition 3(e) below, a Repudiation/Moratorium has not occurred on or prior to the Repudiation/Moratorium Evaluation Date or, in the case of Credit Condition 3(f) below, a Failure to Pay has not occurred on or prior to the Grace Period Extension Date, as the case may be; and/or
- (B) Credit Condition 3(g) below applies in respect of the Notes and redemption of the Notes is postponed as provided therein,

then interest will accrue as provided in Credit Condition 3(e), 3(f) or 3(g) below, as the case may be; and

- (iv) in the case of a Non-Accruing Note redeemed pursuant to Condition 5(b), Condition 5(e), Condition 5(f) or Condition 9 of the General Conditions, interest will accrue as provided in Credit Condition 5(b)(v) or Condition 2.1(a)(v) of the Valuation and Settlement Schedule, as applicable."

2. INTERPRETATION

Any references in these Credit Conditions to ISDA will include any other entity which succeeds to or is performing functions previously undertaken by ISDA in relation to Credit Derivatives Determinations Committees and references to Credit Derivatives Determinations Committees in relation to ISDA will include any successor thereto and the Calculation Agent may make such adjustments to these Credit Conditions and the applicable Issue Terms as it determines appropriate to account for the application of these provisions.

Any references in this Underlying Schedule 2 to an Auction, Convened DC Voting Members, Credit Derivatives Auction Settlement Terms, Credit Derivatives Determinations Committee, DC Resolution, DC Rules, DC Secretary Announcement or Resolution (in each case howsoever described) shall be deemed to be only to that which would be relevant or applicable under or in relation to credit derivatives transactions incorporating the 2014 Definitions.

In the case of Notes for which more than one Reference Entity is specified in the applicable Issue Terms, all references to "the Reference Entity" herein shall be construed to refer to the Reference Entity in respect of which of the relevant determination falls to be made at any relevant time and all related provisions and determinations will be construed accordingly.

For the avoidance of doubt no Notes will be considered frustrated, or otherwise void or voidable (whether for mistake or otherwise) solely because:

- (a) any relevant Reference Entity does not exist on, or ceases to exist on or following, the Trade Date; and/or
- (b) Obligations, Deliverable Obligations or the Reference Obligation do not exist on, or cease to exist on or following, the Trade Date.

For the avoidance of doubt, the application of any of Credit Conditions 3(e) (Repudiation/Moratorium Extension), 3(f) (Grace Period Extension), 3(g) (Maturity Date Extension) or 3(m) (DC Settlement Suspension) below shall not preclude the application of any other such Credit Condition either contemporaneously or subsequently and in the event that any such Credit Conditions are inconsistent or the Calculation Agent becomes entitled to exercise a discretion under one or more of such Credit Conditions, the Calculation Agent may elect in its discretion which Credit Condition shall apply and under which Credit Condition or Credit Conditions it shall exercise its discretion.

3. REDEMPTION PROVISIONS

- (a) *Redemption at Maturity*

Condition 5(a) of the General Conditions will be replaced by the following:

"(a) *Redemption at Maturity.*

Unless previously redeemed or purchased and cancelled in accordance with these Conditions and subject as provided in Credit Conditions 3(b), 3(c), 3(d) and, in respect of LA Credit Linked Notes, Credit Condition 6, each principal amount of Notes equal to the Calculation Amount will be redeemed on the Maturity Date by payment of the Redemption Amount."

- (b) *Auction Settlement.*

Unless previously redeemed or purchased and cancelled, if Auction Settlement is specified in the applicable Issue Terms as the applicable Settlement Method and a Credit Event Determination Date occurs, the Issuer shall give notice to the Noteholders in accordance with Condition 13 of the General Conditions and redeem all but not some only of the Notes, each principal amount of Notes equal to the Calculation Amount being redeemed by the Issuer at the Credit Event Redemption Amount on the Credit Event Redemption Date, provided that if the relevant Credit Event Determination Date is subsequently deemed not to have occurred in accordance with the definition thereof in Credit Condition 8 below, the redemption of the Notes shall be cancelled and the Notes shall continue in accordance with their terms as if the relevant Credit Event Determination Date had not occurred, subject to such adjustments as the Calculation Agent determines appropriate in its sole and absolute discretion to reflect the retrospective effect of this proviso (including, without limitation, adjusting the due date for payment of any amount payable under the Notes). The Issuer shall give notice to the Noteholders in accordance with Condition 13 of the General Conditions that the relevant Credit Event Determination Date is deemed not to have occurred as soon as practicable thereafter.

If:

- (i) unless settlement has occurred in accordance with the paragraph above, a Credit Event Determination Date occurs pursuant to sub-paragraph (a) of the definition thereof and, subject to Credit Condition 3(m):

- (I) on or prior to the Auction Cut-Off Date, the DC Secretary publicly announces, with respect to a Credit Event, that (a) no Credit Derivatives Auction Settlement Terms will be published in relation to obligations of appropriate seniority of the Reference Entity (b) the relevant Credit Derivatives Determinations Committee has Resolved that no Credit Derivatives Auction Settlement Terms will be published following a prior public announcement by the DC Secretary to the contrary (the date on which the DC Secretary first makes either such announcement, the **No Auction Announcement Date**);
- (II) on or prior to the Auction Cut-Off Date, no No Auction Announcement Date has occurred but the relevant Credit Derivatives Determinations Committee has not determined that one or more Auctions will be held in accordance with any Credit Derivatives Auction Settlement Terms in relation to obligations of appropriate seniority of the Reference Entity;
- (III) on or prior to the Auction Cut-Off Date, an Auction Cancellation Date occurs;
- (IV) on or prior to the Auction Cut-Off Date the Calculation Agent determines that it is not reasonably likely that an Auction will be held in accordance with any Credit Derivatives Auction Settlement Terms in relation to obligations of appropriate seniority of the Reference Entity and gives notice of such to the Issuer (the date on which the Calculation Agent gives such notice, the **Calculation Agent No Auction Determination Date**); or
- (V) on or prior to the Auction Final Price Cut-Off Date (if specified as applicable in the relevant Issue Terms), the Auction Final Price is not determined in accordance with the relevant Auction: or
- (ii) a Credit Event Determination Date occurs pursuant to sub-paragraph (b) of the definition thereof (and subject to the rest of the provisions of that definition),

then:

- (x) if Cash Settlement is specified as the applicable Fallback Settlement Method in the applicable Issue Terms, the Issuer shall redeem the Notes in accordance with Credit Condition 3(c) below; or
- (y) if Physical Delivery is specified as the applicable Fallback Settlement Method in the applicable Issue Terms, the Issuer shall redeem the Notes in accordance with Credit Condition 3(d) below.

If a Credit Event Determination Date occurs and the Notes become redeemable in accordance with this Credit Condition 3(b), upon payment of the Credit Event Redemption Amount in respect of the Notes the Issuer shall have discharged its obligations in respect of the Notes and shall have no other liability or obligation whatsoever in respect thereof. The Credit Event Redemption Amount may be less than the principal amount of a Note. Any shortfall shall be borne by the Noteholders and no liability shall attach to the Issuer.

(c) *Cash Settlement of Credit Linked Notes*

Unless previously redeemed or purchased and cancelled, if Cash Settlement is specified in the applicable Issue Terms as the applicable Settlement Method or if Credit Condition

3(b)(x) above applies and, subject to Credit Condition 3(m), a Credit Event Determination Date occurs, the Issuer shall give notice to the Noteholders in accordance with Condition 13 of the General Conditions and redeem all but not some only of the Credit Linked Notes, each principal amount of Credit Linked Notes equal to the Calculation Amount being redeemed by the Issuer at the Credit Event Redemption Amount on the Credit Event Redemption Date, provided that if the relevant Credit Event Determination Date is subsequently deemed not to have occurred in accordance with the definition thereof in Credit Condition 8 below, the redemption of the Credit Linked Notes shall be cancelled and the Credit Linked Notes shall continue in accordance with their terms as if the relevant Credit Event Determination Date had not occurred, subject to such adjustments as the Calculation Agent determines appropriate in its sole and absolute discretion to reflect the retrospective effect of this proviso (including, without limitation, adjusting the due date for payment of any amount payable under the Credit Linked Notes). The Issuer shall give notice to the Noteholders in accordance with Condition 13 of the General Conditions that the relevant Credit Event Determination Date is deemed not to have occurred as soon as practicable thereafter.

If a Credit Event Determination Date occurs and the Notes become redeemable in accordance with this Credit Condition 3(c), upon payment of the Credit Event Redemption Amount in respect of the Notes the Issuer shall have discharged its obligations in respect of the Notes and shall have no other liability or obligation whatsoever in respect thereof. The Credit Event Redemption Amount may be less than the principal amount of a Note. Any shortfall shall be borne by the Noteholders and no liability shall attach to the Issuer.

(d) *Physical Settlement of Credit Linked Notes*

- (i) Unless previously redeemed or purchased and cancelled, if Physical Delivery is specified in the applicable Issue Terms as the applicable Settlement Method or if Credit Condition 3(b)(ii)(y) above applies and, subject to Credit Condition 3(m), a Credit Event Determination Date occurs, the Issuer shall give notice (such notice a **Notice of Physical Settlement**) to the Noteholders in accordance with Condition 13 of the General Conditions and redeem all but not some only of the Credit Linked Notes, each principal amount of Credit Linked Notes equal to the Calculation Amount being redeemed by Delivery of the Deliverable Obligations comprising an Asset Amount, subject to and in accordance with Credit Conditions 3(h) and 3(i) below, provided that if the relevant Credit Event Determination Date is subsequently deemed not to have occurred in accordance with the definition thereof in Credit Condition 8 below, the redemption of the Credit Linked Notes shall be cancelled and the Credit Linked Notes shall continue in accordance with their terms as if the relevant Credit Event Determination Date had not occurred, subject to such adjustments as the Calculation Agent determines appropriate in its sole and absolute discretion to reflect the retrospective effect of this proviso (including, without limitation, adjusting the due date for payment of any amount payable under the Credit Linked Notes). The Issuer shall give notice to the Noteholders in accordance with Condition 13 of the General Conditions that the relevant Credit Event Determination Date is deemed not to have occurred as soon as practicable thereafter.

In the Notice of Physical Settlement the Issuer shall specify the Deliverable Obligations comprising an Asset Amount that it reasonably expects to Deliver and the Outstanding Principal Balance or Due and Payable Amount, as applicable, or the equivalent amount in the Settlement Currency (in each case, the **Outstanding Amount**) and, if different, the face amount, of each such Deliverable Obligation and the aggregate Outstanding Amount of such Deliverable Obligations (the **Aggregate Outstanding Amount**). **For the avoidance of doubt, the Issuer shall be entitled**

to select any of the Deliverable Obligations to constitute any Asset Amount, irrespective of their market value.

The Issuer may, from time to time, amend a Notice of Physical Settlement by delivering a notice to Noteholders in accordance with Condition 13 of the General Conditions (each such notification, a **Physical Settlement Amendment Notice**) that the Issuer is replacing, in whole or in part, one or more Deliverable Obligations specified in the Notice of Physical Settlement or a prior Physical Settlement Amendment Notice, as applicable (to the extent the relevant Deliverable Obligation has not been Delivered as of the date such Physical Settlement Amendment Notice is effective). A Physical Settlement Amendment Notice shall specify each replacement Deliverable Obligation that the Issuer will Deliver (each, a **Replacement Deliverable Obligation**) and shall also specify the Outstanding Amount of each Deliverable Obligation identified in the Notice of Physical Settlement or a prior Physical Settlement Amendment Notice, as applicable, that is being replaced (with respect to each such Deliverable Obligation, the **Replaced Deliverable Obligation Outstanding Amount**). The Outstanding Amount of each Replacement Deliverable Obligation identified in a Physical Settlement Amendment Notice shall be determined by applying the Revised Currency Rate to the relevant Replaced Deliverable Obligation Outstanding Amount. The Outstanding Amount of the Replacement Deliverable Obligation(s) specified in any Physical Settlement Amendment Notice in aggregate with the Outstanding Amount of the Deliverable Obligation(s) specified in the Notice of Physical Settlement or any earlier Physical Settlement Amendment Notice which, in each case, are not being replaced must not be greater than the Aggregate Outstanding Amount. Each such Physical Settlement Amendment Notice must be effective on or prior to the Settlement Date (determined without reference to any change resulting from such Physical Settlement Amendment Notice).

Notwithstanding the foregoing, (i) the Issuer may correct any errors or inconsistencies contained in the Physical Settlement Notice or any Physical Settlement Amendment Notice, as applicable, by notice to Noteholders in accordance with Condition 13 of the General Conditions, prior to the relevant Delivery Date and (ii) if Asset Package Delivery is applicable, the Issuer shall on the NOPS Effective Date, or as soon as reasonably practicable thereafter (but in any case, prior to the Delivery Date), notify the Noteholders in accordance with Condition 13 of the General Conditions of the detailed description of the Asset Package, if any, that the Issuer intends to Deliver in lieu of the Prior Deliverable Obligation or Package Observable Bond, if any, specified in the Notice of Physical Settlement or Physical Settlement Amendment Notice, as applicable, it being understood in each case that any such notice shall not constitute a Physical Settlement Amendment Notice.

- (ii) If "Mod R" is specified as applicable in the applicable Issue Terms and Restructuring is the only Credit Event specified in a Credit Event Notice or the subject of the DC Resolution resulting in the occurrence of a Credit Event Determination Date, as applicable, then unless the Deliverable Obligation is a Prior Deliverable Obligation and Asset Package Delivery applies due to a Governmental Intervention a Deliverable Obligation may only be included in an Asset Amount if it (i) is a Fully Transferable Obligation and (ii) has a final maturity date not later than the Restructuring Maturity Limitation Date, in each case, as of both the NOPS Effective Date and the Delivery Date.

- (iii) If "Mod Mod R" is specified as applicable in the applicable Issue Terms and Restructuring is the only Credit Event specified in a Credit Event Notice or the subject of the DC Resolution resulting in the occurrence of a Credit Event Determination Date, as applicable, then unless the Deliverable Obligation is a Prior Deliverable Obligation and Asset Package Delivery applies due to a Governmental Intervention a Deliverable Obligation may be included in an Asset Amount 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, in each case, as of both the NOPS Effective Date and the Delivery Date. Notwithstanding the foregoing, for purposes of this paragraph (iii), in the case of a Restructured Bond or Loan with a final maturity date on or prior to the 10-year Limitation Date, the final maturity date of such Bond or Loan shall be deemed to be the earlier of such final maturity date or the final maturity date of such Bond or Loan immediately prior to the relevant Restructuring.
- (iv) For the purposes of making a determination pursuant to paragraphs (ii) or (iii) above or the definition of Restructuring Maturity Limitation Date, final maturity date shall, subject to paragraph (iii), be determined on the basis of the terms of the Deliverable Obligation in effect at the time of making such determination and, in the case of a Deliverable Obligation that is due and payable, the final maturity date shall be deemed to be the date on which such determination is made.
- (v) Asset Package Delivery will apply if an Asset Package Credit Event occurs, unless (i) such Asset Package Credit Event occurs prior to the Credit Event Backstop Date determined in respect of the Credit Event specified in the Credit Event Notice or DC Credit Event Announcement applicable to the relevant Credit Event Determination Date, as applicable, or (ii) if the Reference Entity is a Sovereign, no Package Observable Bond exists immediately prior to such Asset Package Credit Event.

If a Credit Event Determination Date occurs and the Credit Linked Notes become redeemable in accordance with this Credit Condition 3(d), upon Delivery of the Deliverable Obligations Deliverable and/or payment of the Cash Settlement Amounts, as the case may be, in respect of the Notes, the Issuer shall have discharged its obligations in respect of the Notes and shall have no other liability or obligation whatsoever in respect thereof. The value of such Deliverable Obligations and/or the Cash Settlement Amount may be less than the principal amount outstanding of a Note. Any shortfall shall be borne by the Noteholders and no liability shall attach to the Issuer.

(e) *Repudiation/Moratorium Extension*

Where Repudiation/Moratorium is specified as a Credit Event in the applicable Issue Terms, the provisions of this Credit Condition 3(e) shall apply.

Where a Credit Event Determination Date has not occurred or, in the case of LA Credit Linked Notes, a Risk Event Determination Date has not occurred, in either case on or prior to the Scheduled Maturity Date but the Repudiation/Moratorium Extension Condition has been satisfied on or prior to the Scheduled Maturity Date or, if Credit Condition 3(g)(ii) applies, the Postponed Maturity Date (as defined below) and the Repudiation/Moratorium Evaluation Date in respect of such Potential Repudiation Moratorium will in the sole determination of the Calculation Agent, fall after the Scheduled Maturity Date, then the Calculation Agent shall notify the Noteholders in accordance with Condition 13 of the General Conditions that a Potential Repudiation/Moratorium has occurred and:

- (i) where (A) a Repudiation/Moratorium has not occurred on or prior to the Repudiation/Moratorium Evaluation Date or (B) in the case of Notes which are not LA Credit Linked Notes, a Repudiation/Moratorium has occurred on or prior to the Repudiation/Moratorium Evaluation Date a Credit Event Determination Date has not occurred:
 - (I) each principal amount of Credit Linked Notes equal to the Calculation Amount will be redeemed by the Issuer by payment of the Redemption Amount on the third Business Day following (x) the Repudiation/Moratorium Evaluation Date or, if Credit Condition 3(g)(ii) applies and if later, (y) the Postponed Maturity Date; and
 - (II) in the case of interest bearing Credit Linked Notes, the Issuer shall be obliged to pay interest calculated as provided herein, accruing from (and including) the Interest Period End Date immediately preceding the Scheduled Maturity Date (or, if none, the Interest Commencement Date) to (but excluding) the Scheduled Maturity Date or, in the case of Non-Accruing Notes, in respect of the Interest Payment Date falling on the Maturity Date but shall only be obliged to make such payment of interest on the third Business Day following the Repudiation/Moratorium Evaluation Date or, as the case may be, Postponed Maturity Date and no further or other amount in respect of interest shall be payable and no additional interest or other amount shall be payable in respect of such delay; or
- (ii) where a Repudiation/Moratorium has occurred on or prior to the Repudiation/Moratorium Evaluation Date and (x) a Credit Event Determination Date has occurred, the provisions of Credit Conditions 3(b), 3(c) or 3(d), as applicable, shall apply to the Credit Linked Notes or (y) a Risk Event Determination Date has occurred, the provisions of Credit Conditions 6(c), 6(d) or 6(e), as applicable, shall apply to the Credit Linked Notes and in either case the provisions of Condition 20 of the General Conditions shall apply for which purposes the Credit Event Determination Date or Risk Event Determination Date (as applicable) shall be deemed to be the day immediately preceding the Scheduled Maturity Date.

(f) *Grace Period Extension*

If "Grace Period Extension" is specified as applicable in the applicable Issue Terms, the provisions of this Credit Condition 3(f) shall apply:

- (i) Where a Credit Event Determination Date has not occurred or, in the case of LA Credit Linked Notes, a Risk Event Determination Date has not occurred, in either case on or prior to the Scheduled Maturity Date but a Potential Failure to Pay has occurred with respect to one or more Obligation(s) in respect of which a Grace Period is applicable on or prior to the Scheduled Maturity Date (and such Grace Period(s) is/are continuing as at the Scheduled Maturity Date), then:
 - (I) where (A) a Failure to Pay has not occurred as a result of such Potential Failure to Pay becoming a Failure to Pay on or prior to the Grace Period Extension Date or (B) in the case of Notes which are not LA Credit Linked Notes, a Failure to Pay has occurred as a result of such Potential Failure to Pay becoming a Failure to Pay on or prior to the Grace Period Extension Date but a Credit Event Determination Date has not occurred:

- (A) each principal amount of Credit Linked Notes equal to the Calculation Amount will be redeemed by the Issuer by payment of the Redemption Amount on the third Business Day (the **Delayed Payment Date**) following the later of the date on which, in the sole and absolute discretion of the Issuer, such Potential Failure to Pay is no longer occurring and the Grace Period Extension Date; and
 - (B) in the case of interest bearing Credit Linked Notes, the Issuer shall be obliged to pay interest calculated as provided herein, accruing from (and including) the Interest Period End Date immediately preceding the Scheduled Maturity Date (or, if none, the Interest Commencement Date) to (but excluding) the Scheduled Maturity Date or, in the case of Non-Accruing Notes, in respect of the Interest Payment Date falling on the Maturity Date but shall only be obliged to make such payment of interest on the Delayed Payment Date and no further or other amount in respect of interest shall be payable and no additional interest or other amount shall be payable in respect of such delay; or
- (II) where a Failure to Pay has occurred as a result of such Potential Failure to Pay on or prior to the Grace Period Extension Date in relation to such Potential Failure to Pay and (x) a Credit Event Determination Date has occurred, the provisions of Credit Conditions 3(b), 3(c) or 3(d), as applicable, shall apply to the Credit Linked Notes or (y) a Risk Event Determination Date has occurred, the provisions of Credit Conditions 6(c), 6(d) or 6(e), as applicable, shall apply to the Credit Linked Notes, and in either case the provisions of Condition 20 of the General Conditions shall apply for which purposes the Credit Event Determination Date or Risk Event Determination Date (as applicable) shall be deemed to be the day immediately preceding the Scheduled Maturity Date.

(g) *Maturity Date Extension*

If:

- (i) on (A) the Scheduled Maturity Date or, (B) if applicable, the Repudiation/Moratorium Evaluation Date, or (C) if Grace Period Extension is specified as applying in the applicable Issue Terms, the Grace Period Extension Date, as the case may be, a Credit Event Determination Date or, in the case of LA Credit Linked Notes, a Risk Event Determination Date has not occurred, but, in the opinion of the Calculation Agent, a Credit Event or Risk Event may have occurred; or
- (ii) on the Scheduled Maturity Date, in the opinion of the Calculation Agent, a Potential Repudiation/Moratorium may have occurred,

the Calculation Agent may notify the Noteholders in accordance with Condition 13 of the General Conditions that redemption of the Notes has been postponed to a date (such date the **Postponed Maturity Date**) specified in such notice falling 90 calendar days after the Scheduled Maturity Date, the Repudiation/Moratorium Evaluation Date or the Grace Period Extension Date, as the case may be, or if such date is not a Business Day, the immediately succeeding Business Day and:

where:

(I) in the case of Credit Condition 3(g)(i) a Credit Event Determination Date has not occurred or a Risk Event Determination Date has not occurred, in either case on or prior to the Postponed Maturity Date, or, in the case of Credit Condition 3(g)(ii), the Repudiation/Moratorium Extension Condition is not satisfied on or prior to the Postponed Maturity Date:

(A) subject as provided below each principal amount of Credit Linked Notes equal to the Calculation Amount will be redeemed by the Issuer by payment of the Redemption Amount on the Postponed Maturity Date; and

(B) in the case of interest bearing Credit Linked Notes, the Issuer shall be obliged to pay interest calculated as provided herein, accruing from (and including) the Interest Period End Date immediately preceding the Scheduled Maturity Date (or if none the Interest Commencement Date) to (but excluding) the Scheduled Maturity Date or, in the case of Non-Accruing Notes, in respect of the Interest Payment Date falling on the Maturity Date but shall only be obliged to make such payment of interest on the Postponed Maturity Date and no further or other amount in respect of interest shall be payable and no additional interest or other amount shall be payable in respect of such delay; or

(II) where:

(A) in the case of Credit Condition 3(g)(i) a Credit Event Determination Date has occurred or a Risk Event Determination Date has occurred, in either case on or prior to the Postponed Maturity Date, the provisions of Credit Conditions 3(b), 3(c), 3(d), 6(c), 6(d) or 6(e) as applicable shall apply to the Credit Linked Notes and in either case the provisions of Condition 20 shall apply for which purposes the Credit Event Determination Date or Risk Event Determination Date (as applicable) shall be deemed to be the day immediately preceding the Scheduled Maturity Date; or

(B) in the case of Credit Condition 3(g)(ii) the Repudiation/Moratorium Extension Condition is satisfied on or prior to the Postponed Maturity Date, the provisions of Credit Condition 3(e) shall apply to the Credit Linked Notes.

(h) *Physical Delivery*

(i) If any Credit Linked Note is to be redeemed by Delivery of an Asset Amount, in order to obtain Delivery of the Deliverable Obligations comprising the Asset Amount(s) in respect of any Credit Linked Note:

(I) if such Credit Linked Note is represented by a Global Registered Note Certificate, the relevant Noteholder must deliver a duly completed Asset Transfer Notice (as defined below) (x) in respect of Notes cleared through Euroclear or Clearstream, Luxembourg, to Euroclear or Clearstream, Luxembourg, as the case may be, with a copy to the Fiscal Agent or (y) in respect of Notes cleared through DTC, to the Fiscal Agent, not later than the close of business in each place of reception on the Cut-Off Date specified in the applicable Issue Terms; and

(II) if such Credit Linked Note is in definitive form, the relevant Noteholder must deliver to the Registrar or any Paying Agent, in each case with a copy

to the Issuer, not later than the close of business in each place of reception on the Cut-Off Date specified in the applicable Issue Terms, a duly completed Asset Transfer Notice.

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

An Asset Transfer Notice may only be delivered, if such Credit Linked Note is represented by a Global Registered Note Certificate, in such manner as is acceptable to the Relevant Clearing System, or if such Credit Linked Note is in definitive form, in writing or by tested telex.

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

An Asset Transfer Notice must:

- (A) specify the name, address and contact telephone number of the relevant Noteholder, the person from whom the Issuer may obtain details for the Delivery of the Deliverable Obligations comprising the Asset Amount(s) and any details required for Delivery of the Deliverable Obligations comprising the Asset Amount(s) set out in the applicable Issue Terms;
- (B) in the case of Credit Linked Notes represented by a Global Registered Note Certificate, specify the Series number and principal amount of Credit Linked Notes which are the subject of such notice and the number of the Noteholder's account at the Relevant Clearing System, to be debited with such Credit Linked Notes and irrevocably instruct and authorise the Relevant Clearing System, to debit the relevant Noteholder's account with such Credit Linked Notes on or before the Settlement Date;
- (C) include an undertaking to pay all Delivery Expenses and, in the case of Credit Linked Notes represented by a Global Registered Note Certificate, an authority to debit a specified account of the Noteholder at the Relevant Clearing System, in respect thereof and to pay such Delivery Expenses;
- (D) specify an account to which any amounts payable pursuant to Credit Condition 3(i) or any other cash amounts specified in the applicable Issue Terms as being payable are to be paid;
- (E) certify either (i) in respect of Notes represented by a Regulation S Global Registered Note Certificate, that the beneficial owner of each Note the subject of the relevant Asset Transfer Notice is not a U.S. person (as defined in the Asset Transfer Notice), the Note is not being redeemed within the United States or on behalf of a U.S. person and no cash, securities or other property have been or will be delivered within the United States or to, or for the account or benefit of, a U.S. person in connection with any redemption thereof or (ii) in respect of Notes represented by a Rule 144A Global Registered Note Certificate, that the beneficial owner of each Note the subject of the relevant Asset Transfer Notice is a QIB; and
- (F) authorise the production of such notice in any applicable administrative or legal proceedings.

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

Upon receipt of an Asset Transfer Notice, (x) in respect of Notes cleared through Euroclear or Clearstream, Luxembourg, the Relevant Clearing System or (y) in respect of Notes cleared through DTC, the Fiscal Agent shall verify that the person specified therein as the accountholder is the holder of the Notes described therein according to its records. Subject thereto, in respect of Notes cleared through Euroclear or Clearstream, Luxembourg, the Relevant Clearing System will confirm to the Fiscal Agent the Series number and principal amount of Notes the subject of such notice, the relevant account details and the details for the delivery of the Asset Amount(s) in respect of each Note the subject of such notice. Upon receipt of such confirmation or, in respect of Notes cleared through DTC, upon receipt of an Asset Transfer Notice, the Fiscal Agent will inform the Issuer thereof.

Any determination as to whether an Asset Transfer Notice is duly completed and in proper form shall be made (x) in respect of Notes cleared through Euroclear or Clearstream, Luxembourg, by the Relevant Clearing System in consultation with the Fiscal Agent and the Issuer or (y) in respect of Notes cleared through DTC, by the Fiscal Agent, and shall be conclusive and binding on the Issuer, the Fiscal Agent and the relevant Noteholder. Subject as set out below, any Asset Transfer Notice so determined to be incomplete or not in proper form, or, in respect of Notes cleared through Euroclear or Clearstream, Luxembourg, which is not copied to the Fiscal Agent immediately after being delivered or sent to the Relevant Clearing System, as provided in Condition above, shall be null and void.

If such Asset Transfer Notice is subsequently corrected to the satisfaction of (x) in respect of Notes cleared through Euroclear or Clearstream, Luxembourg, the Relevant Clearing System in consultation with the Fiscal Agent or (y) in respect of Notes cleared through DTC, the Fiscal Agent, it shall be deemed to be a new Asset Transfer Notice submitted at the time such correction was delivered (x) in respect of Notes cleared through Euroclear or Clearstream, Luxembourg to the Relevant Clearing System and the Fiscal Agent or (y) in respect of Notes cleared through DTC, to the Fiscal Agent.

The Fiscal Agent shall use reasonable endeavours promptly to notify the Noteholder submitting an Asset Transfer Notice if it has been determined, as provided above, that such Asset Transfer Notice is incomplete or not in proper form. In the absence of negligence or wilful default on its part, none of the Issuer, the CGMHI Guarantor, the Paying Agents, the Agents, the Calculation Agent and the Relevant Clearing System shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Noteholder.

Delivery of the Deliverable Obligations comprising the Asset Amount in respect of each Credit Linked Note shall be made at the risk of the relevant Noteholder in such commercially reasonable manner as the Calculation Agent shall in its sole discretion determine and notify to the person designated by the Noteholder in the relevant Asset Transfer Notice or in such manner as is specified in the applicable Pricing Supplement.

If a Noteholder fails to give an Asset Transfer Notice as provided herein on or prior to the Cut-Off Date specified in the applicable Issue Terms, the Issuer, will, subject as provided above, Deliver the Deliverable Obligations constituting Asset Amount(s) in respect of the relevant Credit Linked Notes as soon as practicable after the receipt of the duly completed Asset Transfer Notice, provided that if, in respect of a Credit Linked Note, a Noteholder fails to give an Asset Transfer Notice prior to the day falling 180 calendar days after the Cut-Off Date, the Issuer's obligations in respect of such Credit Linked Notes shall be discharged and the Issuer shall have no liability in respect thereof.

Where the Issuer has an obligation to deliver any asset, including the Deliverable Obligations comprising the Asset Amount, to a Noteholder, the Issuer may (i) deliver the relevant asset to an Affiliate of the Issuer (an **Intermediary**) and (ii) procure that the relevant Intermediary deliver the relevant asset to the Noteholder. Delivery by the Intermediary of the relevant asset to the Noteholder's specified account shall discharge the Issuer's obligations in respect of the Note.

- (ii) If any Credit Linked Note represented by a Rule 144A Global Registered Note Certificate is to be redeemed by Delivery of Asset Amount(s), the relevant provisions relating to such Delivery shall be set out in the applicable Pricing Supplement.
- (iii) All Delivery Expenses arising from the Delivery of the Deliverable Obligations comprising the Asset Amount(s) in respect of such Credit Linked Notes shall be for the account of the relevant Noteholder and no Delivery of the Deliverable Obligations comprising the Asset Amount(s) shall be made until all Delivery Expenses have been paid to the satisfaction of the Issuer by the relevant Noteholder.
- (iv) After Delivery of the Deliverable Obligations comprising the Asset Amount and for the Intervening Period, none of the Issuer, the Calculation Agent nor any other person shall at any time (A) be under any obligation to deliver, or procure delivery, to any Noteholder any letter, certificate, notice, circular or any other document or, except as provided herein, payment whatsoever received by that person in respect of the securities or obligations included in such Asset Amount, (B) be under any obligation to exercise or procure exercise of any or all rights attaching to such securities or obligations included in such Asset Amount or (C) be under any liability to a Noteholder in respect of any loss or damage which such Noteholder may sustain or suffer as a result, whether directly or indirectly, of that person being registered during such Intervening Period as legal owner of such securities or obligations included in such Asset Amount.
- (v) In relation to each Deliverable Obligation constituting an Asset Amount the Issuer will Deliver or procure the Delivery of the relevant Deliverable Obligation as provided below on the Settlement Date, provided that if all or some of the Deliverable Obligations included in such Asset Amount are Undeliverable Obligations and/or Hedge Disruption Obligations, then the Issuer shall continue to attempt to Deliver all or a portion of such Undeliverable Obligations or Hedge Disruption Obligations, as the case may be, on or prior to the 30th Business Day following the Settlement Date (the **Final Delivery Date**),

provided further that if all or a portion of such Undeliverable Obligations or Hedge Disruption Obligations, as the case may be, are not Delivered by the Final Delivery Date the provisions of Credit Condition 3(i) shall apply.

References in these Credit Conditions to Hedge Disruption Obligations shall be disregarded in relation to the Credit Linked Notes if the applicable Issue Terms specified "Hedge Disruption Event" as Not Applicable.

(i) *Partial Cash Settlement*

If all or a portion of the Undeliverable Obligations or Hedge Disruption Obligations comprising an Asset Amount are not Delivered by the Final Delivery Date, the Issuer shall give notice (a **Cash Settlement Notice**) to the Noteholders in accordance with Condition 13 and the Issuer shall pay in respect of each Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, the Cash Settlement Amount on the Cash Settlement Date.

Unless otherwise specified in the applicable Pricing Supplement, for the purposes of this Credit Condition 3(i) the following terms shall be defined as follows:

Cash Settlement Amount means, for each Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, an amount calculated by the Calculation Agent equal to the greater of (i) (A) the Outstanding Principal Balance, the Due and Payable Amount or the Currency Amount, as applicable, of each Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, multiplied by (B) the Final Price with respect to such Undeliverable Obligation or Hedge Disruption Obligation, determined as provided in these Credit Conditions, less (C) Unwind Costs, if any (but excluding any Unwind Costs already taken into account in calculating the relevant Asset Amount), and (ii) zero, Provided That where (x) a relevant Undeliverable Obligation or Hedge Disruption Obligation forms part of the Asset Package and (y) the Calculation Agent determines in its sole and absolute discretion that a Final Price cannot be reasonably determined in respect of such Undeliverable Obligation or Hedge Disruption Obligation, then the Cash Settlement Amount shall be an amount calculated by the Calculation Agent in its sole and absolute discretion equal to the fair market value of the relevant Undeliverable Obligation or Hedge Disruption Obligation (determined by reference to such source(s) as the Calculation Agent determines appropriate) less Unwind Costs, if any (but excluding any Unwind Costs already taken into account in calculating the relevant Asset Amount) and may be zero.

Cash Settlement Date means, subject to Credit Condition 3(m), the date falling three Business Days after the calculation of the Final Price.

Indicative Quotation means, in accordance with the Quotation Method, each quotation obtained from a Quotation Dealer at the Valuation Time for (to the extent reasonably practicable) an amount of the Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, equal to the Quotation Amount, which reflects such Quotation Dealer's reasonable assessment of the price of such Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, based on such factors as such Quotation Dealer may consider relevant, which may include historical prices and recovery rates.

Market Value means, with respect to an Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, on a Valuation Date, (i) if more than three Full Quotations are obtained, the arithmetic mean of such Full Quotations, disregarding the Full Quotations having the highest and lowest values (and, if more than one such Full Quotations have the same highest or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (ii) if exactly three Full Quotations are obtained, the Full Quotations 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); (iii) if exactly two Full Quotations are obtained, the arithmetic mean of such Full Quotations; (iv) if fewer than two Full Quotations are obtained

and a Weighted Average Quotation is obtained, such Weighted Average Quotation; (v) if Indicative Quotations are specified as applicable in the applicable Issue Terms and exactly three Indicative Quotations are obtained, the Indicative Quotation remaining after disregarding the highest and lowest Indicative Quotations (and, if more than one such Indicative Quotations have the same highest or lowest value, then one of such highest or lowest Indicative Quotations shall be disregarded); (vi) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained (and, if Indicative Quotations are applicable, fewer than three Indicative Quotations are obtained) then, subject to paragraph (ii) of the definition of "Quotation" below, an amount that the Calculation Agent shall determine on the next Business Day on which two or more Full Quotations or a Weighted Average Quotation or, if applicable, three Indicative Quotations are obtained; and (vii) if fewer than two Full Quotations are obtained, no Weighted Average Quotation is obtained (and, if Indicative Quotations are applicable, fewer than three Indicative Quotations are obtained) on the same Business Day on or prior to the tenth Business Day following the applicable Valuation Date, the Market Value shall be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day or, if no Full Quotation is obtained, the weighted average of any firm quotations (or, if applicable, Indicative Quotations) for the Undeliverable Obligations or Hedge Disruption Obligations, as the case may be, obtained from Quotation Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations (or, if applicable, Indicative Quotations) were not obtained on such day.

Quotation means each Full Quotation, the Weighted Average Quotation and, if Indicative Quotations are specified as applicable in the applicable Issue Terms, each Indicative Quotation obtained and expressed as a percentage of the Undeliverable Obligation's or Hedge Disruption Obligation's, as the case may be, Outstanding Principal Balance or Due and Payable Amount, as applicable, with respect to a Valuation Date in the manner that follows:

- (i) The Calculation Agent shall attempt to obtain Full Quotations with respect to each Valuation Date from five or more Quotation Dealers. If the Calculation Agent is unable to obtain two or more such Full Quotations on the same Business Day within three Business Days of a Valuation Date, then on the next following Business Day (and, if necessary, on each Business Day thereafter until the tenth Business Day following the relevant Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from five or more Quotation Dealers, and, if two or more Full Quotations are not available, a Weighted Average Quotation. If two or more such Full Quotations or a Weighted Average Quotation are not available on any such Business Day and Indicative Quotations are specified as applicable in the applicable Issue Terms, the Calculation Agent shall attempt to obtain three Indicative Quotations from five or more Quotation Dealers.
- (ii) If the Calculation Agent is unable to obtain two or more Full Quotations or a Weighted Average Quotation (or, if Indicative Quotations are specified as applicable in the applicable Issue Terms, three Indicative Quotations) on the same Business Day on or prior to the tenth Business Day following the applicable Valuation Date, the Quotations shall be deemed to be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day or, if no Full Quotation is obtained, the weighted average of any firm quotations (or, if applicable, Indicative Quotations) for the Undeliverable Obligation or Hedge Disruption Obligations, as the case may be, obtained from Quotation Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount

for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations (or, if applicable, Indicative Quotations) were not obtained on such day.

- (iii) All Quotations shall be obtained in accordance with the specification or determination made pursuant to Credit Condition 10 below.

Quotation Amount means, with respect to each type or issue of Undeliverable Obligation or Hedge Disruption Obligations, as the case may be, an amount equal to the Outstanding Principal Balance or Due and Payable Amount (or, in either case, its equivalent in the relevant Obligation Currency, which shall be converted by the Calculation Agent in a commercially reasonable manner by reference to exchange rates in effect at the time that the relevant Quotation is being obtained), as applicable, of such Undeliverable Obligation or Hedge Disruption Obligations, as the case may be.

Quotation Method means Bid.

Reference Obligation means each Undeliverable Obligation or Hedge Disruption Obligations, as the case may be.

Valuation Method means Highest unless fewer than two Full Quotations are obtained or a Weighted Average Quotation applies (or, if applicable, Indicative Quotations), in which case "Valuation Method" is deemed to be Market.

Valuation Time is the time specified as such in the applicable Issue Terms (or, if no such time is specified, 11:00 a.m. in the principal trading market for the Undeliverable Obligation or Hedge Disruption Obligations, as the case may be).

Weighted Average Quotation means, in accordance with the Quotation Method, the weighted average of firm quotations obtained from Quotation Dealers at the Valuation Time, to the extent reasonably practicable, each for an amount of the Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, with an Outstanding Principal Balance or Due and Payable Amount, as applicable, of as large a size as available but less than the Quotation Amount that in aggregate are approximately equal to the Quotation Amount.

(j) *Redemption of Credit Linked Notes following a Merger Event*

If this Credit Condition 3(j) is specified as applicable in the applicable Issue Terms, in the event that in the determination of the Calculation Agent a Merger Event has occurred, the Issuer may give notice to the Noteholders in accordance with Condition 13 and redeem the Credit Linked Notes at the Early Redemption Amount on the Merger Event Redemption Date.

(k) *Credit Event Notice after Restructuring*

If this Credit Condition 3(k) is specified as applicable in the applicable Issue Terms, then, notwithstanding anything to the contrary in these Terms and Conditions, upon the occurrence of a Restructuring:

- (i) the Calculation Agent may deliver a Credit Event Notice or Risk Event Notice, as applicable, with respect to such Restructuring in respect of an amount (the **Partial Redemption Amount**) that is less than the principal amount outstanding of each Credit Linked Note immediately prior to the delivery of such Credit Event Notice or Risk Event Notice, provided that if the Credit Event Notice or Risk Event Notice does not specify a Partial Redemption Amount, the Credit Event Notice or Risk

Event Notice will be deemed to apply to the full principal amount outstanding of each Note. If this paragraph (i) applies, the provisions of these Credit Conditions shall be deemed to apply to the Partial Redemption Amount only and each such Credit Linked Note shall be redeemed in part (such redeemed part being equal to the Partial Redemption Amount).

- (ii) For the avoidance of doubt (A) the principal amount of each such Credit Linked Note not so redeemed in part shall remain outstanding and interest shall be payable in respect of the principal amount outstanding of such Credit Linked Note as provided herein or in the Valuation and Settlement Schedule as applicable (adjusted in such manner as the Calculation Agent in its sole and absolute discretion determines to be appropriate), (B) the provisions of these Credit Conditions shall apply to such principal amount outstanding of such Credit Linked Note in the event that subsequent Credit Event Notices or Risk Event Notices are delivered in respect of the Reference Entity that was the subject of the Restructuring and (C) once a Credit Event Notice or Risk Event Notice with respect to a Restructuring has been delivered in respect of a Reference Entity, no further Credit Event Notices or Risk Event Notices may be delivered in respect of any Reference Entity other than the Reference Entity that was the subject of the Restructuring. The Issuer may also instruct the Calculation Agent to determine what other adjustments should be made to these Terms and Conditions to reflect such partial redemption. Notice of such adjustments shall be given to the Noteholders pursuant to Condition 13 of the General Conditions.
- (iii) If the provisions of this Credit Condition 3(k) apply in respect of the Credit Linked Notes, on redemption of part of each such Credit Linked Note the relevant Note or, if the Credit Linked Notes are represented by a Global Registered Note Certificate, such Global Registered Note Certificate, shall be endorsed to reflect such partial redemption.

(l) *Provisions relating to Multiple Holder Obligation*

- (i) If this Credit Condition 3(l) is specified as applicable in the applicable Issue Terms, notwithstanding anything to the contrary in the definition of Restructuring and related provisions, the occurrence of, agreement to, or announcement of, any of the events described in sub-paragraphs (a) to (e) of the definition of Restructuring shall not be a Restructuring unless the Obligation in respect of any such events is a Multiple Holder Obligation.
- (ii) **Multiple Holder Obligation** means an Obligation that (i) at the time of the event which constitutes a Restructuring Credit Event is held by more than three holders that are not Affiliates of each other and (ii) with respect to which a percentage of holders (determined pursuant to the terms of the Obligation as in effect on the date of such event) at least equal to sixty-six and two-thirds is required to consent to the event which constitutes a Restructuring Credit Event provided that any Obligation that is a Bond shall be deemed to satisfy the requirement in this sub-paragraph (ii).

(m) *DC Settlement Suspension*

If DC Settlement Suspension is specified as applicable in the applicable Issue Terms then following the determination of a Credit Event Determination Date pursuant to sub-paragraph (b) thereof but prior to the Settlement Date or, to the extent applicable, a Valuation Date, the DC Secretary publicly announces that the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in sub-paragraphs (a) and (b) of

the definition of Credit Event Resolution Request Date are satisfied in accordance with the DC Rules, the timing requirements set out in the definition of Notice Delivery Period, the definition of Credit Event Redemption Date, the definition of Valuation Date, Credit Condition 3(b), Credit Condition 3(c), Credit Condition 3(d) and the definition of Settlement Date, as applicable, or any other Credit Condition that pertains to settlement, shall toll and remain suspended until such time as the DC Secretary subsequently publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved (a) the matters described in sub-paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date or (b) not to determine such matters. During such suspension period, the Issuer and the Noteholders are not obliged to, nor are they entitled to, take any action in connection with the settlement of the Notes. Once the DC Secretary has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved (i) the matters described in sub-paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date or (ii) not to determine such matters, the relevant timing requirements of these Credit Conditions, the definition of Notice Delivery Period, the definition of Credit Event Redemption Date, the definition of Valuation Date, Credit Condition 3(b), Credit Condition 3(c), Credit Condition 3(d) and the definition of Settlement Date, as applicable, or any other Credit Condition that pertains to settlement that have previously tolled or been suspended shall resume on the Business Day following such public announcement by the DC Secretary with the parties having the benefit of the full day notwithstanding when the tolling or suspension began in accordance with this Credit Condition 3(m).

4. FIRST TO DEFAULT NOTES

If First to Default Notes is specified as applicable in the applicable Issue Terms, the following shall apply:

- (a) The Credit Linked Notes will reference a basket of Reference Entities but either (i) a Credit Event Determination Date may only occur on one occasion in respect of one Reference Entity and consequently, subject as provided in Credit Condition 3(k), if applicable, and, if DC Determinations is specified as applicable in the applicable Issue Terms, the definition of Credit Event Determination Date in Credit Condition 8, a Credit Event Notice may only be delivered on one occasion or (ii) a Risk Event Notice may only be delivered on one occasion (as applicable). If a Credit Event Determination Date occurs or Risk Event Notices are delivered in respect of more than one Reference Entity on the same date, the Calculation Agent shall determine in its sole and absolute discretion which Reference Entity is the Reference Entity in respect of which the Credit Event Determination Date has occurred or the Risk Event Notice is effectively delivered;
- (b) the following shall be inserted as a new paragraph (i) in the definition of Successor in Credit Condition 8:

"Notwithstanding the provisions above and sub-paragraph (b) of the definition of Reference Entity, where one or more Reference Entities (each an **Affected Reference Entity**) and/or the Issuer would, but for this provision, be identified as a Successor pursuant thereto and at least one other entity which is not a Reference Entity or the Issuer is also identified as a Successor for the purposes of any succession, each Affected Reference Entity and/or the Issuer, as applicable, shall not be regarded as a "Successor" for the purposes of the Notes. Where pursuant to the provisions above or sub-paragraph (b) of the definition of Reference Entity one or more Reference Entities (each an **Affected Reference Entity**) and/or the Issuer would, but for this provision, be identified as a Successor pursuant thereto but no other entities (that are not Reference Entities or the Issuer) are identified as a Successor in respect of the relevant succession, each Affected Reference Entity and/or the Issuer, as applicable, shall not be regarded as a "Successor" for the purposes of the Notes and, in

respect of each Affected Reference Entity or the Issuer, as applicable, the Calculation Agent shall use reasonable endeavours to (a) select an Alternative Reference Entity to be the Successor in respect of the relevant succession and (b) select an Alternative Reference Obligation to be the Reference Obligation in respect of such Alternative Reference Entity after the relevant succession and the Calculation Agent may make such adjustments to these Terms and Conditions and/or the applicable Issue Terms as it determines to be necessary or desirable to reflect such Alternative Reference Entity and Alternative Reference Obligation. If the Calculation Agent is unable to select an Alternative Reference Entity or an Alternative Reference Obligation, no Successor shall be appointed, the Reference Entity to which the relevant succession relates shall be deemed to have ceased to be a Reference Entity and that portion of the interest payable or, if the Notes are non-interest-bearing Notes, the portion of the Redemption Amount which is referable to the purchase of credit protection purchased by the Issuer under the Notes shall be reduced accordingly as determined by the Calculation Agent in its sole and absolute discretion, in each case with effect from the date determined by the Calculation Agent to be the relevant Succession Date.

Where:

Alternative Reference Entity means an entity which satisfies both the Industry Requirement and the Spread Requirement as determined by the Calculation Agent in its sole and absolute discretion;

Alternative Reference Obligation means any obligation of the Alternative Reference Entity selected by the Calculation Agent in its sole and absolute discretion which, as far as practicable, in the determination of the Calculation Agent is substantially similar in economic terms to the relevant Reference Obligation of the Reference Entity for which a Successor falls to be determined pursuant to this definition of Successor. An Alternative Reference Obligation may or may not be the applicable Standard Reference Obligation for the Alternative Reference Entity;

Industry Requirement means an entity that is in the same industry group specified by Moody's Investor Service, Inc. or any successor to the rating business thereof or Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. or any successor to the rating business thereof as the Reference Entity for which a Successor falls to be determined pursuant to this definition of Successor, as determined by the Calculation Agent in its sole and absolute discretion;

Spread means the bid-side quotation obtained by the Calculation Agent from such leading dealer in the credit default swap market selected by the Calculation Agent in its sole and absolute discretion for a credit default swap in respect of the relevant entity with a credit protection period commencing on the date determined by the Calculation Agent to be the date of the relevant Succession Date and ending on the Scheduled Maturity Date and with the Reference Obligation(s) specified in the applicable Issue Terms; and

Spread Requirement means an entity that, as at the date of selection, has a Spread not greater than the product of (a) the Spread Requirement Percentage specified in the applicable Issue Terms and (b) the Spread of the Reference Entity for which a Successor falls to be determined pursuant to this definition of Successor, immediately prior to the relevant Succession Date as determined by the Calculation Agent in its sole and absolute discretion; and

- (c) if the Notes are Reference Obligation Only Notes and the event set out in paragraph (a) of the definition of Substitution Event below occurs with respect to the Reference Obligation of a Reference Entity, then thereupon such Reference Entity shall be deemed to have ceased to

be a Reference Entity and that portion of the interest payable or, if the Notes are non-interest-bearing Notes, the portion of the Redemption Amount which is referable to the purchase of credit protection purchased by the Issuer under the Notes shall be reduced accordingly as determined by the Calculation Agent in its sole and absolute discretion."

5. CALCULATION AGENT AND CALCULATION AGENT NOTICES

The determination by the Calculation Agent of any amount or of any state of affairs, circumstance, event or other matter, or the formation of any opinion or the exercise of any discretion required or permitted to be determined, formed or exercised by the Calculation Agent pursuant to this Credit Condition 5 shall (in the absence of manifest error) be final and binding on the Issuer and the Noteholders. Whenever the Calculation Agent is required to make any determination it may, *inter alia*, decide issues of construction and legal interpretation. Unless otherwise provided herein, in performing its duties pursuant to the Notes, the Calculation Agent shall act in its sole and absolute discretion. Any delay, deferral or forbearance by the Calculation Agent in the performance or exercise of any of its obligations or its discretion under the Notes including, without limitation, the giving of any notice by it to any person, shall not affect the validity or binding nature of any later performance or exercise of such obligation or discretion, and neither the Calculation Agent nor the Issuer shall, in the absence of wilful default and gross negligence, bear any liability in respect of, or consequent upon, any such delay, deferral or forbearance.

In relation to the delivery by the Calculation Agent to the Issuer of any notice pursuant to this Credit Condition 5, a notice delivered on or prior to 4:00 p.m. (Calculation Agent City time) on a Calculation Agent City Business Day will be effective on such Calculation Agent City Business Day. A notice delivered after 4:00 p.m. (Calculation Agent City time) on a Calculation Agent City Business Day or on a day which is not a Calculation Agent City Business Day will be deemed effective on the next following Calculation Agent City Business Day, regardless of the form in which it is delivered. For purposes of the two preceding sentences, 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 such notice within one Calculation Agent City Business Day of such notice. Failure to provide a written confirmation shall not affect the effectiveness of a notice given by telephone.

6. LA CREDIT LINKED PROVISIONS

If the applicable Issue Terms specify that the Notes are LA Credit Linked Notes and that the provisions of this Schedule apply, the following provisions shall apply, and to the extent that there is any conflict between such provisions and the provisions of Credit Conditions 1 to 5 above, this Credit Condition 6 shall govern:

(a) *LA Redemption at Maturity*

Unless previously redeemed or purchased and cancelled in accordance with these Conditions and subject as provided in Credit Conditions 6(c), 6(d), 6(e), 6(f) and 6(g) each principal amount of Notes equal to the Calculation Amount of the Notes will be redeemed on the Maturity Date by payment of the LA Final Redemption Amount.

(b) *LA Interest*

Subject to the provisions of Condition 20 of the General Conditions and Credit Condition 6(f) and notwithstanding Condition 4 of the General Conditions, if LA Interest is specified as applicable in the applicable Issue Terms:

- (i) the Issuer will pay the LA Interest Amount specified for the relevant Interest Payment Date in the Settlement Currency;
- (ii) for these purposes, the **Interest Amount** will be the LA Interest Amount specified in respect of the relevant Interest Payment Date in the applicable Issue Terms;
- (iii) Condition 5(e) of the General Conditions will be amended by the deletion of the words "together, if applicable, with interest accrued to (but excluding) the relevant Optional Redemption Date" therein;
- (iv) Condition 5(f) of the General Conditions will be amended by the deletion of the words "together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date" therein; and
- (v) if the Notes are redeemed pursuant to Condition 5(b), Condition 5(e), Condition 5(f) or Condition 9 of the General Conditions, no interest will be payable in respect of which the relevant Interest Payment Date has not occurred on or prior to the date fixed for such redemption, Provided That if the date fixed for such redemption falls prior to the first Interest Payment Date, no interest shall be payable in respect of the Notes.

(c) *LA Physical Settlement*

Unless previously redeemed or purchased and cancelled, if LA Physical Settlement is specified as applicable in the applicable Issue Terms and if, at any time during the Risk Event Determination Period, the Calculation Agent determines that a Risk Event has occurred or exists during the Risk Event Determination Period, then the Issuer shall (on the basis of the Calculation Agent's determination) give notice (a **Risk Event Notice**) to the Noteholder(s) (i) declaring that a Risk Event has occurred or exists; and (ii) giving details of such Risk Event. References in these Credit Conditions to "Credit Event Notice" shall be deemed to include "Risk Event Notice" where the context so admits.

Subject to Credit Condition 6(f) and following the effective delivery of a Risk Event Notice, on or before the LA Physical Settlement Date, the Issuer shall, in full satisfaction of all its obligation(s) in respect of the Note(s), redeem the Note(s) by delivery to each Noteholder of a principal amount of LA Settlement Assets, equal to the Applicable Principal Currency Amount, *pro rated* amongst each principal amount of Notes equal to the Calculation Amount, less Unwind Costs (rounded down to the nearest integral authorised denomination of the LA Settlement Assets), provided that if in the determination of the Issuer:

- (i) due to circumstances beyond the control of the Issuer, it is or would be impossible, illegal or in breach of any restriction (whether regulatory, fiduciary or contractual) to obtain, hold or deliver some or all of the LA Settlement Assets (including any such LA Settlement Assets held by or on behalf of the Issuer and/or any Affiliate) to the Noteholder(s), including circumstances in which a Market Disruption Event is subsisting; and/or
- (ii) due to circumstances beyond the control of the Issuer, it is or would be impracticable (whether on grounds of illiquidity or otherwise) and/or it is not commercially reasonable for the Issuer to obtain, hold or deliver some or all of the LA Settlement Assets (including any such LA Settlement Assets held by or on behalf of the Issuer and/or any Affiliate) to the Noteholder(s); and/or

- (iii) due to circumstances within the control of the Noteholder(s), including the Noteholder(s) not having opened or notified the Issuer of its specified account or given any required certifications, the Issuer is unable to arrange, or conditions are not fulfilled, for the delivery of some or all of the LA Settlement Assets,

and such circumstances continue up to and including the LA Physical Settlement Date, then the Issuer shall have no further delivery obligations hereunder to the Noteholder(s) with respect to those LA Settlement Assets which are affected by such circumstances described in 6(c)(i), 6(c)(ii) and/or 6(c)(iii) above (the "**Undeliverable Assets**") and the Issuer shall, in respect of the Undeliverable Assets in respect of any Note held by a Noteholder, pay to the specified account of that Noteholder on the LA Cash Payment Date the Undeliverable LA Redemption Amount.

Where the Issuer has an obligation to deliver any asset, including Reference Assets, to a Noteholder, the Issuer may (i) deliver the relevant asset to an Affiliate of the Issuer (an **Intermediary**) and (ii) procure that the relevant Intermediary deliver the relevant asset to the Noteholder. Delivery by the Intermediary of the relevant asset to the Noteholder's specified account shall discharge the Issuer's obligations in respect of the Note.

(d) *LA Cash Settlement*

Unless previously redeemed or purchased and cancelled, if LA Cash Settlement is specified as applicable in the applicable Issue Terms and if, at any time during the Risk Event Determination Period, the Calculation Agent determines that a Risk Event has occurred or exists during the Risk Event Determination Period, then the Issuer shall (on the basis of the Calculation Agent's determination) give notice (a **Risk Event Notice**) to the Noteholder(s) (i) declaring that a Risk Event has occurred or exists; and (ii) giving details of such Risk Event. References in these Credit Conditions to "Credit Event Notice" shall be deemed to include "Risk Event Notice" where the context so admits.

Subject to Credit Condition 6(f) below and following the effective delivery of a Risk Event Notice, on or before the LA Cash Payment Date, the Issuer shall, in full satisfaction of all its obligation(s) in respect of the Note(s), redeem all but not some only of the Credit Linked Notes, each principal amount of Credit Linked Notes equal to the Calculation Amount being redeemed by the Issuer at the relevant LA Redemption Amount on the LA Cash Payment Date.

(e) *LA Zero Recovery*

Unless previously redeemed or purchased and cancelled, if LA Zero Recovery is specified as applicable in the applicable Issue Terms and if, at any time during the Risk Event Determination Period, the Calculation Agent determines that a Risk Event has occurred or exists during the Risk Event Determination Period, then the Issuer shall (on the basis of the Calculation Agent's determination) give notice (a **Risk Event Notice**) to the Noteholder(s) (i) declaring that a Risk Event has occurred or exists; and (ii) giving details of such Risk Event.

Following the effective delivery of a Risk Event Notice, the Notes will be cancelled forthwith and the Issuer's obligations in respect of the Notes will be immediately discharged and the Issuer shall have no liability in respect thereof. In such circumstances no amounts will be payable or assets deliverable to the Noteholder(s).

(f) *Adjustment following a Regulatory Change Event*

If the Calculation Agent determines at any time on or prior to the latest of the Maturity Date, the LA Physical Settlement Date and the LA Cash Payment Date, if applicable, that a Regulatory Change Event has occurred or exists, then any payment due to the Noteholder(s), or amount of LA Settlement Assets to be delivered to the Noteholder(s), shall be reduced by an amount in the currency of such payment or an amount of LA Settlement Assets (rounded down to the nearest integral authorised denomination of the LA Settlement Assets), as the case may be, that is equal in value to the allocable proportion of the Regulatory Change Cost, as determined by the Calculation Agent.

(g) *Postponement for Potential Risk Event*

If Potential Risk Event Postponement is specified as applicable in the applicable Issue Terms and if, on the Maturity Date or, if the Notes are interest bearing, on any Interest Payment Date or, if the Notes are Instalment Notes, on any Instalment Date, the Calculation Agent determines that a Risk Event may exist or may have occurred at any time during the Risk Event Determination Period (but the Issuer has not provided a Risk Event Notice in respect thereof), the Issuer shall not pay the Redemption Amount and/or the relevant Interest Amount and/or the relevant Instalment Amount (as applicable), until the earlier of (i) the date on which the Calculation Agent determines that a Risk Event has not so occurred or existed; and (ii) the date which is 30 calendar days after the Maturity Date or relevant Interest Payment Date or relevant Instalment Date (as applicable), as the case may be, (the **LA Cut-Off Date**), provided that if the Calculation Agent determines, on or before the LA Cut-Off Date, that a Risk Event occurred or existed during the Risk Event Determination Period and the Issuer gives notice to the Noteholder(s) declaring that a Risk Event had so occurred or existed, then the Issuer's obligations under the Note(s) shall be as set out in (x) if LA Physical Settlement is applicable, Credit Condition 6(c) above save that the LA Physical Settlement Date shall be deemed to be the date which is 30 calendar days following the LA Cut-Off Date or (y) if LA Cash Settlement is applicable, Credit Condition 6(d) above save that the LA Cash Payment Date shall be deemed to be the date which is 5 calendar days following the LA Cut-off Date or (z) if LA Zero Recovery is applicable, Credit Condition 6(e) above.

For the avoidance of doubt, each of Credit Condition 3(e), 3(f), 3(g) and/or this Credit Condition 6(g) may apply to the Notes as the context so admits, provided that the Notes will not be redeemed pursuant to any such Credit Condition other than for a Risk Event whilst the provisions of any such other Credit Condition also still apply.

(h) *Purchase and Cancellation and Further Issues*

- (i) The terms of the Notes set out herein and in the applicable Issue Terms are stated on the basis of the aggregate principal amount of Notes issued on the Issue Date. Where pursuant to Condition 5(g) of the General Conditions some but not all of the Notes are cancelled, the Calculation Agent may adjust such of these provisions, as it determines to be appropriate acting in good faith and in a commercially reasonable manner, to preserve for the Noteholders the economic equivalent of the payment and/or delivery obligations of the Issuer in respect of the Notes after the cancellation of such Notes.

Upon the Calculation Agent making such adjustment(s), the Issuer shall give notice as soon as practicable to the Noteholders in accordance with Condition 13 of the General Conditions stating the relevant adjustments.

- (ii) Condition 12 of the General Conditions shall not apply to the Notes.

7. ADDITIONAL DISCLAIMERS

None of the Issuer, the CGMHI Guarantor, the Dealer, nor any of their Affiliates or agents, will be obligated to hold any LA Settlement Assets or pursue any remedies they may have with respect thereto (even if the Issuer, Dealer or any of their Affiliates or agents transfers LA Settlement Assets to the Noteholder(s) or refers to their market value in connection with the satisfaction of the Issuer's obligations following the declaration of a Risk Event as described above).

8. DEFINITIONS APPLICABLE TO CREDIT LINKED PROVISIONS

2014 Definitions means the 2014 ISDA Credit Derivatives Definitions published by ISDA.

Additional Risk Event means, if specified as applicable in the Issue Terms, the occurrence or existence of any of:

- (a) an Inconvertibility Event;
- (b) an Ownership Restriction Event;
- (c) a Settlement/Custodial Event; or
- (d) an Underlying RMB Currency Event.

Additional Risk Event Start Date means either the Trade Date or the Issue Date, as specified in the applicable Issue Terms.

Affiliate means, in respect of any designated person, any person that directly or indirectly controls or is controlled by or is under common control with such designated person. For the purposes of this definition, control (including with correlative meanings, the terms controlled by and under common control with), as used with respect to any person, shall mean the possession, directly, or indirectly, of the power to direct or cause the direction of the management and policies of such person, whether through the ownership of voting securities or by contract or otherwise.

Asset means each obligation, equity, amount of cash, security, fee (including any "early-bird" or other consent fee), right and/or other asset, whether tangible or otherwise and whether issued, incurred, paid or provided by a Reference Entity or a third party (or any value which was realised or capable of being realised in circumstances where the right and/or other asset no longer exists).

Asset Amount means, in respect of each principal amount of Credit Linked Notes equal to the Calculation Amount, Deliverable Obligations, as selected by the Issuer in its sole and absolute discretion, with:

- (a) in the case of Deliverable Obligations that are Borrowed Money, an Outstanding Principal Balance; or
- (b) in the case of Deliverable Obligations that are not Borrowed Money, a Due and Payable Amount,

(or, in the case of either (a) or (b), the equivalent Currency Amount of any such amount), in an aggregate amount as of the relevant Delivery Date equal to the outstanding principal amount of such Notes less, if Unwind Costs are specified as applicable in the applicable Issue Terms, Deliverable Obligations with a market value (determined by the Calculation Agent in its sole and absolute discretion on the Business Day selected by the Calculation Agent falling during the period from and including the Credit Event Determination Date to and including the Delivery Date) equal to Unwind Costs.

Asset Market Value means the market value of an Asset, as the Calculation Agent shall determine by reference to an appropriate specialist valuation or, if "DC Methodology Asset Market Value" is specified as applicable in the applicable Issue Terms, in accordance with the methodology determined by the Credit Derivatives Determinations Committee.

Asset Package means, in respect of an Asset Package Credit Event, all of the Assets in the proportion received or retained by a Relevant Holder in connection with such relevant Asset Package Credit Event (which may include the Prior Deliverable Obligation or Package Observable Bond, as the case may be). If the Relevant Holder is offered a choice of Assets or a choice of combinations of Assets, the Asset Package will be the Largest Asset Package. If the Relevant Holder is offered, receives and retains nothing, the Asset Package shall be deemed to be zero.

Asset Package Credit Event means:

- (a) if "Financial Reference Entity Terms" and "Governmental Intervention" are specified as applicable in the applicable Issue Terms:
 - (i) a Governmental Intervention; or
 - (ii) a Restructuring in respect of a Reference Obligation, if "Restructuring" is specified as applicable in the applicable Issue Terms and such Restructuring does not constitute a Governmental Intervention; and
- (b) if the Reference Entity is a Sovereign and "Restructuring" is specified as applicable in the applicable Issue Terms, a Restructuring,

in each case, whether or not such event is specified as the applicable Credit Event in the Credit Event Notice or the DC Credit Event Announcement, as applicable.

Asset Transfer Notice means a duly completed asset transfer notice substantially in the form set out in the Fiscal Agency Agreement.

Auction has the meaning given to such term in the Transaction Auction Settlement Terms.

Auction Cancellation Date has the meaning given in any Credit Derivatives Auction Settlement Terms published in relation to obligations of appropriate seniority of the Reference Entity and applicable to credit derivatives transactions with a Scheduled Termination Date of the Scheduled Maturity Date.

Auction Cut-Off Date means, the date falling ninety calendar days (or such other number of calendar days as is specified in the applicable Issue Terms) after (a) the Scheduled Maturity Date or, (b) if Credit Condition 3(e) applies, the Repudiation/Moratorium Evaluation Date or, if later and if Credit Condition 3(g)(II)(B) applies, the Postponed Maturity Date, or (c) if Credit Condition 3(f) applies, the Grace Period Extension Date or, (d) if Credit Condition 3(g)(II)(A) applies, the Postponed Maturity Date.

Auction Final Price means:

- (a) if the relevant Credit Derivatives Determinations Committee determines that an Auction will be held in accordance with any Credit Derivatives Auction Settlement Terms in relation to obligations of appropriate seniority of the Reference Entity in respect of which the Credit Event Determination Date has occurred, the relevant Auction Final Price determined in accordance with such Auction; or

- (b) if the relevant Credit Derivatives Determinations Committee determines that more than one Auction will be held in accordance with any Credit Derivatives Auction Settlement Terms in relation to obligations of appropriate seniority of the Reference Entity in respect of which the Credit Event Determination Date has occurred:
 - (i) the Auction Final Price determined in accordance with the Auction applicable to credit derivatives transactions triggered by the credit protection buyer thereunder (**Buyer Credit Derivatives Transactions**) with Scheduled Termination Dates of a range within which the Scheduled Maturity Date falls;
 - (ii) if no Auction is held applicable to Buyer Credit Derivatives Transactions with Scheduled Termination Dates of a range within which the Scheduled Maturity Date falls, the Auction Final Price determined in accordance with the Auction applicable to Buyer Credit Derivatives Transactions with Scheduled Termination Dates falling next earliest to the Scheduled Maturity Date;
 - (iii) if no Auction is held applicable to Buyer Credit Derivatives Transactions with Scheduled Termination Dates falling next earliest to the Scheduled Maturity Date, the Auction Final Price determined in accordance with the Auction applicable to Buyer Credit Derivatives Transactions with Scheduled Termination Dates falling next following the Scheduled Maturity Date; or
 - (iv) if no Auction is held applicable to Buyer Credit Derivatives Transactions with Scheduled Termination Dates falling next following the Scheduled Maturity Date, the Auction Final Price determined in accordance with the Auction applicable to credit derivatives transactions triggered by the credit protection seller thereunder.

Auction Final Price Cut-Off Date means, if specified as applicable in the Issue Terms, the date falling ninety calendar days (or such other number of calendar days specified in the applicable Issue Terms) after (a) the Scheduled Maturity Date or, (b) if Credit Condition 3(e) applies, the Repudiation/Moratorium Evaluation Date or, if later and if Credit Condition 3(g)(II)(B) applies, the Postponed Maturity Date, or (c) if Credit Condition 3(f) applies, the Grace Period Extension Date or, (d) if Credit Condition 3(g)(II)(A) applies, the Postponed Maturity Date.

Auction Final Price Determination Date has the meaning given to such term in the Transaction Auction Settlement Terms.

Bankruptcy means the 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, scheme or composition with or for the benefit of its creditors generally, or such a general assignment, arrangement, scheme or composition becomes effective;
- (d) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other similar relief under any bankruptcy or insolvency law or other 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 or before the Maturity Date, whichever is earlier;

- (e) has a resolution passed for its winding-up 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 before the Maturity Date, whichever is earlier; or
- (h) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has any analogous effect to any of the events specified in clauses (a) to (g).

Calculation Agent City means the city specified as such in the applicable Issue Terms or, if a city is not so specified, the city in which the office through which the Calculation Agent is acting for the purposes of the Notes.

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

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, in each case, as of both the NOPS Effective Date and the Delivery Date, provided, however, that a Deliverable Obligation other than Bonds will be a Conditionally Transferable Obligation notwithstanding that consent of the Reference Entity or the guarantor, if any, of a Deliverable Obligation other than Bonds (or the consent of the relevant obligor if the Reference Entity is guaranteeing such Deliverable Obligation) or any agent is required for such novation, assignment or transfer so long as the terms of such Deliverable Obligation provide that such consent may not be unreasonably withheld or delayed. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation shall not be considered to be a requirement for consent for purposes of this definition of "Conditionally Transferable Obligation".

Conforming Reference Obligation means a Reference Obligation which is a Deliverable Obligation determined in accordance with paragraph (a) of the definition of Deliverable Obligation.

Credit Business Day Convention means the convention for adjusting any relevant date pursuant to this Underlying Schedule 2 if it would otherwise fall on a day that is not a Business Day. If the last day of any period under this Underlying Schedule 2 calculated by reference to calendar days falls on a day that is not a Business Day, such last day shall be subject to adjustment in accordance with the applicable Credit Business Day Convention (or, if none is specified in the applicable Issue Terms, the Following Credit Business Day Convention); provided that if the last day of any such period is the Credit Event Backstop Date or the Successor Backstop Date, such last day shall not be subject to any adjustment in accordance with any Credit Business Day Convention. The following terms, when used in conjunction with the term "Credit Business Day Convention" and a date, shall mean that an

adjustments will be made if that date would otherwise fall on a day that is not a Business Day so that:

- (a) if "Following" is specified as the applicable Credit Business Day Convention in the applicable Issue Terms, that date will be the first following day that is a Business Day;
- (b) if "Modified Following" is specified as the applicable Credit Business Day Convention in the applicable Issue Terms, that date will be the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day; and
- (c) if "Preceding" is specified as the applicable Credit Business Day Convention in the applicable Issue Terms, that date will be the first preceding day that is a Business Day.

Credit Condition means each condition specified in this Schedule.

Credit Derivatives Auction Settlement Terms has the meaning given to such term in the definition of Transaction Auction Settlement Terms below.

Credit Derivatives Determinations Committee means each committee established pursuant to the DC Rules for purposes of reaching certain DC Resolutions in connection with credit derivative transactions.

Credit Event means the occurrence of any one or more of the Credit Events specified in the applicable Issue Terms which may include Bankruptcy, Failure to Pay, Obligation Acceleration, Obligation Default, Repudiation/Moratorium, Restructuring or Governmental Intervention or any additional Credit Event specified in the applicable Issue 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 defense based upon:

- (a) any lack or alleged lack of authority or capacity of the 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.

Credit Event Backstop Date means:

- (a) for the purposes of any event that the relevant Credit Derivatives Determinations Committee has Resolved as constituting a Credit Event (or with respect to Repudiation/Moratorium, the event described in sub-paragraph (b) of the definition of Repudiation/Moratorium), the date that is sixty calendar days prior to the Credit Event Resolution Request Date; or
- (b) otherwise, the date that is sixty calendar days prior to the earlier of:

- (i) the Notice Delivery Date if the Notice Delivery Date occurs during the Notice Delivery Period; and
- (ii) the Credit Event Resolution Request Date, if the Notice Delivery Date occurs during the Post Dismissal Additional Period.

The Credit Event Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention and/or Credit Business Day Convention.

Credit Event Determination Date means either:

- (a) if DC Determinations is specified in the applicable Issue Terms, a Credit Event Resolution Request Date occurs on or following the Issue Date of the first Tranche of the Notes and a DC Credit Event Announcement occurs with respect thereto during the Notice Delivery Period, the date on which such DC Credit Event Announcement occurred; or
- (b) if the Calculation Agent delivers a Credit Event Notice to the Issuer that is effective and if Notice of Publicly Available Information is specified as applicable in the applicable Issue Terms, a Notice of Publicly Available Information, that is effective, in each case, during the Notice Delivery Period, the Notice Delivery Date,

provided that,

- (i) in the case of sub-paragraph (a) above, no Credit Event Determination Date will occur with respect to an event and any Credit Event Determination Date previously determined with respect to an event shall be deemed not to have occurred if a DC No Credit Event Announcement occurs with respect to such event prior to the Auction Final Price Determination Date, Valuation Date or Settlement Date, if and as applicable; and
- (ii) in the case of sub-paragraph (b) above and if DC Determinations is specified in the applicable Issue Terms, if following the delivery of the Credit Event Notice by the Calculation Agent a Credit Event Resolution Request Date occurs in relation to the event referred to in the Credit Event Notice and prior to the Valuation Date or Settlement Date, if and as applicable:
 - (A) the Credit Event Notice is deemed to be revoked in accordance with its definition below, the relevant Credit Event Determination Date shall be deemed not to have occurred; or
 - (B) a DC Credit Event Announcement occurs with respect to such event and the relevant Reference Entity or Obligation thereof, the Calculation Agent may in its sole and absolute discretion revoke the Credit Event Notice by giving notice to the Issuer, in which case the relevant Credit Event Determination Date shall be deemed not to have occurred in accordance with sub-paragraph (b) above but shall be deemed to have occurred in accordance with sub-paragraph (a) above.

Credit Event Notice means a notice from the Calculation Agent (which may be by telephone) to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that describes a Credit Event that occurred on or after the Issue Date or, if specified as applicable in the applicable Issue Terms, the Credit Event Backstop Date and on or prior to the Extension Date, provided that if DC Determinations is specified in the applicable Issue Terms:

- (a) if a DC No Credit Event Announcement has occurred with respect to such event and the relevant Reference Entity or Obligation thereof, the Calculation Agent may not deliver a Credit Event Notice in relation thereto, unless the DC Resolutions in respect of which the

Calculation Agent acting in good faith and in a commercially reasonable manner and taking into account the differences between the definition of Credit Event under the 2014 Definitions and the definition of Credit Event hereunder and such other factor(s) as it deems appropriate, determines are inappropriate to follow for the purposes of the Notes; and

- (b) if subsequently a DC No Credit Event Announcement occurs with respect to such event and the relevant Reference Entity or Obligation thereof, the Credit Event Notice shall be deemed to be revoked and the relevant Credit Event Determination Date shall be deemed not to have occurred, unless the DC Resolutions in respect of which the Calculation Agent acting in good faith and in a commercially reasonable manner and taking into account the differences between the definition of Credit Event under the 2014 Definitions and the definition of Credit Event hereunder and such other factor(s) as it deems appropriate, determines are inappropriate to follow for the purposes of the Notes.

For the avoidance of doubt, any deemed revocation of the Credit Event Notice as provided above shall not prevent the Calculation Agent from delivering a further Credit Event Notice subsequently in relation to a new Credit Event.

Any Credit Event Notice that describes a Credit Event that occurred after the Scheduled Maturity Date must relate to the relevant Potential Failure to Pay, in the case of a Grace Period Extension Date, or the relevant Potential Repudiation/Moratorium, in the case of a Repudiation/Moratorium Evaluation Date.

A Credit Event Notice that describes a Credit Event other than a Restructuring must be in respect of the full principal amount outstanding of each Note.

A Credit Event Notice must contain a description in reasonable detail of the facts relevant to the determination that a Credit Event has occurred. The Credit Event that is the subject of the Credit Event Notice need not be continuing on the date the Credit Event Notice is effective. A Credit Event Notice shall be subject to the requirements regarding notices set out in Credit Condition 5.

Credit Event Redemption Amount means in respect of each principal amount of Notes equal to the Calculation Amount of the Credit Linked Notes, the amount specified as such in the applicable Issue Terms or if no such amount is specified in the applicable Issue Terms, an amount calculated by the Calculation Agent equal to:

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

where:

"A" is the outstanding principal amount of such Notes;

"B" is the Final Price or, if Auction Settlement is specified in the applicable Issue Terms and Credit Condition 3(b)(x) does not apply, the Auction Final Price; and

"C" is Unwind Costs,

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

Credit Event Redemption Date means, in respect of:

- (a) Maturity Date Settlement Credit Linked Notes, the later of:
 - (i) the Maturity Date; and

- (ii) the day falling the number of Business Days specified (or, if a number of Business Days is not so specified, three Business Days) in the applicable Issue Terms after (a) the calculation of the Final Price or the publication of the Auction Final Price, as the case may be or (b) if the Credit Event Redemption Amount is specified in the applicable Issue Terms or Fixed Recovery is specified as applicable in the applicable Issue Terms, the Credit Event Determination Date; and
- (b) any Credit Linked Notes other than Maturity Date Settlement Credit Linked Notes, the day falling the number of Business Days specified (or, if a number of Business Days is not so specified, three Business Days) in the applicable Issue Terms after (a) the calculation of the Final Price or the publication of the Auction Final Price, as the case may be or (b) if the Credit Event Redemption Amount is specified in the applicable Issue Terms or Fixed Recovery is specified as applicable in the applicable Issue Terms, the Credit Event Determination Date.

Credit Event Resolution Request Date means, with respect to a DC Credit Event Question, the date as publicly announced by the DC Secretary that the relevant Credit Derivatives Determinations Committee Resolves to be the date on which the DC Credit Event Question was effective and on which the relevant Credit Derivatives Determinations Committee was in possession of Publicly Available Information with respect to such DC Credit Event Question, unless the DC Resolutions in respect of which the Calculation Agent acting in good faith and in a commercially reasonable manner and taking into account the differences between the definition of Credit Event under the 2014 Definitions and the definition of Credit Event hereunder and such other factor(s) as it deems appropriate, determines are inappropriate to follow for the purposes of the Notes.

Currency Amount means with respect to (a) a Deliverable Obligation specified in a Notice of Physical Settlement that is denominated in a currency other than the Settlement Currency, an amount converted to the Settlement Currency using a conversion rate determined by reference to the Currency Rate and (b) a Replacement Deliverable Obligation specified in a Physical Settlement Amendment Notice, an amount converted to the Settlement Currency (or, if applicable, back into the Settlement Currency) using a conversion rate determined by reference to the Currency Rate, if any, and each Revised Currency Rate used to convert each Replaced Deliverable Obligation Outstanding Amount specified in each Physical Settlement Amendment Notice with respect to that portion of the Notes into the currency of denomination of the relevant Replacement Deliverable Obligation.

Currency Rate means with respect to (a) a Deliverable Obligation specified in the Notice of Physical Settlement or any Physical Settlement Amendment Notice, as applicable, the rate of conversion between the Settlement Currency and the currency in which the Outstanding Amount of such Deliverable Obligation is denominated that is either (i) determined by reference to the Currency Rate Source as at the Next Currency Fixing Time, or (ii) if such rate is not available at such time, as the Calculation Agent shall determine in a commercially reasonable manner and (b) a Replacement Deliverable Obligation specified in a Physical Settlement Amendment Notice, the Revised Currency Rate.

Currency Rate Source means the mid-point rate of conversion published by WM/Reuters at 4:00 p.m. (London time) or, if "DC Approved Successor Rate Source" is specified as applicable in the applicable Issue Terms, any successor rate source approved by the relevant Credit Derivatives Determinations Committee or, if no such successor rate source is approved by the relevant Credit Derivatives Determinations Committee where relevant or "DC Approved Successor Rate Source" is specified as not applicable in the applicable Issue Terms, any successor rate source selected by the Calculation Agent in its sole and absolute discretion.

Custodian means any custodian (including the Reference Custodian), sub-custodian, depository, settlement system, bank or clearing house (or any agent or delegate of any of the foregoing) or any

exchange used by a Reference Investor as part of any Reference Custodial/Settlement Arrangement entered into from time to time.

DC Credit Event Announcement means, with respect to the Reference Entity, a public announcement by the DC Secretary that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Credit Event with respect to the Reference Entity or Obligation thereof has occurred on or after the Credit Event Backstop Date and on or prior to the Extension Date, provided that if the Credit Event occurred after the Scheduled Maturity Date, the DC Credit Event Announcement must relate to the relevant Potential Failure to Pay, in the case of a Grace Period Extension Date, or the relevant Potential Repudiation/Moratorium, in the case of a Repudiation/Moratorium Evaluation Date.

DC Credit Event Question means a notice to the DC Secretary requesting that a relevant Credit Derivatives Determinations Committee be convened to Resolve whether an event that constitutes a Credit Event with respect to the Reference Entity or Obligation thereof has occurred.

DC Credit Event Question Dismissal means, with respect to the Reference Entity, a public announcement by the DC Secretary that the relevant Credit Derivatives Determinations Committee has Resolved not to determine the matters described in a DC Credit Event Question.

DC No Credit Event Announcement means, with respect to the Reference Entity, a public announcement by the DC Secretary that the relevant Credit Derivatives Determinations Committee has Resolved that an event that is the subject of a DC Credit Event Question does not constitute a Credit Event with respect to the Reference Entity or Obligation thereof.

DC Resolution has the meaning given to such term in the DC Rules.

DC Rules means the Credit Derivatives Determinations Committees Rules, as published by ISDA on its website at www2.isda.org (or any successor website thereto) from time to time and as amended from time to time in accordance with the terms thereof.

DC Secretary has the meaning given to that term in the DC Rules.

Default Requirement means the amount specified as such in the applicable Issue Terms or its equivalent in the relevant Obligation Currency or, if a Default Requirement is not specified in the applicable Issue Terms, USD10,000,000, or its equivalent as calculated by the Calculation Agent in the relevant Obligation Currency, in either case, as of the occurrence of the relevant Credit Event.

Deliver means to deliver, novate, transfer (including, in the case of a Guarantee, transfer of the benefit of the Guarantee), assign or sell, as appropriate, in the manner customary for the settlement of the applicable Deliverable Obligations (which shall include executing all necessary documentation and taking any other necessary actions), in order to convey all right, title (or, with respect to Deliverable Obligations where only equitable title is customarily conveyed, all equitable title) and interest in an Asset Amount to the relevant Noteholder free and clear of any and all liens, charges, claims or encumbrances (excluding any liens routinely imposed on all securities in a relevant clearance system, but including, without limitation, any counterclaim, defense (other than a counterclaim or defense based on the factors set forth in paragraphs (a) to (d) in the definition of "Credit Event" above) or right of set-off by or of the Reference Entity or any applicable Underlying Obligor) provided that (i) if a Deliverable Obligation is a Direct Loan Participation, **Deliver** means to create (or procure the creation of) a participation in favour of the relevant Noteholder and (ii) if a Deliverable Obligation is a Guarantee, **Deliver** means to Deliver both the Underlying Obligation and the Guarantee, provided further that if the Guarantee has a Fixed Cap, **Deliver** means to Deliver the Underlying Obligation, the Guarantee and all claims to any amounts which are subject to such Fixed Cap. **Delivery** and **Delivered** will be construed accordingly. In the case of a Loan, Delivery shall

be effected using documentation substantially in the form of the documentation determined by the Calculation Agent to be customarily used in the relevant market for Delivery of such Loan at that time.

If Asset Package Delivery applies, (i) Delivery of a Prior Deliverable Obligation or a Package Observable Bond specified in the Notice of Physical Settlement or Physical Settlement Amendment Notice, as applicable, may be satisfied by Delivery of the related Asset Package, and such Asset Package shall be treated as having the same currency, Outstanding Principal Balance or Due and Payable Amount, as applicable, as the Prior Deliverable Obligation or Package Observable Bond to which it corresponds had immediately prior to the Asset Package Credit Event, (ii) this definition of "Deliver" shall be deemed to apply to each Asset in the Asset Package provided that if any such Asset is not a Bond, it shall be treated as if it were a Loan for these purposes, (iii) if the Asset Package is zero, the Outstanding Amount of the Prior Deliverable Obligation or Package Observable Bond shall be deemed to have been Delivered in full three Business Days following the date on which the Issuer has notified the Noteholders in accordance with Credit Condition 3(d) of the detailed description of the Asset Package that it intends to Deliver, (iv) the Issuer may satisfy its obligation to make Delivery of the Prior Deliverable Obligation or Package Observable Bond in part by Delivery of each Asset in the Asset Package in the correct proportion and (v) if the relevant Asset is a Non-Transferable Instrument or Non-Financial Instrument, the Asset shall be deemed to be an amount of cash equal to the Asset Market Value.

Deliverable Obligation means:

- (a) any obligation of the Reference Entity (either directly or as provider of a Relevant Guarantee) determined pursuant to the method described in "(A) *Method for Determining Deliverable Obligations*" below;
- (b) each Reference Obligation;
- (c) solely in relation to a Restructuring Credit Event applicable to a Reference Entity which is a Sovereign, and unless Asset Package Delivery is applicable, any Sovereign Restructured Deliverable Obligation;
- (d) if Asset Package Delivery is applicable, any Prior Deliverable Obligation (if "Financial Reference Entity Terms" is specified as applicable in the applicable Issue Terms) or any Package Observable Bond (if the Reference Entity is a Sovereign); and
- (e) any Additional Deliverable Obligation of the Reference Entity specified as such in the applicable Issue Terms,

in each case unless it is an Excluded Deliverable Obligation and provided that the obligation has an Outstanding Principal Balance or Due and Payable Amount that is greater than zero (determined for purposes of paragraph (d), immediately prior to the relevant Asset Package Credit Event).

- (i) **Method for Determining Deliverable Obligations.** For the purposes of this definition of "Deliverable Obligation", the term "Deliverable Obligation" may be defined as each obligation of the Reference Entity described by the Deliverable Obligation Category specified in the applicable Issue Terms, and, subject to (ii) below, having each of the Deliverable Obligation Characteristics, if any, specified in the applicable Issue Terms, in each case, as of both the NOPS Effective Date and the Delivery Date (unless otherwise specified). The following terms shall have the following meanings:

- (A) **Deliverable Obligation Category** means one of Payment, Borrowed Money, Reference Obligation Only, Bond, Loan, or Bond or Loan (each as defined in the definition of "Obligation" below, except that, for the purpose of determining Deliverable Obligations, the definition of "Reference Obligation Only" shall be amended to state that no Deliverable Obligation Characteristics shall be applicable to Reference Obligation Only).
- (B) **Deliverable Obligation Characteristics** means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed, Not Domestic Issuance (each as defined in the definition of "Obligation" below), Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer where:
- (1) **Assignable Loan** means a Loan that is capable of being assigned or novated to, at a minimum, commercial banks or financial institutions (irrespective of their jurisdiction of organisation) that are not then a lender or a member of the relevant lending syndicate, without the consent of the Reference Entity or the guarantor, if any, of such Loan (or the consent of the applicable borrower if the Reference Entity is guaranteeing such Loan) or any agent;
 - (2) **Consent Required Loan** means a Loan that is capable of being assigned or novated with the consent of the Reference Entity or the guarantor, if any, of such Loan (or the consent of the relevant borrower if the Reference Entity is guaranteeing such Loan) or any agent;
 - (3) **Direct Loan Participation** means a Loan in respect of which, pursuant to a participation agreement, the Issuer is capable of creating, or procuring the creation of, a contractual right in favour of each Noteholder that provides each such Noteholder with recourse to the participation seller for a specified share in any payments due under the relevant Loan which are received by such participation seller, any such agreement to be entered into between each such Noteholder and either (A) the Issuer and/or any of its Affiliates, as the case may be, (to the extent that the Issuer and/or any of its Affiliates, as applicable, 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);
 - (4) **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);

- (ii) restrictions on permitted investments such as statutory or regulatory investment restrictions on insurance companies and pension funds; or
 - (iii) restrictions in respect of blocked periods on or around payment dates or voting periods;
- (5) **Maximum Maturity** means an obligation that has a remaining maturity of not greater than the period specified in the applicable Issue Terms (or if no such period is specified, thirty years);
 - (6) **Accelerated or Matured** means an obligation under which the principal amount owed, whether by reason of maturity, acceleration, termination or otherwise, is 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
 - (7) **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 recognised clearing system.

(ii) **Interpretation of Provisions** □

- (A) If either of the Obligation Characteristic "Listed" or "Not Domestic Issuance" is specified in the applicable Issue Terms, the applicable Issue Terms shall be construed as though the relevant Obligation Characteristic had been specified as an Obligation Characteristic only with respect to Bonds.
- (B) If (a) either of the Deliverable Obligation Characteristics "Listed", "Not Domestic Issuance" or "Not Bearer" is specified in the applicable Issue Terms, the applicable Issue Terms shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Bonds; (b) the Deliverable Obligation Characteristic "Transferable" is specified in the applicable Issue Terms, the applicable Issue 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; or (c) any of the Deliverable Obligation Characteristics "Assignable Loan", "Consent Required Loan" or "Direct Loan Participation" is specified in the applicable Issue Terms, the applicable Issue Terms shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Loans.
- (C) If more than one of "Assignable Loan", "Consent Required Loan" and "Direct Loan Participation" are specified as Deliverable Obligation Characteristics in the applicable Issue Terms, 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.

- (D) If an Obligation or a Deliverable Obligation is a Relevant Guarantee, the following will apply:
- (1) For purposes of the application of the Obligation Category or the Deliverable Obligation Category, the Relevant Guarantee shall be deemed to be described by the same category or categories as those that describe the Underlying Obligation;
 - (2) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, both the Relevant Guarantee and the Underlying Obligation must satisfy on the relevant date or dates each of the applicable Obligation Characteristics or the Deliverable Obligation Characteristics, if any, specified in the applicable Issue Terms from the following list: "Not Subordinated", "Specified Currency", "Not Sovereign Lender", "Not Domestic Currency" and "Not Domestic Law";
 - (3) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, only the Underlying Obligation must satisfy on the relevant date or dates each of the applicable Obligation Characteristics or the Deliverable Obligation Characteristics, if any, specified in the applicable Issue Terms from the following list: "Listed", "Not Domestic Issuance", "Assignable Loan", "Consent Required Loan", "Direct Loan Participation", "Transferable", "Maximum Maturity", "Accelerated or Matured" and "Not Bearer"; and
 - (4) 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.
- (E) For purposes of the application of the Deliverable Obligation Characteristic "Maximum Maturity", remaining maturity shall be determined on the basis of the terms of the Deliverable Obligation in effect at the time of making such determination and, in the case of a Deliverable Obligation that is due and payable, the remaining maturity shall be zero.
- (F) If "Financial Reference Entity Terms" and "Governmental Intervention" are specified as applicable in the applicable Issue Terms, if an obligation would otherwise satisfy a particular Obligation Characteristic or Deliverable Obligation Characteristic, the existence of any terms in the relevant obligation in effect at the time of making the determination which permit the Reference Entity's obligations to be altered, discharged, released or suspended in circumstances which would constitute a Governmental Intervention, shall not cause such obligation to fail to satisfy such Obligation Characteristic or Deliverable Obligation Characteristic.
- (G) For purposes of determining the applicability of Deliverable Obligation Characteristics and the requirements specified in Credit Condition 6(d)(ii) and Credit Condition 6(d)(iii) to a Prior Deliverable Obligation or a Package Observable Bond, any such determination shall be made by reference to the terms of the relevant obligation in effect immediately prior to the Asset Package Credit Event.

- (H) If "Subordinated European Insurance Terms" is specified as applicable in the applicable Issue Terms, if an obligation would otherwise satisfy the "Maximum Maturity" Deliverable Obligation Characteristic, the existence of any Solvency Capital Provisions in such obligation shall not cause it to fail to satisfy such Deliverable Obligation Characteristic.

Delivery Date means, with respect to a Deliverable Obligation or an Asset Package, the date on which such Deliverable Obligation is Delivered (or deemed Delivered under the definition of Deliver).

Delivery Expenses means all costs, taxes, duties and/or expenses, including any applicable depository charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer, withholding taxes or tax on income profits or gains and/or other costs, duties or taxes arising from the Delivery of an Asset Amount.

Domestic Currency means the currency specified as such in the applicable Issue Terms and any successor currency thereto (or if no such currency is specified, the lawful currency and any successor currency of (a) the Reference Entity, if the Reference Entity is a Sovereign, or (b) the jurisdiction in which the Reference Entity is organised, if the Reference Entity is not a Sovereign).

Domestic Law means each of the laws of (a) the Reference Entity, if such Reference Entity is a Sovereign, or (b) the jurisdiction in which the Reference Entity is organized, if such Reference Entity is not a Sovereign.

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

Due and Payable Amount means, the amount that is due and payable by the Reference Entity under the obligation whether by reason of maturity, acceleration, termination or otherwise (excluding sums in respect of default interest, indemnities, tax gross-ups and other similar amounts) less all or any portion of such amount which, pursuant to the terms of the obligation (a) is subject to any Prohibited Action, or (b) may otherwise be reduced as a result of the effluxion of time or the occurrence or non-occurrence of an event or circumstance (other than by way of (i) payment or (ii) a Permitted Contingency), in each case, determined in accordance with the terms of the obligation in effect on either (A) the NOPS Effective Date (or if the terms of the obligation are amended after such date but on or prior to the Delivery Date, the Delivery Date) or (B) the Valuation Date, as applicable.

Eligible Information means information which is publicly available or which can be made public without violating any law, agreement, understanding or other restriction regarding the confidentiality of such information.

Eligible Transferee means:

- (a) any:
 - (i) bank or other financial institution;
 - (ii) insurance or reinsurance company;
 - (iii) mutual fund, unit trust or similar collective investment vehicle (other than an entity specified in sub-paragraph (c)(i) below); and

- (iv) registered or licensed broker or dealer (other than a natural person or proprietorship),
- provided, however, in each case that such entity has total assets of at least USD 500,000,000;
- (b) an Affiliate of an entity specified in the preceding sub-paragraph (a);
 - (c) each of a corporation, partnership, proprietorship, organisation, trust or other entity:
 - (i) that is an investment vehicle (including, without limitation, any hedge fund, issuer of collateralised debt obligations, commercial paper conduit or other special purpose vehicle) that (1) has total assets of at least 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; or
 - (ii) that has total assets of at least USD 500,000,000; or
 - (iii) the obligations of which under an agreement, contract or transaction are guaranteed or otherwise supported by a letter of credit or keepwell, support, or other agreement by an entity described in sub-paragraphs (a), (b), (c)(ii) or (d) of this definition; and
 - (d)
 - (i) any Sovereign; or
 - (ii) any entity or organisation established by treaty or other arrangement between two or more Sovereigns including, without limiting the foregoing, the International Monetary Fund, European Central Bank, International Bank for Reconstruction and Development and European Bank for Reconstruction and Development.

All references in this definition to USD include equivalent amounts in other currencies, as determined by the Calculation Agent.

Excluded Deliverable Obligation means:

- (a) any obligation of the Reference Entity specified as such or of a type described in the applicable Issue Terms;
- (b) any principal only component of a Bond from which some or all of the interest components have been stripped; and
- (c) if Asset Package Delivery is applicable, any obligation issued or incurred on or after the date of the relevant Asset Package Credit Event.

Excluded Obligation means:

- (a) any obligation of the Reference Entity specified as such or of a type described in the applicable Issue Terms;
- (b) if "Financial Reference Entity Terms" is specified as applicable in the applicable Issue Terms and (i) the Reference Obligation or Prior Reference Obligation, as applicable, is a Senior Obligation, or (ii) there is no Reference Obligation or Prior Reference Obligation, then for purposes of determining whether a Governmental Intervention or Restructuring has occurred, any Subordinated Obligation; and

- (c) if "Financial Reference Entity Terms" is specified as applicable in the applicable Issue Terms and the Reference Obligation or Prior Reference Obligation, as applicable, is a Subordinated Obligation, then for purposes of determining whether a Governmental Intervention or Restructuring has occurred, any Further Subordinated Obligation.

Extension Date means the latest of:

- (a) the Scheduled Maturity Date;
- (b) the Grace Period Extension Date if:
 - (i) "Failure to Pay" is specified as a Credit Event in the applicable Issue Terms and "Grace Period Extension" is specified as applicable in the applicable Issue Terms; and
 - (ii) the Potential Failure to Pay with respect to the relevant Failure to Pay occurs on or prior to the Scheduled Maturity Date; and
- (c) the Repudiation/Moratorium Evaluation Date (if any) if "Repudiation/Moratorium" is specified as a Credit Event in the applicable Issue Terms.

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 the 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. If an occurrence that would constitute a Failure to Pay (a) is a result of a redenomination that occurs as a result of action taken by a Governmental Authority which is of general application in the jurisdiction of such Governmental Authority and (b) a freely available market rate of conversion existed at the time of the redenomination, then such occurrence will be deemed not to constitute a Failure to Pay unless the redenomination itself constituted a reduction in the rate or amount of interest, principal or premium payable (as determined by reference to such freely available market rate of conversion) at the time of such redenomination.

Final Price means:

- (a) Either:
 - (i) If Reference Obligation Final Price is specified in the applicable Issue Terms, the price of the Reference Obligation, expressed as a percentage of its Outstanding Principal Balance or Due and Payable Amount, as applicable, determined in accordance with the Valuation Method specified in the applicable Issue Terms. The Calculation Agent shall, as soon as practicable after obtaining all Quotations for a Valuation Date, make available for inspection by Noteholders at the specified office of the Registrar (i) each such Quotation that it receives in connection with the calculation of the Final Price and (ii) a written computation showing its calculation of the Final Price; or
 - (ii) if Deliverable Obligation Final Price is specified in the applicable Issue Terms, the highest firm bid quotation that the Calculation Agent is able to obtain on the Valuation Date from a Reference Dealer for the sale to the Reference Dealer of such of the Deliverable Obligations as selected by the Issuer with an outstanding principal balance equal to the outstanding principal amount of the Notes (or the equivalent thereof) as determined by the Calculation Agent and expressed as a percentage of such outstanding principal balance, provided that if none of the

Reference Dealers provides such a firm quotation then the Final Price shall be determined by the Calculation Agent.

For these purposes:

- (x) references to "NOPS Effective Date" and "Delivery Date" in the Credit Conditions are deemed replaced with "date of selection as a Deliverable Obligation" and "Valuation Date" respectively;
 - (y) sub-paragraphs (B) of the definition of Due and Payable Amount and (A)(II) of the definition of Outstanding Principal Balance will not apply; and
 - (z) sub-paragraphs (d)(ii), (iii), (iv) and (v) of Credit Condition 3 may apply notwithstanding that Physical Delivery does not apply and references therein to "included in an Asset Amount" are deemed replaced with "selected for the purposes of calculating the Final Price"; or
- (iii) if Fixed Recovery is specified as applicable in the applicable Issue Terms, the percentage specified therein.

For the avoidance of doubt, the Final Price may be equal to zero.

Fixed Cap means, with respect to a Guarantee, a specified numerical limit or cap on the liability of the Reference Entity in respect of some or all payments due under the Underlying Obligation, provided that a Fixed Cap shall exclude a limit or cap determined by reference to a formula with one or more variable inputs (and for these purposes, the outstanding principal or other amounts payable pursuant to the Underlying Obligation shall not be considered to be variable inputs).

Full Quotation means, in accordance with the Quotation Method, each firm quotation obtained from a Quotation Dealer at the Valuation Time, to the extent reasonably practicable, for an amount of the Reference Obligation with an Outstanding Principal Balance or Due and Payable Amount equal to the Quotation Amount.

Fully Transferable Obligation means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Eligible Transferees without the consent of any person being required, in the case of any Deliverable Obligation other than Bonds, in each case, as of both the NOPS Effective Date and the Delivery Date. 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 as a requirement for consent for purposes of this definition of "Fully Transferable Obligation".

Further Subordinated Obligation means, if a Reference Obligation or Prior Reference Obligation, as applicable, is a Subordinated Obligation, any obligation which is Subordinated thereto.

FX Rate means the rate, determined by the Calculation Agent on the FX Rate Set Date, at which a non-resident of the Reference Jurisdiction can purchase the Settlement Currency against delivery of the LA Relevant Currency for value on the LA Value Date provided that if LA Relevant Currency is specified as not applicable in the applicable Issue Terms, FX Rate shall be 1 (one).

FX Rate Set Date means the date selected by the Calculation Agent, in its sole discretion, for determining the FX Rate.

Governmental Authority means:

- (i) any de facto or de jure government (or any agency, instrumentality, ministry or department thereof);
- (ii) any court, tribunal, administrative or other governmental, inter-governmental or supranational body;
- (iii) any authority or any other entity (private or public) either designated as a resolution authority or charged with the regulation or supervision of the financial markets (including a central bank) of the Reference Entity or some or of all of its obligations; or
- (iv) any other authority which is analogous to any of the entities specified in paragraphs (i) to (iii) above.

Governmental Intervention 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 as a result of action taken or an announcement made by a Governmental Authority pursuant to, or by means of, a restructuring and resolution law or regulation (or any other similar law or regulation), in each case, applicable to the Reference Entity in a form which is binding, irrespective of whether such event is expressly provided for under the terms of such Obligation:

- (a) any event which would affect creditors' rights so as to cause:
 - (i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals (including by way of redenomination);
 - (ii) a reduction in the amount of principal or premium payable at redemption (including by way of redenomination);
 - (iii) a postponement or other deferral of a date or dates for either (I) the payment or accrual of interest, or (II) the payment of principal or premium; or
 - (iv) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation;
- (b) an expropriation, transfer or other event which mandatorily changes the beneficial holder of the Obligation;
- (c) a mandatory cancellation, conversion or exchange; or
- (d) any event which has an analogous effect to any of the events specified in sub-paragraphs (a) to (c) above.

For purposes of this definition of "Governmental Intervention", the term Obligation shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Guarantee.

Grace Period means:

- (a) subject to paragraphs (b) and (c) below, the applicable grace period with respect to payments under and in accordance with the terms of the relevant Obligation in effect as of the date as of which such Obligation is issued or incurred;
- (b) if Grace Period Extension is specified as applicable in the applicable Issue Terms, a Potential Failure to Pay has occurred on or prior to the Scheduled Maturity Date and the applicable grace period cannot, by its terms, expire on or prior to the Scheduled Maturity

Date, the Grace Period will be deemed to be the lesser of such grace period and the period specified as such in the applicable Issue Terms or, if no period is specified in the applicable Issue Terms, thirty calendar days; and

- (c) if, as of the date as of which an Obligation is issued or incurred, no grace period with respect to payments or a grace period with respect to payments of less than three Grace Period Business Days is applicable under the terms of such Obligation, a Grace Period of three Grace Period Business Days shall be deemed to apply to such Obligation; provided that, unless Grace Period Extension is specified as applicable in the applicable Issue Terms, such deemed Grace Period shall expire no later than the Scheduled Maturity Date.

Grace Period Business Day means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the place or places and on the days specified for that purpose in the relevant Obligation or, if a place or places are not so specified, (a) if the Obligation Currency is the euro, a TARGET Settlement Day, or (b) otherwise, a day on which commercial banks and foreign exchange markets are generally open to settle payments in the principal financial city in the jurisdiction of the Obligation Currency.

Grace Period Extension Date means, if:

- (a) Grace Period Extension is specified as applying in the applicable Issue Terms; and
- (b) a Potential Failure to Pay occurs on or prior to an Interest Payment Date and/or the Scheduled Maturity Date,

the day that is, unless otherwise specified in the Issue Terms, five Business Days following the day falling the number of days in the Grace Period after the date of such Potential Failure to Pay.

Guarantee means a Relevant Guarantee or a guarantee which is the Reference Obligation.

Hedge Disruption Event means in the opinion of the Calculation Agent any event (including, without limitation, any delay in settlement of any Auction) as a result of which the Issuer and/or any of its Affiliates has not received the relevant Deliverable Obligations under the terms of any transaction entered into by the Issuer and/or such Affiliate to hedge the Issuer's obligations or position in respect of the Credit Linked Notes.

Hedge Disruption Obligation means a Deliverable Obligation included in an Asset Amount which, on the Settlement Date for such Deliverable Obligation, the Calculation Agent determines cannot be Delivered as a result of a Hedge Disruption Event.

References to Hedge Disruption Event and Hedge Disruption Obligations in these Terms and Conditions shall be disregarded in relation to the Credit Linked Notes if the applicable Issue Terms specifies "Hedge Disruption Event" as Not Applicable.

Inconvertibility Event means the occurrence after the Additional Risk Event Start Date of any event or existence of any condition that has the effect of it being impossible, illegal or impracticable for, or has the effect of prohibiting, restricting or materially delaying the ability of, any Reference Investor (i) to convert the LA Relevant Currency into the Settlement Currency through customary legal channels; or (ii) to effect currency transactions on terms as favourable as those available to residents of the Reference Jurisdiction; or (iii) to freely and unconditionally transfer or repatriate any funds (in the Settlement Currency or the LA Relevant Currency) from accounts inside the Reference Jurisdiction to accounts outside the Reference Jurisdiction or between accounts inside the Reference Jurisdiction; or (iv) to receive the full value of any cash payment (when converted to the Settlement Currency) made under the Reference Investor Assets due to the introduction after the Additional

Risk Event Start by any Governmental Authority of a new currency regime (including the introduction of a dual currency regime) or the imposition of currency exchange limitations.

Initial Applicable Principal Currency Amount means the Applicable Principal Currency Amount or, in the case of Instalment Notes, the Applicable Principal Currency Amount as of the Issue Date.

Intervening Period means such period of time as any person other than the relevant Noteholder shall continue to be registered as the legal owner of any securities or other obligations comprising the Asset Amount.

ISDA means the International Swaps and Derivatives Association, Inc.

Largest Asset Package means, in respect of a Prior Deliverable Obligation or a Package Observable Bond, as the case may be, the package of Assets for which the greatest amount of principal has been or will be exchanged or converted (including by way of amendment), as determined by the Calculation Agent by reference to Eligible Information. If this cannot be determined, the Largest Asset Package will be the package of Assets with the highest immediately realisable value, determined by the Calculation Agent, if "DC Asset Package Value" is specified as applicable in the applicable Issue Terms, in accordance with the methodology, if any, determined by the relevant Credit Derivatives Determinations Committee or, if none or if "DC Asset Package Value" is specified as not applicable in the applicable Issue Terms, as determined by the Calculation Agent in its sole and absolute discretion by reference to such source(s) as it determines appropriate.

LA Cash Payment Date means:

- (a) if LA Cash Settlement is specified in the applicable Issue Terms and unless otherwise specified therein, the date which is 5 Business Days following the Risk Event Determination Date; and
- (b) if LA Physical Settlement is specified in the applicable Issue Terms and unless otherwise specified therein, the date which is 5 Business Days after the LA Physical Settlement Date.

LA Final Redemption Amount means the amount specified as such in the applicable Issue Terms or, if an amount is not so specified, an amount equal to each principal amount of Notes equal to the Calculation Amount's *pro rata* portion of an amount in the Settlement Currency equal to the Applicable Principal Currency Amount divided by the FX Rate.

LA Physical Settlement Date means the date which is, unless otherwise specified in the applicable Issue Terms, 30 calendar days following the Risk Event Determination Date.

LA Redemption Amount means an amount (which shall not be less than, but may be equal to, zero) in the Settlement Currency equal to the Recovery Value, *pro rated* amongst each principal amount of Notes equal to the Calculation Amount less Unwind Costs determined by the Calculation Agent on the date (the **LA Valuation Date**) selected by the Calculation Agent, in its sole discretion, which falls on any Business Day during the period from and including the Risk Event Determination Date to and including the LA Cash Payment Date.

LA Relevant Currency means the currency specified as such in the applicable Issue Terms, being the lawful currency of the Reference Jurisdiction, or if the LA Relevant Currency ceases to be the lawful currency of the Reference Jurisdiction, any other lawful currency in effect in such jurisdiction.

LA Settlement Assets means:

- (a) if Reference Assets Only Settlement is specified as applicable in the applicable Issue Terms, the Reference Assets; and
- (b) if Reference Assets Only Settlement is specified as not applicable in the applicable Issue Terms, Deliverable Obligations selected by the Issuer in its sole and absolute discretion.

LA Value Date means (as applicable) the Maturity Date or, where the Notes are interest bearing the relevant Interest Payment Date or, where the Notes are Instalment Notes the relevant Instalment Date or, if Fixed Recovery LA Redemption Amount is specified as applicable in the applicable Issue Terms, the LA Cash Payment Date (if any), or as the case may be, the LA Cut-Off Date.

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, 7.5 years, 10 years (the **10-year Limitation Date**), 12.5 years, 15 years, or 20 years, as applicable. Limitation Dates shall not be subject to adjustment in accordance with any Business Day Convention and/or Credit Business Day Convention.

London Business Day means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London.

Market Disruption Event means the occurrence of any event or existence of any condition that has the effect of (a) the failure or suspension of normal trading on any recognized securities, futures or other exchange on which the Reference Investor Assets or futures thereon are traded; or (b) any Reference Investor Asset becoming ineligible for clearance or settlement through the principal clearing system or by the relevant settlement procedure for the Reference Investor Assets.

Market Value means, with respect to a Reference Obligation on a Valuation Date:

- (a) if more than three Full Quotations are obtained, the arithmetic mean of such Full Quotations, disregarding the Full Quotations having the highest and lowest values (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded);
- (b) if exactly three Full Quotations are obtained, the Full Quotation remaining after disregarding the highest and lowest Full Quotations (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded);
- (c) if exactly two Full Quotations are obtained, the arithmetic mean of such Full Quotations;
- (d) if fewer than two Full Quotations and a Weighted Average Quotation is obtained, such Weighted Average Quotation;
- (e) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained, subject as provided in the definition of Quotation, an amount that the Calculation Agent shall determine 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 on or prior to the tenth Business Day following the applicable Valuation Date, the Market Value shall be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day, or if no Full Quotation is obtained, the weighted average of any firm quotations for the Reference Obligation obtained from Quotation Dealers at the Valuation

Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations were not obtained on such day.

Maturity Date Settlement Credit Linked Notes means any Credit Linked Notes in respect of which "Maturity Date Settlement" is specified as applicable in the applicable Issue Terms.

Merger Event means that at any time during the period from (and including) the Issue Date to (but excluding) the Scheduled Maturity Date, (i) the Issuer consolidates or amalgamates with, or merges into, or transfers all or substantially all of its assets to, a Reference Entity, or (ii) a Reference Entity consolidates or amalgamates with, or merges into, or transfers all or substantially all of its assets to the Issuer or (iii) the Issuer become Affiliates of a Reference Entity.

Merger Event Redemption Date means the date specified as such in the applicable Issue Terms.

Minimum Quotation Amount means the amount specified as such in the applicable Issue Terms or its equivalent in the relevant Obligation Currency (or, if no such amount is specified, the lower of (i) U.S.\$1,000,000 (or its equivalent in the relevant Obligation Currency) and (ii) the Quotation Amount).

M(M)R Restructuring means a Restructuring Credit Event in respect of which either "Mod R" or "Mod Mod R" is specified as applicable in the applicable Issue Terms.

Modified Eligible Transferee means any bank, financial institution or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities and other financial assets.

Modified Restructuring Maturity Limitation Date means, with respect to a Deliverable Obligation, the Limitation Date occurring on or immediately following the Scheduled Maturity Date. Subject to the foregoing, if the Scheduled Maturity Date is later than the 10-year Limitation Date, the Modified Restructuring Maturity Limitation Date will be the Scheduled Maturity Date.

Next Currency Fixing Time means 4:00 p.m. (London time) on the London Business Day immediately following the NOPS Effective Date.

Non-Conforming Reference Obligation means a Reference Obligation which is not a Conforming Reference Obligation.

Non-Conforming Substitute Reference Obligation means an obligation which would be a Deliverable Obligation determined in accordance with paragraph (a) of the definition of Deliverable Obligation on the Substitution Date but for one or more of the same reasons which resulted in the Reference Obligation constituting a Non-Conforming Reference Obligation on the date it was issued or incurred and/or immediately prior to the Substitution Event Date (as applicable).

Non-Financial Instrument means any Asset which is not of the type typically traded in, or suitable for being traded in, financial markets.

Non-Standard Reference Obligation means the Original Non-Standard Reference Obligation or if a Substitute Reference Obligation has been determined, the Substitute Reference Obligation.

Non-Transferable Instrument means any Asset which is not capable of being transferred to institutional investors, excluding due to market conditions.

Notice Delivery Date means the first date on which both an effective Credit Event Notice and, if "Notice of Publicly Available Information" is specified as applicable in the applicable Issue Terms,

an effective Notice of Publicly Available Information, have been delivered by the Calculation Agent to the Issuer.

NOPS Effective Date means the date on which the Notice of Physical Settlement or a Physical Settlement Amendment Notice, as the case may be, is deemed given.

Notice Delivery Period means the period from and including the Issue Date to and including (i) the Extension Date; or (ii) the Postponed Maturity Date if redemption of the Notes is postponed pursuant to Credit Condition 3(g).

Notice of Publicly Available Information means an irrevocable notice from the Calculation Agent (which may be by telephone) to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that cites Publicly Available Information confirming the occurrence of the Credit Event or Potential Repudiation/Moratorium, as applicable, described in the Credit Event Notice or Repudiation/Moratorium Extension Notice. 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 specified as applicable in the applicable Issue Terms and a Credit Event Notice or Repudiation/Moratorium Extension Notice, as applicable, contains Publicly Available Information, such Credit Event Notice or Repudiation/Moratorium Extension Notice will also be deemed to be a Notice of Publicly Available Information. A Notice of Publicly Available Information shall be subject to the requirements regarding notices in Credit Condition 5.

Obligation means:

- (a) any obligation of the Reference Entity (either directly or as provider of a Relevant Guarantee) determined pursuant to the method described in "Method for Determining Obligations" below;
- (b) the Reference Obligation specified in the applicable Issue Terms; and
- (c) any Additional Obligation specified as such in the applicable Issue Terms,

in each case unless it is an Excluded Obligation.

Method for Determining Obligations. For the purposes of paragraph (a) of this definition of "Obligation", the term "Obligation" may be defined as each obligation of the Reference Entity described by the Obligation Category specified in the applicable Issue Terms, and having each of the Obligation Characteristics (if any) specified in the applicable Issue Terms, in each case, immediately prior to the Credit Event which is the subject of either the Credit Event Notice or the DC Credit Event Question resulting in the occurrence of the Credit Event Resolution Request Date, as applicable. The following terms shall have the following meanings:

- (a) **Obligation Category** means Payment, Borrowed Money, Reference Obligation Only, Bond, Loan, or Bond or Loan, only one of which shall be specified in the applicable Issue Terms, where:
 - (i) **Payment** means any obligation (whether present or future, contingent or otherwise) for the payment or repayment of money, including, without limitation, Borrowed Money;
 - (ii) **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);

- (iii) **Reference Obligation Only** means any obligation that is a Reference Obligation and no Obligation Characteristics shall be applicable to Reference Obligation Only;
 - (iv) **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;
 - (v) **Loan** means any obligation of a type included in the "Borrowed Money" Obligation Category that is documented by a term loan agreement, revolving loan agreement or other similar credit agreement and shall not include any other type of Borrowed Money; and
 - (vi) **Bond or Loan** means any obligation that is either a Bond or a Loan.
- (b) **Obligation Characteristics** means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed and Not Domestic Issuance specified in the applicable Issue Terms, where:
- (i) (A) **Not Subordinated** means an obligation that is not Subordinated to (I) the Reference Obligation or (II) the Prior Reference Obligation, if applicable;
 - (B) **Subordination** means, with respect to an obligation (the **Second Obligation**) and another obligation of the Reference Entity to which such obligation is being compared (the **First Obligation**), a contractual, trust or similar arrangement providing that (i) upon the liquidation, dissolution, reorganisation or winding up of the Reference Entity, claims of the holders of the First Obligation are required to be satisfied prior to the claims of the holders of the Second Obligation or (ii) the holders of the Second Obligation will not be entitled to receive or retain principal 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 First 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, (x) the existence of preferred creditors arising by operation of law or of collateral, credit support or other credit enhancement or security 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 and (y) in the case of the Reference Obligation or the Prior Reference Obligation, as applicable, the ranking in priority of payment shall be determined as of the date as of which it was issued or incurred (or in circumstances where the Reference Obligation or a Prior Reference Obligation is the Standard Reference Obligation and "Standard Reference Obligation" is specified as applicable in the applicable Issue Terms, then the priority of payment of the Reference Obligation or the Prior Reference Obligation, as applicable, shall be determined as of the date of selection) and, in each case, shall not reflect any change to such ranking in priority of payment after such date; and
 - (C) **Prior Reference Obligation** means, in circumstances where there is no Reference Obligation applicable to the Notes, (I) the Reference Obligation most recently applicable thereto, if any, and otherwise, (II) the obligation specified in the applicable Issue Terms as the Reference Obligation, if any,

if such Reference Obligation was redeemed on or prior to the Trade Date and otherwise, (III) any unsubordinated Borrowed Money obligation of the Reference Entity;

- (ii) **Specified Currency** means an obligation that is payable in the currency or currencies specified as such in the applicable Issue Terms (or, if "Specified Currency" is specified in the applicable Issue Terms and no currency is so specified, any Standard Specified Currency), provided that if the euro is a Specified Currency, "**Specified Currency**" shall also include an obligation that was previously payable in the euro, regardless of any redenomination thereafter if such redenomination occurred as a result of action taken by a Governmental Authority of a Member State of the European Union which is of general application in the jurisdiction of such Governmental Authority;
- (iii) **Not Sovereign Lender** means any obligation that is not primarily owed to (A) a Sovereign or (B) any entity or organisation established by treaty or other arrangement between two or more Sovereigns including, without limiting the foregoing, the International Monetary Fund, European Central Bank, International Bank for Reconstruction and Development and European Bank for Reconstruction and Development, which shall include, without limitation, obligations generally referred to as "Paris Club debt";
- (iv) **Not Domestic Currency** means any obligation that is payable in any currency other than the applicable Domestic Currency, provided that a Standard Specified Currency shall not constitute a Domestic Currency;
- (v) **Not Domestic Law** means any obligation that is not governed by the applicable Domestic Law, provided that the laws of England and the laws of the State of New York shall not constitute a Domestic Law;
- (vi) **Listed** means an obligation that is quoted, listed or ordinarily purchased and sold on an exchange; and
- (vii) **Not Domestic Issuance** means any obligation other than an obligation that was issued (or reissued, as the case may be), or intended to be offered for sale primarily in the domestic market of the relevant Reference Entity. Any obligation that is registered or, as a result of some other action having been taken for such purpose, is 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 issued (or reissued, as the case may be), or intended to be offered for sale primarily in the domestic market of the Reference Entity.

Obligation Acceleration means one or more Obligations in an aggregate amount of not less than the Default Requirement have become due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default or other similar condition or event (however described), other than a failure to make any required payment, in respect of the Reference Entity under one or more Obligations.

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

Obligation Default means one or more Obligations in an aggregate amount of not less than the Default Requirement have become capable of being declared due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default,

event of default, or other similar condition or event (however described), other than a failure to make any required payment, in respect of the Reference Entity under one or more Obligations.

Original Non-Standard Reference Obligation means the obligation of the Reference Entity (either directly or as provider of a guarantee) which is specified as the Reference Obligation in the applicable Issue Terms (if any is so specified) provided that if an obligation is not an obligation of the Reference Entity, such obligation will not constitute a valid Original Non-Standard Reference Obligation for purposes of the Notes (other than for the purposes of determining the Seniority Level and for the "Not Subordinated" Obligation Characteristic or "Not Subordinated" Deliverable Obligation Characteristic) unless (a) expressly stated to the contrary in the applicable Issue Terms, or (b) the relevant Notes are Reference Obligation Only Notes.

Outstanding Principal Balance, in respect of an Obligation, will be calculated as follows:

- (a) first, by determining, in respect of the obligation, the amount of the Reference Entity's principal payment obligations and, where applicable in accordance with Credit Condition 10, the Reference Entity's accrued but unpaid interest payment obligations (which, in the case of a Guarantee will be the lower of (A) the Outstanding Principal Balance (including accrued but unpaid interest, where applicable) of the Underlying Obligation (determined as if references to the Reference Entity were references to the Underlying Obligor) and (B) the amount of the Fixed Cap, if any);
- (b) second, by subtracting all or any portion of such amount which, pursuant to the terms of the obligation, (A) is subject to any Prohibited Action, or (B) may otherwise be reduced as a result of the effluxion of time or the occurrence or non-occurrence of an event or circumstance (other than by way of (I) payment or (II) a Permitted Contingency) (the amount determined in paragraph (a) less any amounts subtracted in accordance with this paragraph (b), the **Non-Contingent Amount**); and
- (c) third, by determining the Quantum of the Claim, which shall then constitute the Outstanding Principal Balance,

in each case, determined:

- (A) unless otherwise specified, in accordance with the terms of the obligation in effect on either (I) the NOPS Effective Date (or if the terms of the obligation are amended after such date but on or prior to the Delivery Date, the Delivery Date), or (II) the Valuation Date, as applicable; and
- (B) with respect to the Quantum of the Claim only, in accordance with any applicable laws (insofar as such laws reduce or discount the size of the claim to reflect the original issue price or accrued value of the obligation).

Ownership Restriction Event means the occurrence after the Additional Risk Event Start Date of any event or the existence of any condition that has the effect of it being illegal, impossible or impracticable for, or has the effect of prohibiting, restricting or materially delaying the ability of, any Reference Investor to purchase, hold, receive, sell, freely transfer or remain the owner of any Reference Investor Asset or any amount received in respect thereof.

Package Observable Bond means, in respect of a Reference Entity which is a Sovereign, any obligation (a) which is identified as such and published by ISDA on its website at www2.isda.org from time to time (or any successor website thereto) or by a third party designated by ISDA on its website from time to time and (b) which fell within paragraphs (a) or (b) of the definition of

Deliverable Obligation, in each case, immediately preceding the date on which the relevant Asset Package Credit Event was legally effective.

Payment Requirement means the amount specified as such in the applicable Issue Terms or its equivalent in the relevant Obligation Currency or, if a Payment Requirement is not specified in the applicable Issue Terms, U.S.\$1,000,000, or its equivalent as calculated by the Calculation Agent in the relevant Obligation Currency, in either case, as of the occurrence of the relevant Failure to Pay or Potential Failure to Pay, as applicable.

Permitted Contingency means, with respect to an obligation, any reduction to the Reference Entity's payment obligations:

- (a) as a result of the application of:
 - (i) any provisions allowing a transfer, pursuant to which another party may assume all of the payment obligations of the Reference Entity;
 - (ii) provisions implementing the Subordination of the obligation;
 - (iii) provisions allowing for a Permitted Transfer in the case of a Qualifying Guarantee (or provisions allowing for the release of the Reference Entity from its payment obligations in the case of any other Guarantee);
 - (iv) any Solvency Capital Provisions, if "Subordinated European Insurance Terms" is specified as applicable in the applicable Issue Terms; or
 - (v) provisions which permit the Reference Entity's obligations to be altered, discharged, released or suspended in circumstances which would constitute a Governmental Intervention, if "Financial Reference Entity Terms" is specified as applicable in the applicable Issue Terms; or
- (b) which is within the control of the holders of the obligation or a third party acting on their behalf (such as an agent or trustee) in exercising their rights under or in respect of such obligation.

Permitted Transfer means, with respect to a Qualifying Guarantee, a transfer to and the assumption by any single transferee of such Qualifying Guarantee (including by way of cancellation and execution of a new guarantee) on the same or substantially the same terms, in circumstances where there is also a transfer of all (or substantially all) of the assets of the Reference Entity to the same single transferee.

Physical Settlement Period means the number of Business Days specified as such in the applicable Issue Terms or, if a number of Business Days is not so specified, then, with respect to a Deliverable Obligation comprising an Asset Amount, the longest number of Business Days for settlement in accordance with then current market practice of such Deliverable Obligation, as the Calculation Agent shall determine, provided that if the Asset Amount comprises an Asset Package in lieu of a Prior Deliverable Obligation or a Package Observable Bond, the Physical Settlement Period shall be thirty five Business Days.

Post Dismissal Additional Period means the period from and including the date of the DC Credit Event Question Dismissal to and including the date that is fourteen calendar days thereafter (provided that the relevant Credit Event Resolution Request Date occurred on or after the Issue Date and prior to the end of the last day of the Notice Delivery Period).

Potential Failure to Pay means 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 under one or more Obligations in accordance with the terms of such Obligations at the time of such failure, without regard to any grace period or any conditions precedent to the commencement of any grace period applicable to such Obligations.

Potential Repudiation/Moratorium means the occurrence of an event described in paragraph (a) of the definition of Repudiation/Moratorium.

Prior Deliverable Obligation means:

- (a) if a Governmental Intervention has occurred (whether or not such event is specified as the applicable Credit Event in the Credit Event Notice or the DC Credit Event Announcement, as applicable), any obligation of the Reference Entity which (i) existed immediately prior to such Governmental Intervention, (ii) was the subject of such Governmental Intervention and (iii) fell within paragraphs (a) or (b) of the definition of Deliverable Obligation, in each case, immediately preceding the date on which such Governmental Intervention was legally effective; or
- (b) if a Restructuring which does not constitute a Governmental Intervention has occurred in respect of the Reference Obligation (whether or not such event is specified as the applicable Credit Event in the Credit Event Notice or the DC Credit Event Announcement, as applicable), such Reference Obligation, if any.

Private-side Loan means a Loan in respect of which the documentation governing its terms is not publicly available or capable of being made public without violating a law, agreement, understanding or other restriction regarding the confidentiality of such information.

Prohibited Action means any counterclaim, defense (other than a counterclaim or defense based on the factors set forth in paragraphs (a) to (d) of the definition of Credit Event) or right of set-off by or of the Reference Entity or any applicable Underlying Obligor.

Public Source means each source of Publicly Available Information specified as such in the applicable Issue Terms (or, if a source is not specified, each of Bloomberg, Reuters, Dow Jones Newswires, The Wall Street Journal, The New York Times, Nihon Keizai Shimbun, Asahi Shimbun, Yomiuri Shimbun, Financial Times, La Tribune, Les Echos, The Australian Financial Review and Debtwire (and successor publications), the main source(s) of business news in the country in which the Reference Entity is organised and any other internationally recognised published or electronically displayed news sources).

Publicly Available Information means:

- (a) information that reasonably confirms any of the facts relevant to the determination that the Credit Event or Potential Repudiation/Moratorium, as applicable, described in a Credit Event Notice or Repudiation/Moratorium Extension Notice have 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);
 - (ii) is information received from or published by (1) the Reference Entity (or, if the Reference Entity is a Sovereign, any agency, instrumentality, ministry, department or other authority thereof acting in a governmental capacity (including, without limiting the foregoing, the central bank) of such Sovereign), or (2) a trustee, fiscal

agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for an Obligation; or

- (iii) is information contained in any order, decree, notice, petition or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body,

provided that where any information of the type described in sub-paragraphs (ii) or (iii) above is not publicly available, it can only constitute Publicly Available Information if it can be made public without violating any law, agreement, understanding or other restriction regarding the confidentiality of such information.

- (b) In relation to any information of the type described in paragraphs (a)(ii) or, (a)(iii) above, the Calculation Agent may assume that such information has been disclosed to it without violating any law, agreement or understanding or other restriction regarding the confidentiality of such information and that the entity delivering such information has not taken any action or entered into any agreement or understanding with the Reference Entity or any Affiliate of the Reference Entity that would be breached by, or would prevent, the disclosure of such information to the Calculation Agent.
- (c) Without limitation, Publicly Available Information need not state:
 - (i) in relation to the definition of "Downstream Affiliate", the percentage of Voting Shares owned by the Reference Entity; and
 - (ii) that the relevant 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.
- (d) In relation to a Repudiation/Moratorium Credit Event, Publicly Available Information must relate to the events described in both paragraphs (a) and (b) of the definition of Repudiation/Moratorium.

Qualifying Affiliate Guarantee means a Qualifying Guarantee provided by the Reference Entity in respect of an Underlying Obligation of a Downstream Affiliate of the Reference Entity.

Qualifying Guarantee means a guarantee evidenced by a written instrument (which may include a statute or regulation), pursuant to which the Reference Entity irrevocably agrees, undertakes, or is otherwise obliged to pay all amounts of principal and interest (except for amounts which are not covered due to the existence of a Fixed Cap) due under an Underlying Obligation for which the Underlying Obligor is the obligor, by guarantee of payment and not by guarantee of collection (or, in either case, any legal arrangement which is equivalent thereto in form under the relevant governing law).

A Qualifying Guarantee shall not include any guarantee:

- (a) which is structured as a surety bond, financial guarantee insurance policy or letter of credit (or any legal arrangement which is equivalent thereto in form); or

- (b) pursuant to the terms applicable thereto, the principal payment obligations of the Reference Entity can be discharged, released, reduced, assigned or otherwise altered as a result of the occurrence or non-occurrence of an event or circumstance, in each case, other than:
 - (i) by payment;
 - (ii) by way of Permitted Transfer;
 - (iii) by operation of law;
 - (iv) due to the existence of a Fixed Cap; or
 - (v) due to:
 - (A) provisions permitting or anticipating a Governmental Intervention, if "Financial Reference Entity Terms" is specified as applicable in the applicable Issue Terms; or
 - (B) any Solvency Capital Provisions, if "Subordinated European Insurance Terms" is specified as applicable in the applicable Issue Terms.

If the guarantee or Underlying Obligation contains provisions relating to the discharge, release, reduction, assignment or other alteration of the principal payment obligations of the Reference Entity and such provisions have ceased to apply or are suspended at the time of the relevant determination, in accordance with the terms of such guarantee or Underlying Obligation, due to or following the occurrence of (I) a non-payment in respect of the guarantee or the Underlying Obligation, or (II) an event of the type described in the definition of Bankruptcy in respect of the Reference Entity or the Underlying Obligor, then it shall be deemed for these purposes that such cessation or suspension is permanent, notwithstanding the terms of the guarantee or Underlying Obligation.

In order for a guarantee to constitute a Qualifying Guarantee:

- (x) the benefit of such guarantee must be capable of being Delivered together with the Delivery of the Underlying Obligation; and
- (y) if a guarantee contains a Fixed Cap, all claims to any amounts which are subject to such Fixed Cap must be capable of being Delivered together with the Delivery of such guarantee.

Qualifying Participation Seller means any participation seller that meets the requirements specified in the applicable Issue Terms. If no such requirements are specified, there shall be no Qualifying Participation Seller.

Quantum of the Claim means the lowest amount of the claim which could be validly asserted against the Reference Entity in respect of the Non-Contingent Amount if the obligation had become redeemable, been accelerated, terminated or had otherwise become due and payable at the time of the relevant determination, provided that the Quantum of the Claim cannot exceed the Non-Contingent Amount.

Quotation means each Full Quotation and the Weighted Average Quotation obtained and expressed as a percentage of the Reference Obligation's Outstanding Principal Balance or Due and Payable Amount, as applicable, with respect to a Valuation Date in the manner that follows:

- (a) The Calculation Agent shall attempt to obtain Full Quotations with respect to each Valuation Date from five or more Quotation Dealers. If the Calculation Agent is unable to obtain two or more such Full Quotations on the same Business Day within three Business Days of a

Valuation Date, then on the next following Business Day (and, if necessary, on each Business Day thereafter until the tenth Business Day following the relevant Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from five or more Quotation Dealers and, if two or more Full Quotations are not available, a Weighted Average Quotation.

- (b) If the Calculation Agent is unable to obtain two or more Full Quotations or a Weighted Average Quotation on the same Business Day on or prior to the tenth Business Day following the applicable Valuation Date, the Quotations shall be deemed to be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day, or if no Full Quotation is obtained, the weighted average of any firm quotations for the Reference Obligation obtained from Quotation Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations were not obtained on such day.

Quotation Amount means the amount specified as such in the applicable Issue Terms (which may be specified by reference to an amount in a currency or by reference to a Representative Amount) or, if no amount is so specified, the aggregate outstanding principal amount of the Notes (or, in either case, its equivalent in the relevant Obligation Currency, which shall be converted by the Calculation Agent in a commercially reasonable manner by reference to exchange rates in effect at the time that the relevant Quotation is being obtained).

Quotation Dealer means a dealer in obligations of the type of Obligation(s) for which Quotations are to be obtained, including each Quotation Dealer specified in the applicable Issue Terms. If no Quotation Dealers are specified in the applicable Issue Terms, the Calculation Agent shall select the Quotation Dealers in its sole and absolute discretion. Upon a Quotation Dealer no longer being in existence (with no successors), or not being an active dealer in the obligations of the type for which Quotations are to be obtained, the Calculation Agent may substitute any other Quotation Dealer(s) for such Quotation Dealer(s).

Quotation Method means the applicable Quotation Method specified in the applicable Issue Terms by reference to one of the following terms:

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

If a Quotation Method is not specified in the applicable Issue Terms, Bid shall apply.

Recovery Value means:

- (a) if Fixed Recovery LA Redemption Amount is not specified as applicable in the applicable Issue Terms, the highest firm bid quotation that the Calculation Agent is able to obtain on the LA Valuation Date from the Reference Dealers for the sale to the Reference Dealers of:
 - (i) if Credit Condition 6(c) is applicable, the relevant Undeliverable Assets; or
 - (ii) if Credit Condition 6(d) is applicable, an original face amount equal to the Initial Applicable Principal Currency Amount of the LA Settlement Assets of the relevant Reference Entity, as such assets may be amended from time to time (including

without limitation any securities, cash proceeds or other assets into which such assets shall have been exchanged or converted from time to time),

in each case in the Settlement Currency payable outside the Reference Jurisdiction, provided that if none of the Reference Dealers provides such a firm quotation then the Recovery Value shall be determined by the Calculation Agent, in its sole discretion. The applicable Recovery Value may be equal to zero; or

- (b) if Fixed Recovery LA Redemption Amount is specified as applicable in the applicable Issue Terms, an amount in the Settlement Currency equal to the Fixed Recovery LA Redemption Amount specified in the applicable Issue Terms.

Reference Assets means an amount of any assets specified as such in the applicable Issue Terms issued by the relevant Reference Entity with an original maturity date as specified in the applicable Issue Terms and an original face amount equal to the Initial Applicable Principal Currency Amount, as such assets may be amended from time to time (including without limitation any securities, cash proceeds or other assets into which such assets shall have been exchanged or converted from time to time, provided that when determining whether any of the events or conditions that may be applicable to the Note(s) have occurred, such determination shall be made by the Calculation Agent with reference to the terms and conditions of the original Reference Assets and not such replacement securities or assets).

Reference Custodial/Settlement Arrangement means any formal or informal (express or implied) arrangement, method, means or account type through which a Reference Investor may hold, directly or indirectly, an interest (including a beneficial interest) in the Reference Investor Assets and/or any amount received in respect thereof.

Reference Custodian means the entity specified as such in the applicable Issue Terms.

Reference Dealers means such leading dealers, banks or banking corporations, which are not resident in the Reference Jurisdiction (if any) and which deal in obligations of the type of the Deliverable Obligations, Undeliverable Assets or LA Settlement Assets (as applicable) as are selected by the Calculation Agent, in its sole discretion, in order to determine the Deliverable Obligation Final Price or the Recovery Value (as applicable).

Reference Entity means the entity specified as such in the applicable Issue Terms. Any Successor to the Reference Entity either (a) identified by the Calculation Agent pursuant to the definition of "Successor" in this Credit Condition 8 on or following the Issue Date or (b) identified pursuant to a DC Resolution in respect of a Successor Resolution Request Date and publicly announced by the DC Secretary on or following the Trade Date shall, in each case, with effect from the Succession Date be the Reference Entity for the purposes of the relevant Notes, unless in the case of sub-paragraph (b) the Calculation Agent, acting in good faith and a commercially reasonable manner and taking into account the differences between the definition of Successor under the 2014 Definitions and the definition of Successor hereunder and such other factor(s) as it deems appropriate, determines that it is inappropriate to follow such DC Resolution for the purposes of the Notes.

Reference Investor means any person that holds the Reference Investor Assets, which may include the Issuer and/or any of its Affiliates (including, without limitation, any trust, special purpose vehicle or account through which the Issuer or any of its Affiliates may hold Reference Investor Assets in the Reference Jurisdiction).

Reference Investor Assets means:

- (a) if Reference Assets Only Settlement is specified as applicable in the applicable Issue Terms, the Reference Assets; and
- (b) if Reference Assets Only Settlement is specified as not applicable in the applicable Issue Terms, Obligations and/or Deliverable Obligations.

Reference Jurisdiction means the jurisdiction specified as such in the applicable Issue Terms.

Reference Obligation means the Standard Reference Obligation, if any, unless:

- (a) "Standard Reference Obligation" is specified as not applicable in the applicable Issue Terms, in which case the Reference Obligation will be the Non-Standard Reference Obligation, if any; or
- (b) (i) "Standard Reference Obligation" is specified as applicable in the applicable Issue Terms (or no election is specified in the applicable Issue Terms), (ii) there is no Standard Reference Obligation and (iii) a Non-Standard Reference Obligation is specified in the applicable Issue Terms, in which case the Reference Obligation will be (A) the Non-Standard Reference Obligation to but excluding the first date of publication of the Standard Reference Obligation and (B) the Standard Reference Obligation from such date onwards, provided that the Standard Reference Obligation that is published would have been eligible to be selected as a Substitute Reference Obligation.

Reference Obligation Only Notes means any Notes in respect of which (a) "Reference Obligation Only" is specified as the Obligation Category in the applicable Issue Terms and (b) "Standard Reference Obligation" is specified as not applicable in the applicable Issue Terms. If the Notes are Reference Obligation Only Notes and the event set out in paragraph (a) of the definition of Substitution Event occurs with respect to the Reference Obligation, the provisions of Credit Condition 4(c) above or Credit Condition 11 below, as applicable, shall apply. Notwithstanding the definition of Substitute Reference Obligation herein (i) no Substitute Reference Obligation shall be determined in respect of Notes which are Reference Obligation Only Notes and (ii) if the Notes are Reference Obligation Only Notes and the events set out in paragraph (b) or (c) of the definition of Substitution Event occur with respect to the Reference Obligation, such Reference Obligation shall continue to be the Reference Obligation.

Regulatory Change Cost means, in respect of a Regulatory Change Event, an amount, determined by the Calculation Agent equal to the cost which a Reference Investor would have incurred in respect of such Regulatory Change Event had it purchased, received, held, transferred or sold the Reference Investor Assets (and/or any amount received in respect thereof) at any time during the term of the Note(s).

Regulatory Change Event means:

- (a) the adoption of, change in or change in the interpretation or administration of, any law, rule, directive, decree or regulation in the Reference Jurisdiction after the Trade Date by any Governmental Authority; and/or
- (b) the compliance by a Reference Investor with any request or directive of any Governmental Authority provided that such term shall also include any taxing authority),

which in any such case:

- (i) would, in respect of any amount of Reference Investor Assets (and/or any amount received in respect thereof) which a Reference Investor could have held during the term of the Note(s), impose, modify or apply any tax, charge, duty, reserve, special deposit, insurance

assessment or any other requirement on such Reference Investor (and this results in additional costs to a Reference Investor); and/or

- (ii) increases in any other way the actual or potential cost to a Reference Investor of hedging the obligations of the Issuer with respect to the Note(s) at any time during the term of the Note(s).

Relevant Guarantee means a Qualifying Affiliate Guarantee or, if "All Guarantees" is specified as applicable in the applicable Issue Terms, a Qualifying Guarantee.

Relevant Holder means a holder of the Prior Deliverable Obligation or Package Observable Bond, as the case may be, with an Outstanding Principal Balance or Due and Payable Amount, as applicable, immediately prior to the relevant Asset Package Credit Event, equal to the Outstanding Amount specified in respect of such Prior Deliverable Obligation or Package Observable Bond in the Notice of Physical Settlement or Physical Settlement Amendment Notice, as applicable.

Relevant Obligations means the Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan" and which are outstanding immediately prior to the Succession Date (or, if there is a Steps Plan, immediately prior to the legally effective date of the first succession), provided that:

- (a) any Bonds or Loans outstanding between the Reference Entity and any of its Affiliates, or held by the Reference Entity, shall be excluded;
- (b) if there is a Steps Plan, the Calculation Agent shall, for purposes of the determination required to be made under paragraph (a) of the definition of Successor, make the appropriate adjustments required to take account of any Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan" that are issued, incurred, redeemed, repurchased or cancelled from and including the legally effective date of the first succession to and including the Succession Date;
- (c) if "Financial Reference Entity Terms" is specified as applicable in the applicable Issue Terms and (a) the Reference Obligation or Prior Reference Obligation, as applicable, is a Senior Obligation, or (b) there is no Reference Obligation or Prior Reference Obligation, the Relevant Obligations shall only include the Senior Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan"; and
- (d) if "Financial Reference Entity Terms" is specified as applicable in the applicable Issue Terms and the Reference Obligation or Prior Reference Obligation, as applicable, is a Subordinated Obligation, Relevant Obligations shall exclude Senior Obligations and any Further Subordinated Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan", provided that if no such Relevant Obligations exist, "Relevant Obligations" shall only include the Senior Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan".

Representative Amount means an amount that is representative for a single transaction in the relevant market and at the relevant time, which amount the Calculation Agent shall determine.

Repudiation/Moratorium means the occurrence of both of the following events:

- (a) an authorised officer of the Reference Entity or a Governmental Authority:
 - (i) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, one or more Obligations in an aggregate amount of not less than the Default Requirement; or

- (ii) declares or imposes a moratorium, standstill, roll-over or deferral, whether de facto or de jure, with respect to one or more Obligations in an aggregate amount of not less than the Default Requirement; and
- (b) a Failure to Pay, determined without regard to the Payment Requirement, or a Restructuring, determined without regard to the Default Requirement, with respect to any such Obligation occurs on or prior to the Repudiation/Moratorium Evaluation Date.

Repudiation/Moratorium Evaluation Date means, if a Potential Repudiation/Moratorium occurs on or prior to the Scheduled Maturity Date, (i) if the Obligations to which such Potential Repudiation/Moratorium relates include Bonds, the date that is the later of (A) the date that is 60 days after the date of such Potential Repudiation/Moratorium and (B) the first payment date under any such Bond after the date of such Potential Repudiation/Moratorium (or, if later, the expiration date of any applicable Grace Period in respect of such payment date) and (ii) if the Obligations to which such Potential Repudiation/Moratorium relates do not include Bonds, the date that is 60 days after the date of such Potential Repudiation/Moratorium; provided that, in either case, the Repudiation/Moratorium Evaluation Date shall occur no later than the Scheduled Maturity Date unless the Repudiation/Moratorium Extension Condition is satisfied. If (I) the Repudiation/Moratorium Extension Condition is satisfied and (II) an Event Determination Date or Risk Event Determination Date (as applicable) in respect of that Repudiation/Moratorium does not occur on or prior to the final day of the Notice Delivery Period, the later of the Scheduled Maturity Date and the Repudiation/Moratorium Evaluation Date will be the Maturity Date (even if a Repudiation/Moratorium occurs after the Scheduled Maturity Date).

Repudiation/Moratorium Extension Condition is satisfied:

- (i) if DC Determinations is specified in the applicable Issue Terms, by the public announcement by the DC Secretary, pursuant to a valid request that was delivered and effectively received on or prior to the date that is fourteen calendar days after the Scheduled Maturity Date, that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Potential Repudiation/Moratorium with respect to an Obligation of the Reference Entity has occurred on or prior to the Scheduled Maturity Date, unless the DC Resolutions in respect of which the Calculation Agent acting in good faith and in a commercially reasonable manner and taking into account the differences between the definition of Potential Repudiation/Moratorium under the 2014 Definitions and the definition of Potential Repudiation/Moratorium hereunder and such other factor(s) as it deems appropriate, determines are inappropriate to follow for the purposes of the Notes; or
- (ii) otherwise, by the delivery of a Repudiation/Moratorium Extension Notice and, if Notice of Publicly Available Information is specified as applicable in the applicable Issue Terms, a Notice of Publicly Available Information that are each effective on or prior to the Scheduled Maturity Date or, if Credit Condition 3(g)(ii) applies, the Postponed Maturity Date.

In all cases if DC Determinations is specified in the applicable Issue Terms, the Repudiation/Moratorium Extension Condition will be deemed not to have been satisfied, or not capable of being satisfied, if, or to the extent that, the DC Secretary publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved that either (A) an event does not constitute a Potential Repudiation/Moratorium with respect to an Obligation of the Reference Entity, or (B) an event that constitutes a Potential Repudiation/Moratorium has occurred with respect to an Obligation of the Reference Entity but that such event occurred after the Scheduled Maturity Date, unless the DC Resolutions in respect of which the Calculation Agent acting in good faith and in a commercially reasonable manner and taking into account the differences between the definition of Potential Repudiation/Moratorium under the 2014 Definitions and the definition of Potential Repudiation/Moratorium hereunder and such other factor(s) as it deems appropriate, determines are

inappropriate to follow for the purposes of the Notes. If the Repudiation/Moratorium Extension Condition is subsequently deemed not to have been satisfied in accordance with the foregoing, the Notes shall continue in accordance with their terms as if the Repudiation/Moratorium Extension Condition had not been satisfied, subject to such adjustments as the Calculation Agent determines appropriate in its sole and absolute discretion to reflect the retrospective effect of this provision (including, without limitation, adjusting the due date for redemption and/or payment of any amount due under the Notes as applicable).

Repudiation/Moratorium Extension Notice means an irrevocable notice (which may be by telephone) from the Calculation Agent to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that describes a Potential Repudiation/Moratorium that occurred on or prior to the Scheduled Maturity Date. A Repudiation/Moratorium Extension Notice must contain a description in reasonable detail of the facts relevant to the determination that a Potential Repudiation/Moratorium has occurred and indicate the date of the occurrence. The Potential Repudiation/Moratorium that is the subject of the Repudiation/Moratorium Extension Notice need not be continuing on the date the Repudiation/Moratorium Extension Notice is effective. A Repudiation/Moratorium Extension Notice shall be subject to the requirements regarding notices set out in Credit Condition 5.

Resolve has the meaning given to that term in the DC Rules, and "Resolved" and "Resolves" shall be interpreted accordingly.

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

Restructuring means 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 the Obligation to bind all the holders of such Obligation or is announced (or otherwise decreed) by the Reference Entity or a Governmental Authority in a form that binds all holders of such Obligation (including, in each case, in respect of Bonds only, by way of an exchange), and such event is not expressly provided for under the terms of such Obligation in effect as of the later of the Trade Date or, if Credit Event Backstop Date is specified as applicable in the Issue Terms, the Credit Event Backstop Date and 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 (including by way of redenomination);
- (b) a reduction in the amount of principal or premium payable at redemption (including by way of redenomination);
- (c) a postponement or other deferral of a date or dates for either (x) the payment or accrual of interest, or (y) 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 of any payment of interest, principal or premium to any currency other than the lawful currency 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 in the case of the euro, shall mean the currency which succeeds to and replaces the euro in whole).

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

- (i) the payment in euros of interest, principal or premium in relation to an Obligation denominated in a currency of a Member State of the European Union that adopts or has adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union;
- (ii) the redenomination from euros into another currency, if (A) the redenomination occurs as a result of action taken by a Governmental Authority of a Member State of the European Union which is of general application in the jurisdiction of such Governmental Authority and (B) a freely available market rate of conversion between euros and such other currency existed at the time of such redenomination and there is no reduction in the rate or amount of interest, principal or premium payable, as determined by reference to such freely available market rate of conversion;
- (iii) the occurrence of, agreement to or announcement of any of the events described in paragraphs (a) to (e) above due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and
- (iv) the occurrence of, agreement to or announcement of any of the events described in paragraphs (a) to (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 provided that in respect of (e) above only, no such deterioration in the creditworthiness or financial condition of the Reference Entity is required where the redenomination is from euros into another currency and occurs as a result of action taken by a Governmental Authority of a Member State of the European Union which is of general application in the jurisdiction of such Governmental Authority.

For purposes of this definition of Restructuring and the definition of Multiple Holder Obligation, the term Obligation shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Guarantee. In the case of a Guarantee and an Underlying Obligation, references to the Reference Entity in the initial paragraph of the definition of Restructuring shall be deemed to refer to the Underlying Obligor and the reference to the Reference Entity in the second paragraph of this definition of Restructuring shall continue to refer to the Reference Entity.

If an exchange has occurred, the determination as to whether one of the events described under (a) to (e) above has occurred will be based on a comparison of the terms of the Bond immediately prior to such exchange and the terms of the resulting obligations immediately following such exchange.

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

Restructuring Maturity Limitation Date means, with respect to a Deliverable Obligation, the Limitation Date occurring on or immediately following the Scheduled Maturity Date. Notwithstanding the foregoing, if the final maturity date of the Restructured Bond or Loan with the latest final maturity date of any Restructured Bond or Loan occurs prior to the 2.5-year Limitation Date (such Restructured Bond or Loan, a **Latest Maturity Restructured Bond or Loan**) and the Scheduled Maturity Date occurs prior to the final maturity date of such Latest Maturity Restructured Bond or Loan, then the Restructuring Maturity Limitation Date will be the final maturity date of such Latest Maturity Restructured Bond or Loan.

Revised Currency Rate means, with respect to a Replacement Deliverable Obligation specified in a Physical Settlement Amendment Notice, the rate of conversion between the currency in which the

Replaced Deliverable Obligation Outstanding Amount is denominated and the currency in which the Outstanding Amount of such Replacement Deliverable Obligation is denominated that is determined either (a) by reference to the Currency Rate Source as at the Next Currency Fixing Time, or (b) if such rate is not available at such time, as the Calculation Agent shall determine in a commercially reasonable manner.

Risk Event means the occurrence or existence of (a) a Credit Event or (b) if the Issue Terms specify "Additional Risk Event Applicable", an Additional Risk Event.

Risk Event Determination Date means the date on which the Issuer declares that a Risk Event has occurred or exists pursuant to Credit Condition 6(c), 6(d) or 6(e) above.

Risk Event Determination Period means the period from and including the Additional Risk Event Start Date, as specified in the applicable Issue Terms, to and including the Maturity Date.

Senior Obligation means any obligation which is not Subordinated to any unsubordinated Borrowed Money obligation of the Reference Entity.

Seniority Level means, with respect to an obligation of the Reference Entity, (a) "Senior Level" or "Subordinated Level" as specified in the applicable Issue Terms, or (b) if no such seniority level is specified in the applicable Issue Terms, "Senior Level" if the Original Non-Standard Reference Obligation is a Senior Obligation or "Subordinated Level" if the Original Non-Standard Reference Obligation is a Subordinated Obligation, failing which (c) "Senior Level".

Settlement Currency means the currency specified as such in the applicable Issue Terms, or if no currency is specified in the applicable Issue Terms, the Specified Currency of the Credit Linked Notes.

Settlement Date means, subject to Credit Condition 3(m), the last day of the longest Physical Settlement Period following:

- (a) the occurrence of the relevant Credit Event Determination Date; or
- (b) if Physical Delivery is the applicable Fallback Settlement Method, (1) if Credit Condition 3(b)(i) above applies, the earlier to occur of the No Auction Announcement Date, the Auction Cut-Off Date (if the occurrence of this date were the cause of the applicability of the Fallback Settlement Method), the Auction Final Price Cut-off Date (if specified as applicable in the applicable Issue Terms and the occurrence of this date were the cause of the applicability of the Fallback Settlement Method), the Calculation Agent No Auction Determination Date or the Auction Cancellation Date or (2) if Credit Condition 3(b)(ii) above applies, the Credit Event Determination Date,

(in either case, the **Scheduled Settlement Date**) provided that if a Hedge Disruption Event has occurred and is continuing on the second Business Day immediately preceding the Scheduled Settlement Date, the Settlement Date shall be the earlier of (i) the second Business Day following the date on which no Hedge Disruption Event subsists and (ii) the day falling 60 Business Days following the Scheduled Settlement Date.

Settlement/Custodial Event means (a) the occurrence after the Additional Risk Event Start Date, of any event, the existence of any condition or the taking of any action that results, or may result with the passage of time, in the Bankruptcy as if references to "Reference Entity" were changed to "Custodian" for these purposes) of any Custodian or (b) in respect of the Reference Investor Assets owned by such Reference Investor or any amount received in respect thereof, a Custodian (i) fails to perform in a timely manner any or all of its obligations owed to a Reference Investor under any

Reference Custodial/Settlement Arrangement, or (ii) fails to take any action when instructed to do so by a Reference Investor pursuant to the terms of any Reference Custodial/Settlement Arrangement, or (iii) takes any action which is contrary to the terms of any Reference Custodial/Settlement Arrangement; in each case that affects or may affect, in the determination of the Calculation Agent, the hedging arrangements of the Issuer and/or any of its Affiliates in respect of the Issuer's obligations with respect to the Note(s).

Solvency Capital Provisions means any terms in an obligation which permit a Reference Entity's payment obligations thereunder to be deferred, suspended, cancelled, converted, reduced or otherwise varied and which are necessary in order for the obligation to constitute capital resources of a particular tier.

Sovereign means any state, political subdivision or government, or any agency, instrumentality, ministry, department or other authority acting in a governmental capacity (including, without limiting the foregoing, the central bank) thereof.

Sovereign Restructured Deliverable Obligation means an Obligation of a Reference Entity which is a Sovereign (either directly or as provider of a Relevant Guarantee) (i) in respect of which a Restructuring that is the subject of the Credit Event Notice or DC Credit Event Announcement, as applicable, has occurred and (ii), which fell within paragraph (a) of the definition of Deliverable Obligation immediately preceding the date on which such Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.

Sovereign Succession Event means, with respect to a Reference Entity that is a Sovereign, an annexation, unification, secession, partition, dissolution, consolidation, reconstitution or other similar event.

Specified Number means the number of Public Source(s) specified in the applicable Issue Terms (or, if no such number is specified, two).

SRO List means the list of Standard Reference Obligations as published by ISDA on its website at www2.isda.org from time to time (or any successor website thereto) or by a third party designated by ISDA on its website from time to time.

Standard Reference Obligation means the obligation of the Reference Entity with the relevant Seniority Level which is specified from time to time on the SRO List. If the Standard Reference Obligation is removed from the SRO List, such obligation shall cease to be the Reference Obligation (other than for purposes of the "Not Subordinated" Obligation Characteristic or "Not Subordinated" Deliverable Obligation Characteristic) and there shall be no Reference Obligation unless and until such obligation is subsequently replaced on the SRO List, in which case, the new Standard Reference Obligation in respect of the Reference Entity shall constitute the Reference Obligation.

Steps Plan means a plan evidenced by Eligible Information contemplating that there will be a series of successions to some or all of the Relevant Obligations of the Reference Entity, by one or more entities.

Subordinated Obligation means any obligation which is Subordinated to any unsubordinated Borrowed Money obligation of the Reference Entity or which would be so Subordinated if any unsubordinated Borrowed Money obligation of the Reference Entity existed.

Substitute Reference Obligation means, with respect to a Non-Standard Reference Obligation to which a Substitution Event has occurred, the obligation that will replace the Non-Standard Reference Obligation, determined by the Calculation Agent as follows:

- (a) The Calculation Agent shall identify the Substitute Reference Obligation in accordance with paragraphs (c), (d) and (e) below to replace the Non-Standard Reference Obligation; provided that the Calculation Agent will not identify an obligation as the Substitute Reference Obligation if, at the time of the determination, such obligation has already been rejected as the Substitute Reference Obligation by the relevant Credit Derivatives Determinations Committee and such obligation has not changed materially since the date of the relevant DC Resolution, unless the DC Resolution in respect of which the Calculation Agent acting in good faith and in a commercially reasonable manner and taking into account the differences between the definition of Reference Obligation and Substitute Reference Obligation under the 2014 Definitions and those definitions hereunder and such other factor(s) as it deems appropriate, determines are inappropriate to follow for the purposes of the Notes.
- (b) If any of the events set forth under paragraph (a) or (c) of the definition of Substitution Event have occurred with respect to the Non-Standard Reference Obligation, the Non-Standard Reference Obligation will cease to be the Reference Obligation (other than for purposes of the "Not Subordinated" Obligation Characteristic or "Not Subordinated" Deliverable Obligation Characteristic and paragraph (c)(ii) below). If the event set forth in paragraph (b) of the definition of Substitution Event has occurred with respect to the Non-Standard Reference Obligation and no Substitute Reference Obligation is available, the Non-Standard Reference Obligation will continue to be the Reference Obligation until the Substitute Reference Obligation is identified or, if earlier, until any of the events set forth under paragraph (b) or (c) of the definition of Substitution Event occur with respect to such Non-Standard Reference Obligation.
- (c) The Substitute Reference Obligation shall be an obligation that on the Substitution Date:
 - (i) is a Borrowed Money obligation of the Reference Entity (either directly or as provider of a guarantee);
 - (ii) satisfies the Not Subordinated Deliverable Obligation Characteristic as of the date it was issued or incurred (without reflecting any change to the priority of payment after such date) and on the Substitution Date; and
 - (iii) (A) if the Non-Standard Reference Obligation was a Conforming Reference Obligation when issued or incurred and immediately prior to the Substitution Event Date:
 - (1) is a Deliverable Obligation (other than a Loan) determined in accordance with paragraph (a) of the definition of Deliverable Obligation; or if no such obligation is available,
 - (2) is a Loan (other than a Private-side Loan) which constitutes a Deliverable Obligation determined in accordance with paragraph (a) of the definition of Deliverable Obligation;
 - (B) if the Non-Standard Reference Obligation was a Bond (or any other Borrowed Money obligation other than a Loan) which was a Non Conforming Reference Obligation when issued or incurred and/or immediately prior to the Substitution Event Date:
 - (1) is a Non-Conforming Substitute Reference Obligation (other than a Loan); or if no such obligation is available,

- (2) is a Deliverable Obligation (other than a Loan) determined in accordance with paragraph (a) of the definition of Deliverable Obligation; or if no such obligation is available,
 - (3) is a Non-Conforming Substitute Reference Obligation which is a Loan (other than a Private-side Loan); or if no such obligation is available,
 - (4) is a Loan (other than a Private-side Loan) which constitutes a Deliverable Obligation determined in accordance with paragraph (a) of the definition of Deliverable Obligation; or
- (C) if the Non-Standard Reference Obligation was a Loan which was a Non-Conforming Reference Obligation when incurred and/or immediately prior to the Substitution Event Date:
 - (1) is a Non-Conforming Substitute Reference Obligation which is a Loan (other than a Private-side Loan); or if no such obligation is available,
 - (2) is a Non-Conforming Substitute Reference Obligation (other than a Loan); or if no such obligation is available,
 - (3) is a Deliverable Obligation (other than a Loan) determined in accordance with paragraph (a) of the definition of Deliverable Obligation; or if no such obligation is available,
 - (4) is a Loan (other than a Private-side Loan) which constitutes a Deliverable Obligation determined in accordance with paragraph (a) of the definition of Deliverable Obligation.
- (d) If more than one potential Substitute Reference Obligation is identified pursuant to the process described in paragraph (c) above, the Substitute Reference Obligation will be the potential Substitute Reference Obligation that most closely preserves the economic equivalent of the delivery and/or payment obligations of the Issuer under the Notes, as determined by the Calculation Agent. The Calculation Agent will notify (which notification may be by telephone) the Issuer of the Substitute Reference Obligation as soon as reasonably practicable after it has been identified in accordance with paragraph (c) above and the Substitute Reference Obligation shall replace the Non-Standard Reference Obligation immediately upon such notification.
- (e) If a Substitution Event has occurred with respect to the Non-Standard Reference Obligation and the Calculation Agent determines that no Substitute Reference Obligation is available for the Non-Standard Reference Obligation, then, subject to paragraph (a) above and notwithstanding the fact that the Non-Standard Reference Obligation may have ceased to be the Reference Obligation in accordance with paragraph (b) above, the Calculation Agent shall continue to attempt to identify the Substitute Reference Obligation.

For the avoidance of doubt, no Substitute Reference Obligation shall be determined in respect of any Notes that are Reference Obligation Only Notes.

Substitution Date means, with respect to a Substitute Reference Obligation, the date on which the Calculation Agent notifies (which notification may be by telephone) the Issuer of the Substitute

Reference Obligation that it has identified in accordance with the definition of Substitute Reference Obligation.

Substitution Event means, with respect to the Non-Standard Reference Obligation:

- (a) the Non-Standard Reference Obligation is redeemed in whole;
- (b) the aggregate amounts due under the Non-Standard Reference Obligation have been reduced by redemption or otherwise below USD 10,000,000 (or its equivalent in the relevant Obligation Currency, as determined by the Calculation Agent); or
- (c) for any reason, other than due to the existence or occurrence of a Credit Event, the Non-Standard Reference Obligation is no longer an obligation of the Reference Entity (either directly or as provider of a guarantee).

For purposes of identification of the Non-Standard Reference Obligation, any change in the Non-Standard Reference Obligation's CUSIP or ISIN number or other similar identifier will not, in and of itself, constitute a Substitution Event. If an event described in (a) or (b) above has occurred on or prior to the Trade Date, then a Substitution Event shall be deemed to have occurred pursuant to paragraph (a) or (b), as the case may be, on the Trade Date.

Substitution Event Date means, with respect to the Reference Obligation, the date of the occurrence of the relevant Substitution Event.

Succession Date means the legally effective date of an event in which one or more entities succeed to some or all of the Relevant Obligations of the Reference Entity; provided that if at such time, there is a Steps Plan, the Succession Date will be the legally effective date of the final succession in respect of such Steps Plan, or if earlier (i) the date on which a determination pursuant to paragraph (a) of the definition of Successor would not be affected by any further related successions in respect of such Steps Plan, or (ii) the occurrence of a Credit Event Determination Date or, if DC Determinations is specified in the applicable Issue Terms and a Credit Event Determination Date occurs, the occurrence of the relevant Credit Event Resolution Request Date, in each case in respect of the Reference Entity or any entity which would constitute a Successor.

Successor means, subject to paragraph (c) below:

- (a) the entity or entities, if any, determined as set forth below:
 - (i) subject to paragraph (vii) below, if one entity succeeds, either directly or as a provider of a Relevant Guarantee, to seventy-five per cent. or more of the Relevant Obligations of the Reference Entity, that entity will be the sole Successor;
 - (ii) if only one entity succeeds, either directly or as a provider of a Relevant Guarantee, to more than twenty-five per cent. (but less than seventy-five per cent.) of the Relevant Obligations of the Reference Entity, and not more than twenty-five per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entity that succeeds to more than twenty-five per cent. of the Relevant Obligations will be the sole Successor;
 - (iii) if more than one entity each succeeds, either directly or as a provider of a Relevant Guarantee, to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity, and not more than twenty-five per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entities that succeed to more than twenty-five per cent. of the Relevant Obligations will each

be a Successor and these Terms and Conditions and/or the applicable Issue Terms will be adjusted as provided below;

- (iv) if one or more entity each succeeds, either directly or as a provider of a Relevant Guarantee, to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity, and more than twenty-five per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, each such entity and the Reference Entity will each be a Successor and these Terms and Conditions and/or the applicable Issue Terms will be adjusted as provided below;
 - (v) if one or more entities succeeds, either directly or as a provider of a Relevant Guarantee, to a portion of the Relevant Obligations of the Reference Entity, but no entity succeeds to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity continues to exist, there will be no Successor and the Reference Entity will not be changed in any way as a result of such succession;
 - (vi) if one or more entities succeeds, either directly or as a provider of a Relevant Guarantee, to a portion of the Relevant Obligations of the Reference Entity, 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 will be the Successor (provided that if two or more entities succeed to an equal percentage of Relevant Obligations, each such entity will be a Successor and these Terms and Conditions and/or the applicable Issue Terms will be adjusted as provided below); and
 - (vii) in respect of a Reference Entity which is not a Sovereign, if one entity assumes all of the obligations (including at least one Relevant Obligation) of the Reference Entity, and at the time of the determination either (A) the Reference Entity has ceased to exist, or (B) the Reference Entity is in the process of being dissolved (howsoever described) and the Reference Entity has not issued or incurred any Borrowed Money obligation at any time since the legally effective date of the assumption, such entity (the **Universal Successor**) will be the sole Successor.
- (b) The Calculation Agent will be responsible for determining, as soon as reasonably practicable after delivery of a Successor Notice and with effect from the Succession Date, any Successor or Successors under paragraph (a) above; provided that the Calculation Agent will not make such determination if, at the time of determination, the DC Secretary has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved that there is no Successor based on the relevant succession to Relevant Obligations, unless the Calculation Agent, acting in good faith and in a commercially reasonable manner and taking into account the differences between the definition of Successor under the 2014 Definitions and the definition of Successor hereunder and such other factor(s) as it deems appropriate, determines that it is inappropriate to follow such DC Resolutions for the purposes of the Notes.

The Calculation Agent will make all calculations and determinations required to be made under this definition of Successor on the basis of Eligible Information and as soon as practicable after any such calculation or determination will notify (which notification may be by telephone) the Issuer of such calculation or determination and make such calculation or determination available for inspection by Noteholder(s) at the specified office of the Principal Paying Agent.

In calculating the percentages used to determine whether an entity qualifies as a Successor under paragraph (a) above, if there is a Steps Plan, the Calculation Agent shall consider all related successions in respect of such Steps Plan in aggregate as if forming part of a single succession.

- (c) An entity may only be a Successor if:
 - (i) either (A) the related Succession Date occurs on or after the Successor Backstop Date, or (B) such entity is a Universal Successor in respect of which the Succession Date occurred on or after 1 January 2014;
 - (ii) the Reference Entity had at least one Relevant Obligation outstanding immediately prior to the Succession Date and such entity succeeds to all or part of at least one Relevant Obligation of the Reference Entity; and
 - (iii) where the Reference Entity is a Sovereign, such entity succeeded to the Relevant Obligations by way of a Sovereign Succession Event.
- (d) For purposes of this definition of Successor, **succeed** means, with respect to a Reference Entity and its Relevant Obligations, that an entity other than the Reference Entity (i) assumes or becomes liable for such Relevant Obligations whether by operation of law or pursuant to any agreement (including, with respect to a Reference Entity that is a Sovereign, any protocol, treaty, convention, accord, concord, entente, pact or other agreement), or (ii) issues Bonds or incurs Loans (the **Exchange Bonds or Loans**) that are exchanged for Relevant Obligations, and in either case the Reference Entity is not thereafter a direct obligor or a provider of a Relevant Guarantee with respect to such Relevant Obligations or such Exchange Bonds or Loans, as applicable. For purposes of this definition of Successor, **succeeded** and **succession** shall be construed accordingly.
- (e) In the case of an exchange offer, the determination required pursuant to paragraph (a) above shall be made on the basis of the outstanding principal balance of Relevant Obligations exchanged and not on the basis of the outstanding principal balance of the Exchange Bonds or Loans.
- (f) If two or more entities (each, a **Joint Potential Successor**) jointly succeed to a Relevant Obligation (the **Joint Relevant Obligation**) either directly or as a provider of a Relevant Guarantee, then (i) if the Joint Relevant Obligation was a direct obligation of the Reference Entity, it shall be treated as having been succeeded to by the Joint Potential Successor (or Joint Potential Successors, in equal parts) which succeeded to such Joint Relevant Obligation as direct obligor or obligors, or (ii) if the Joint Relevant Obligation was a Relevant Guarantee, it shall be treated as having been succeeded to by the Joint Potential Successor (or Joint Potential Successors, in equal parts) which succeeded to such Joint Relevant Obligation as guarantor or guarantors, if any, or otherwise by each Joint Potential Successor in equal parts.
- (g) Where, pursuant to paragraph (a)(iii), (a)(iv) or (a)(vi) above, more than one Successor has been identified, the Calculation Agent shall adjust such of the Terms and Conditions and/or the applicable Issue Terms as it in its sole and absolute discretion acting in a commercially reasonable manner shall determine to be appropriate to reflect that the relevant Reference Entity has been succeeded by more than one Successor and shall determine the effective date of that adjustment. The Calculation Agent shall be deemed to be acting in a commercially reasonable manner if it adjusts such of the Terms and Conditions and/or the applicable Issue Terms in such a manner as to reflect the adjustment to and/or division of any credit

derivative transaction(s) related to or underlying the Notes under the provisions of the 2014 Definitions.

- (h) Upon the Calculation Agent making such adjustment, the Issuer shall give notice as soon as practicable to Noteholders in accordance with Condition 13, stating the adjustment to the Terms and Conditions and/or the applicable Issue Terms and giving brief details of the relevant succession.

Successor Backstop Date means for purposes of any Successor determination determined by DC Resolution, the date that is ninety calendar days prior to the Successor Resolution Request Date otherwise, the date that is ninety calendar days prior to the earlier of (i) the date on which the Successor Notice is effective and (ii) in circumstances where (A) a Successor Resolution Request Date has occurred, (B) the relevant Credit Derivatives Determinations Committee has Resolved not to make a Successor determination and (C) the Successor Notice is delivered by the Calculation Agent to the Issuer not more than fourteen calendar days after the day on which the DC Secretary publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to make a Successor determination, the Successor Resolution Request Date, unless the Calculation Agent acting in good faith and in a commercially reasonable manner and taking into account the differences between the definition of Successor under the 2014 Definitions and the definition of Successor hereunder and such other factor(s) as it deems appropriate, determines the DC Resolutions the subject of such request inappropriate to follow for the purposes of the Notes. The Successor Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention and/or Credit Business Day Convention.

Successor Notice means an irrevocable notice from the Calculation Agent (which may be by telephone) to the Issuer that describes a succession (or, in relation to a Reference Entity that is a Sovereign, a Sovereign Succession Event) in respect of which a Succession Date has occurred and pursuant to which one or more Successors to the Reference Entity can be determined.

A Successor Notice must contain a description in reasonable detail of the facts relevant to the determination to be made pursuant to paragraph (a) of the definition of Successor.

Successor Resolution Request Date means, with respect to a notice to the DC Secretary requesting that a Credit Derivatives Determinations Committee be convened to Resolve one or more Successors to the Reference Entity, the date, as publicly announced by the DC Secretary, that the relevant Credit Derivatives Determinations Committee Resolves to be the date on which such notice is effective.

TARGET Settlement Day means any day on which TARGET2 System is open.

TARGET2 System means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System.

Trade Date means the date specified as such in the applicable Issue Terms.

Transaction Auction Settlement Terms means any credit derivatives auction settlement terms published by ISDA on its website at www2.isda.org (**Credit Derivatives Auction Settlement Terms**) that the Calculation Agent determines are applicable.

Undeliverable LA Redemption Amount means an amount (which shall not be less than, but may be equal to, zero) in the Settlement Currency equal to the Recovery Value less Unwind Costs, if any (but excluding any Unwind Costs already taken into account in calculating the principal amount of the relevant LA Settlement Assets to deliver), all as determined by the Calculation Agent on the date (the **LA Valuation Date**) selected by the Calculation Agent, in its sole discretion, which falls on any

Business Day during the period from and including the LA Physical Settlement Date to and including the LA Cash Payment Date.

Undeliverable Obligation means a Deliverable Obligation included in an Asset Amount which, on the Settlement Date for such Deliverable Obligation, the Calculation Agent determines for any reason (including without limitation, failure of the relevant clearance system or due to any law, regulation, court order or market conditions or the non-receipt of any requisite consents with respect to the Delivery of Loans) it is impossible, impracticable or illegal to Deliver on the Settlement Date.

Underlying RMB Currency Event means any one of Underlying RMB Illiquidity, Underlying RMB Inconvertibility and Underlying RMB Non-Transferability.

Underlying RMB Illiquidity means the occurrence of any event or circumstance after the Additional Risk Event Start Date whereby (i) the general Renminbi exchange market outside the PRC becomes illiquid (including, without limitation, the existence of any significant price distortion) as a result of which the Issuer cannot obtain sufficient Renminbi in order to perform its obligations under the Notes or any party to a Hedge Position would not be able to obtain sufficient Renminbi in order to perform its obligations under such Hedge Position; or (ii) it becomes impossible or impractical for the Issuer (or would be impossible or impractical for any party to a Hedge Position) to obtain a firm quote of the exchange rate, in each case, as determined by the Calculation Agent in good faith and in a commercially reasonable manner;

Underlying RMB Inconvertibility means the occurrence after the Additional Risk Event Start Date of any event or existence of any condition that has the effect of it being impossible, illegal or impracticable for, or has the effect prohibiting, restricting or materially delaying the ability of, the Issuer or any party to a Hedge Position to convert any amount as may be required to be paid by any party on any payment date in respect of the Notes or any Hedge Position into RMB, other than where such impossibility, impracticability or illegality is due solely to the failure of the relevant party and/or any of its affiliates to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the relevant Series and it is impossible, impracticable or illegal for the relevant party and/or any of its affiliates, due to an event beyond the control of that party and/or its affiliates, to comply with such law, rule or regulation);

Underlying RMB Non-Transferability means the occurrence after the Additional Risk Event Start Date of any event that makes it impossible, impracticable or illegal for the Issuer or (if applicable) any party to a Hedge Position and/or any of its affiliates to deliver RMB between accounts inside the relevant RMB Settlement Centre(s) or from an account inside the relevant RMB Settlement Centre(s) to an account outside such RMB Settlement Centre(s) (including where the RMB clearing and settlement system for participating banks in the relevant RMB Settlement Centre(s) is disrupted or suspended) or from an account outside the relevant RMB Settlement Centre(s) to an account inside such RMB Settlement Centre(s), other than where such impossibility, impracticability or illegality is due solely to the failure of the relevant party and/or any of its affiliates to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the relevant Series and it is impossible, impracticable or illegal for the relevant party and/or any of its affiliates, due to an event beyond the control of the relevant party and/or any of its affiliates (as applicable), to comply with such law, rule or regulation);

Unwind Costs means the amount specified in the applicable Issue Terms or if **Standard Unwind Costs** are specified in the applicable Issue Terms, an amount determined by the Calculation Agent equal to the sum of (without duplication) all costs, fees, charges, expenses (including loss of funding), tax and duties incurred by the Issuer and/or any of its Affiliates in connection with the redemption of the Credit Linked Notes and (if the Issuer has elected to hedge its exposure and such

hedge is held at the related redemption) the related termination, settlement or re-establishment of any hedge or related trading position, such amount to be apportioned *pro rata* amongst each principal amount of Credit Linked Notes in the Calculation Amount.

Valuation Date means, subject to Credit Condition 3(m), (i) where Physical Delivery is specified as applying in the applicable Issue Terms, the day falling two Business Days after the Final Delivery Date, or (ii) where Cash Settlement is specified as applying in the applicable Issue Terms, (A) if "Single Valuation Date" is specified in the applicable Issue Terms, the date that is (i) the number of Business Days specified in the Issue Terms or (ii), if the number of Business Days is not so specified, five Business Days, in either case after (x) the Credit Event Determination Date or (y) if Cash Settlement is the applicable Fallback Settlement Method, (1) if Credit Condition 3(b)(i) above applies, the earlier to occur of the No Auction Announcement Date, the Auction Cut-Off Date (if the occurrence of this date were the cause of the applicability of the Fallback Settlement Method), the Auction Final Price Cut-off Date (if the occurrence of this date were the cause of the applicability of the Fallback Settlement Method), the Calculation Agent No Auction Determination Date or the Auction Cancellation Date or (2) if Credit Condition 3(b)(ii) above applies, the Credit Event Determination Date, and (B) if "Multiple Valuation Dates" is specified in the applicable Issue Terms, each of the following dates:

- (a) the date that is the number of Business Days specified in the applicable Issue Terms after (x) the Credit Event Determination Date or (y) if Cash Settlement is the applicable Fallback Settlement Method, (1) if Credit Condition 3(b)(i) above applies, the earlier to occur of the No Auction Announcement Date, the Auction Cut-Off Date (if the occurrence of this date were the cause of the applicability of the Fallback Settlement Method), the Auction Final Price Cut-off Date (if specified as applicable in the applicable Issue Terms and if the occurrence of this date were the cause of the applicability of the Fallback Settlement Method), the Calculation Agent No Auction Determination Date or the Auction Cancellation Date or (2) if Credit Condition 3(b)(ii) above applies, the Credit Event Determination Date (or in either case if the number of Business Days is not specified, five Business Days); and
- (b) each successive date that is the number of Business Days specified in the applicable Issue Terms (or if the number of Business Days is not so specified, five Business Days) after the date on which the Calculation Agent obtains a Market Value with respect to the immediately preceding Valuation Date.

When "Multiple Valuation Dates" is specified in the applicable Issue Terms, the total number of Valuation Dates shall be equal to the number of Valuation Dates specified in the applicable Issue Terms (or, if the number of Valuation Dates is not so specified, five Valuation Dates).

If neither Single Valuation Date nor Multiple Valuation Dates is specified in the applicable Issue Terms, Single Valuation Date shall apply.

Valuation Method:

- (i) The following Valuation Methods may be specified in the applicable Issue Terms for a Series with only one Valuation Date:
 - (A) **Market** means the Market Value determined by the Calculation Agent with respect to the Valuation Date; or
 - (B) **Highest** means the highest Quotation obtained by the Calculation Agent with respect to the Valuation Date.

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

- (ii) The following Valuation Methods may be specified in the applicable Issue Terms for a Series with more than one Valuation Date:
 - (A) **Average Market** means the unweighted arithmetic mean of the Market Values determined by the Calculation Agent with respect to each Valuation Date; or
 - (B) **Highest** means the highest Quotation obtained by the Calculation Agent with respect to any Valuation Date; or
 - (C) **Average Highest** means the unweighted arithmetic mean of the highest **Quotations** obtained by the Calculation Agent with respect to each Valuation Date.

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

- (iii) Notwithstanding paragraphs (i) and (ii) above, if Quotations include Weighted Average Quotations or fewer than two Full Quotations, the Valuation Method shall be Market or Average Market, as the case may be.

Valuation Time means the time specified as such in the applicable Issue Terms (or, if no such time is specified, 11.00 a.m. in the principal trading market for the Reference Obligation).

Weighted Average Quotation means, in accordance with the Quotation Method, the weighted average of firm quotations obtained from Quotation Dealers at the Valuation Time, to the extent reasonably practicable, each for an amount of the Reference Obligation with an Outstanding Principal Balance or Due and Payable Amount, as applicable, of as large a size as available but less than the Quotation Amount (but of a size at least equal to the Minimum Quotation Amount) that in aggregate are approximately equal to the Quotation Amount.

9. TIMINGS

The Calculation Agent will determine the day on which an event occurs for purposes of these Credit Conditions on the basis that the demarcation of days shall be made by reference to Greenwich Mean Time (or, if the Reference Entity has a material connection to Japan for these purposes, Tokyo time), irrespective of the time zone in which such event occurred. Any event occurring at midnight shall be deemed to have occurred immediately prior to midnight.

In addition, if a payment is not made by the Reference Entity on its due date or, as the case may be, on the final day of the relevant Grace Period, then such failure to make a payment shall be deemed to have occurred on such day prior to midnight Greenwich Mean Time (or, if the Reference Entity has a material connection to Japan for these purposes, Tokyo time), irrespective of the time zone of its place of payment.

10. ACCRUED INTEREST FOR DELIVERY OR VALUATION

- (a) If Credit Condition 3(d) applies, the Outstanding Principal Balance of the Deliverable Obligations comprising the Asset Amount will exclude accrued but unpaid interest, unless "Include Accrued Interest" is specified in the applicable Issue Terms, in which case, the Outstanding Principal Balance of the Deliverable Obligations comprising the Asset Amount will include accrued but unpaid interest (as the Calculation Agent shall determine);
- (b) If Credit Condition 3(c) applies and:

- (x) "Include Accrued Interest" is specified in the applicable Issue Terms, the Outstanding Principal Balance of the Reference Obligation shall include accrued but unpaid interest;
 - (y) "Exclude Accrued Interest" is specified in the applicable Issue Terms, the Outstanding Principal Balance of the Reference Obligation shall not include accrued but unpaid interest; or
 - (z) neither "Include Accrued Interest" nor "Exclude Accrued Interest" is specified in the applicable Issue Terms, the Calculation Agent shall determine, based on the then current market practice in the market of the Reference Obligation whether the Outstanding Principal Balance of the Reference Obligation shall include or exclude accrued but unpaid interest and, if applicable, the amount thereof; or
- (c) If Credit Condition 3(i) is applicable, the Calculation Agent shall determine, based on the then current market practice in the market of the relevant Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, whether the relevant Quotations shall include or exclude accrued but unpaid interest.

11. EARLY REDEMPTION OF REFERENCE OBLIGATION ONLY NOTES FOLLOWING A SUBSTITUTION EVENT

If the Notes are Reference Obligation Only Notes relating to a single Reference Entity and the event set out in paragraph (a) of the definition of Substitution Event above occurs with respect to the Reference Obligation, then each principal amount of Notes equal to the Calculation Amount will be redeemed by the Issuer by payment of the Early Redemption Amount on the fifth Business Day following the relevant Substitution Event Date.

12. AMENDMENT OF CREDIT CONDITIONS AND ISSUE TERMS IN ACCORDANCE WITH MARKET CONVENTION

The Calculation Agent may from time to time amend any provision of these Credit Conditions and the applicable Issue Terms in any manner which the Calculation Agent determines in a commercially reasonable manner is necessary or desirable (i) to incorporate and/or reflect (x) further or alternative documents or protocols from time to time published by ISDA with respect to the documentation, trading or settlement of credit derivative transactions and/or (y) the operation or application of determinations by the Credit Derivatives Determinations Committees and/or (ii) to reflect or account for market practice for credit derivative transactions. Any amendment made in accordance with this Credit Condition 12 shall be notified to the Noteholders in accordance with Condition 13 of the General Conditions.

VALUATION AND SETTLEMENT SCHEDULE

This Valuation and Settlement Schedule shall apply to each Tranche of Notes.

All determinations, considerations, elections, selections or calculations made or decided on in relation to matters set out in this Valuation and Settlement Schedule will be determined, considered, elected, selected or calculated by the Calculation Agent.

1. GENERAL PROVISIONS RELATING TO INTEREST AND REDEMPTION

1.2 Provisions relating to Interest

If the Notes are expressed in the applicable Issue Terms to be Fixed Rate Notes or Floating Rate Notes, the Interest Amount (if any) shall be determined as provided in Condition 2 below and in the applicable Issue Terms.

Subject as provided in any applicable Underlying Schedule, if the Notes are not expressed in the applicable Issue Terms to be Fixed Rate Notes or Floating Rate Notes, no amount in respect of interest shall be due or payable.

1.3 Provisions relating to Redemption

Subject as provided in any applicable Underlying Schedule where the Notes are Cash Settled Notes, and in any applicable Underlying Schedule in respect of Physical Delivery Notes, the Redemption Amount shall be determined in accordance with the provisions of Condition 5(a) of the General Conditions unless Recovery Value is specified as applicable in the applicable Issue Terms, in which case, the Redemption Amount shall be determined as the LA Redemption Amount set out in the applicable Credit Conditions but, for which purpose, the LA Valuation Date shall be the date specified as such in respect of the Maturity Date in the applicable Issue Terms or, if none is so specified, such date as is selected by the Calculation Agent and the applicable Recovery Value shall be determined pursuant to paragraph (a)(ii) of the definition thereof (regardless of whether Fixed Recovery LA Redemption Amount is specified as applicable in the applicable Issue Terms).

Where the Notes are Credit Linked Notes that are Physical Delivery Notes, the provisions relating to settlement by way of physical delivery, are set out in the applicable Underlying Schedule.

1.4 Provisions relating to the Early Redemption Amount

For the purpose of Condition 5(d) of the General Conditions and in the case of LA Credit Linked Notes subject to Credit Condition 5(f) (if Underlying Schedule 1 – Credit Linked Conditions - applies) or Credit Condition 6(f) (if Underlying Schedule 2 – Credit Linked Conditions (2014 Definitions) applies), if Recovery Value is specified in respect of the Early Redemption Amount in the applicable Issue Terms, then the Early Redemption Amount shall be determined as the LA Redemption Amount set out in the Credit Conditions but, for which purpose, the LA Valuation Date shall be such date as is selected by the Calculation Agent and the applicable Recovery Value shall be determined pursuant to paragraph (a)(ii) of the definition thereof (regardless of whether Fixed Recovery LA Redemption Amount is specified as applicable in the applicable Issue Terms).

1.5 Provisions relating to Optional Redemption Amount

For the purposes of Condition 5(e) and 5(f) of the General Conditions and in the case of LA Credit Linked Notes subject to Credit Condition 5(f) (if Underlying Schedule 1 – Credit Linked Conditions - applies) or Credit Condition 6(f) (if Underlying Schedule 2 – Credit Linked Conditions (2014 Definitions) applies), if Recovery Value is specified as the Optional Redemption Amount in the

applicable Issue Terms, then the Optional Redemption Amount shall be determined as the LA Redemption Amount set out in the Credit Conditions but, for which purpose, the LA Valuation Date shall be the date specified as such in respect of the relevant Optional Redemption Date in the applicable Issue Terms or, if none is so specified, such date as is selected by the Calculation Agent and the applicable Recovery Value shall be determined pursuant to paragraph (a)(ii) of the definition thereof (regardless of whether Fixed Recovery LA Redemption Amount is specified as applicable in the applicable Issue Terms).

2. INTEREST

2.1 Interest on Fixed Rate Notes

Subject as provided in Condition 20 of the General Conditions in the case of Credit Linked Notes:

- (a) if the Notes are expressed to be Fixed Rate Notes in the applicable Issue Terms and Accrual is specified as "Not Applicable" in the Issue Terms:
 - (i) where interest is due in accordance with this Valuation and Settlement Schedule and the applicable Issue Terms then the Issuer will pay the Interest Amount specified for the relevant Interest Payment Date in the Settlement Currency;
 - (ii) the **Interest Amount** will be the amount specified in the applicable Issue Terms or, where more than one amount is so specified, the amount specified in respect of the relevant Interest Payment Date;
 - (iii) Condition 5(e) of the General Conditions will be amended by the deletion of the words "together, if applicable, with interest accrued to (but excluding) the relevant Optional Redemption Date" therein;
 - (iv) Condition 5(f) of the General Conditions will be amended by the deletion of the words "together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date" therein; and
 - (v) if the Notes are redeemed pursuant to Condition 5(b), Condition 5(e), Condition 5(f) or Condition 9 of the General Conditions, no interest will be payable in respect of which the relevant Interest Payment Date has not occurred on or prior to the date fixed for such redemption, Provided That if the date fixed for such redemption falls prior to the first Interest Payment Date, no interest shall be payable in respect of the Notes; or
- (b) if the Notes are expressed to be Fixed Rate Notes in the applicable Issue Terms and Accrual is specified to be "Applicable" in the Issue Terms, then each such Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Interest Rate(s). Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

The amount of interest payable on each Interest Payment Date in respect of the Interest Period ending on (but excluding) the Interest Period End Date falling on or about such date will amount to the **Interest Amount**. Payments of interest on any Interest Payment Date will, if so specified in the applicable Issue Terms, amount to the **Broken Amount** so specified.

Except where an applicable Interest Amount or Broken Amount is specified in the applicable Issue Terms in respect of an Interest Payment Date and the related Interest

Period, interest shall be calculated in respect of any period by applying the relevant Interest Rate to:

- (i) in the case of Fixed Rate Notes which are represented by a Global Registered Note Certificate, the aggregate outstanding principal amount of the Fixed Rate Notes represented by such Global Registered Note Certificate; or
- (ii) in the case of Fixed Rate Notes in definitive form, in respect of each principal amount of Notes equal to the Calculation Amount, the principal amount outstanding of such Notes,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Where the Specified Denomination of a Fixed Rate Note is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for each principal amount of Notes equal to the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

2.2 Interest on Floating Rate Notes

Subject as provided in Condition 20 of the General Conditions in the case of Credit Linked Notes, each Floating Rate Note bears interest from (and including) the Interest Commencement Date and, where interest is due in accordance with this Valuation and Settlement Schedule and the applicable Issue Terms, such interest will be payable in arrear on either:

- (a) the Specified Interest Payment Date(s) in each year specified in the applicable Issue Terms; or
- (b) if no Specified Interest Payment Date(s) is/are specified in the applicable Issue Terms, each date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Issue Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable on each Interest Payment Date in respect of the Interest Period ending on (but excluding) the Interest Period End Date falling on or about such Interest Payment Date. If an Interest Payment Date falls after the Interest Period End Date in respect of such Interest Period, no additional interest or amount shall be payable as a result of such interest being payable on such later date.

(A) *Screen Rate Determination*

Where Screen Rate Determination is specified in the applicable Issue Terms as the manner in which the Interest Rate is to be determined, the Interest Rate for each Interest Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Page as at the Specified Time on the Interest Determination Date in question plus or minus (as indicated in the applicable Issue Terms) the Margin (if any), all as determined by the Calculation Agent. If five or more of such offered quotations are available on the Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided below) of such offered quotations.

If the Page is not available or if, in the case of (1), no offered quotation appears or, in the case of (2), fewer than three offered quotations appear, in each case as at the Specified Time, or by 10.30 a.m. Sydney time in the case of BBSW, the Calculation Agent shall request each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with offered quotations, the Interest Rate for the Interest Period shall be the arithmetic mean of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with an offered quotation as provided in the preceding paragraph, the Interest Rate for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean of the rates, as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the relevant Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR), the Euro-zone interbank market (if the Reference Rate is EURIBOR), the Stockholm inter-bank market (if the Reference Rate is STIBOR), the Oslo inter-bank market (if the Reference Rate is NIBOR), the Copenhagen inter-bank market (if the Reference Rate is CIBOR), the Tokyo inter-bank market (if the Reference Rate is TIBOR) or the Hong Kong inter-bank market (if the Reference Rate is HIBOR), the Sydney inter-bank market (if the Reference Rate is BBSW) or the New Zealand inter-bank market (if the Reference Rate is BKBM), in each case, plus or minus (as appropriate) the Margin (if any) and multiplied by the Interest Participation Rate (if any), or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the relevant Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates (rounded as provided below) for deposits in the relevant Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified 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 the purpose) informs the Calculation Agent it is quoting to leading banks in the London interbank market (if the Reference Rate is LIBOR), the Euro-zone interbank market (if the Reference Rate is EURIBOR), the Stockholm inter-bank market (if the Reference Rate is STIBOR), the Oslo inter-bank market (if the Reference Rate is NIBOR), the Copenhagen inter-bank market (if the Reference Rate is CIBOR), the Tokyo inter-bank market (if the Reference Rate is TIBOR) or the Hong Kong inter-bank market (if the Reference Rate is HIBOR), the Sydney inter-bank market (if the Reference Rate is BBSW) or the New Zealand inter-bank market (if the Reference Rate is BKBM), in each case, plus or minus (as appropriate) the Margin (if any) PROVIDED THAT, if the Interest Rate cannot be determined in accordance with the foregoing provisions of this paragraph, the Interest Rate shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which

applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Pricing Supplement as being other than LIBOR, EURIBOR, STIBOR, NIBOR, CIBOR, TIBOR, HIBOR, BBSW or BKBW, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Pricing Supplement.

The Calculation Agent shall not be responsible to the Issuer, the CGMHI Guarantor or to any third party as a result of the Calculation Agent having acted on any quotation given by any Reference Bank.

The Fiscal Agency Agreement contains provisions for determining the Interest Rate in the event that the Page is not available or if, in the case of (1) above, no such offered quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

(B) *ISDA Determination*

Where ISDA Determination is specified in the applicable Issue Terms as the manner in which the Interest Rate is to be determined, the Interest Rate for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Issue Terms) the Margin (if any) and multiplied by the Interest Participation Rate (if any). For the purposes of this subparagraph, **ISDA Rate** for an Interest Period means the rate equal to the Floating Rate that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as calculation agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

- (1) the Floating Rate Option is as specified in the applicable Issue Terms;
- (2) the Designated Maturity is a period specified in the applicable Issue Terms; and
- (3) the relevant Reset Date is as specified in the applicable Issue Terms.

For the purposes of this subparagraph, Floating Rate, Calculation Agent, Floating Rate Option, Designated Maturity and Reset Date have the meanings given to those terms in the ISDA Definitions.

(C) *Maximum/Minimum Interest Rates*

If any Maximum Interest Rate or Minimum Interest Rate is specified in the applicable Issue Terms, then any Interest Rate shall be subject to such maximum or minimum, as the case may be, and where more than one Maximum Interest Rate and/or Minimum Interest Rate is so specified, the maximum or minimum, as the case may be, shall be that which is specified in respect of the relevant Interest Payment Date in the applicable Issue Terms.

Unless otherwise stated in the applicable Issue Terms, the Minimum Interest Rate shall be deemed to be zero.

(D) *Calculations*

The Calculation Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes for the relevant Interest Period by applying the relevant Interest Rate to:

- (1) in the case of Floating Rate Notes which are represented by a Global Registered Note Certificate, the aggregate outstanding principal amount of the Notes represented by such Global Registered Note Certificate; or
- (2) in the case of Floating Rate Notes in definitive form, in respect of each principal amount of Notes equal to the Calculation Amount, the principal amount outstanding of such Notes,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Where the Specified Denomination of a Floating Rate Note is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for each principal amount of Notes equal to the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

(E) *Determination and Publication of Interest Rates and Interest Amounts*

As soon as practicable after each Interest Determination Date the Calculation Agent will determine the Interest Rate and calculate the Interest Amounts in respect of each Specified Denomination for the relevant Interest Period. The Interest Amounts and the Interest Rate so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 9 of the General Conditions, the interest (if any) and the Interest Rate payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Interest Rate or the Interest Amount so calculated need be made.

(F) *Notification of Interest Rate and Interest Amounts*

The Calculation Agent will cause the Interest Rate and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the CGMHG Guarantor, the Fiscal Agent and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 13 of the General Conditions as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. For the purposes of this paragraph, the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(G) *Linear Interpolation*

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Issue Terms, the Interest Rate for such Interest Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Issue Terms) or the relevant Floating Rate Option (where ISDA Determination is

specified as applicable in the applicable Issue Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period PROVIDED HOWEVER THAT if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

Designated Maturity means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

2.3 Definitions

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

- (i) if **Actual/Actual (ICMA)** is specified in the applicable Issue Terms in respect of Fixed Rate Notes:
 - (A) in the case of Notes where the number of days in the Calculation Period is equal to or shorter than the Determination Period during which the Calculation Period ends, the number of days in such Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Issue Terms) that would occur in one calendar year; or
 - (B) in the case of Notes where the Calculation Period is longer than the Determination Period during which the Calculation Period ends, the sum of:
 - I. the number of days in such Calculation Period falling in the Determination Period in which the Calculation Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
 - II. the number of days in such Calculation Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year;
- (ii) if **Actual/Actual** or **Actual/Actual (ISDA)** is specified in the applicable Issue Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (x) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (y) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (iii) if **Actual/365 (Fixed)** or **Actual/365** is specified in the applicable Issue Terms, the actual number of days in the Calculation Period divided by 365;
- (iv) if **Actual/365 (Sterling)** is specified in the applicable Issue Terms, the actual number of days in the Calculation Period divided by 365 or, in the case of a payment falling in a leap year, 366;

- (v) if **Actual/360** is specified in the applicable Issue Terms, the actual number of days in the Calculation Period divided by 360;
- (vi) if **30/360** is specified in the applicable Issue Terms in respect of Fixed Rate Notes, the number of days in the Calculation Period (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360;
- (vii) if **30/360, 360/360** or **Bond Basis** is specified in the applicable Issue Terms in relation to Floating Rate Notes, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

where:

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

Y₂ is the year, expressed as a number, in which the day immediately following the last day of 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 of 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; or

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

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

where:

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

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

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

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

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

Interest Commencement Date means the date of issue of the Notes (the **Issue Date**) or such other date as may be specified in the applicable Issue Terms.

Interest Determination Date means the date specified as such in the Issue Terms or if none is so specified:

- (i) if the Reference Rate is LIBOR (other than Sterling or Euro LIBOR), the second day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in London prior to the start of each Interest Period;
- (ii) if the Reference Rate is Sterling LIBOR, the first day of each Interest Period;
- (iii) if the Reference Rate is Euro LIBOR or EURIBOR, the second TARGET Business Day prior to the start of each Interest Period;

- (iv) if the Reference Rate is the Stockholm interbank offered rate (STIBOR), the second day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in Stockholm prior to the start of each Interest Period;
- (v) if the Reference Rate is the Norwegian interbank offered rate (NIBOR), the second day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in Oslo prior to the start of each Interest Period;
- (vi) if the Reference Rate is the Copenhagen interbank offered rate (CIBOR), the first day of each Interest Period;
- (vii) if the Reference Rate is the Tokyo interbank offered rate (TIBOR), the second day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in Tokyo prior to the start of each Interest Period;
- (viii) if the Reference Rate is the Hong Kong interbank offered rate (HIBOR), the first day of each Interest Period;
- (ix) if the Reference Rate is the Australian Bank Bill Swap Rate (BBSW), the first day of each Interest Period; or
- (x) if the Reference Rate is the New Zealand Bank Bill reference rate (BKBM), the first day of each Interest Period.

Interest Period means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first 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.

Interest Period End Date means each date specified as such in the applicable Issue Terms or, if none is so specified, each Interest Payment Date.

Interest Rate means the rate of interest payable from time to time in respect of the Notes and which is either specified, or calculated in accordance with the provisions, herein or specified in the applicable Issue Terms, and where more than one rate is so specified, the rate shall be that which is specified in respect of the relevant Interest Payment Date in the applicable Issue Terms.

Page means such display page as may be specified in the applicable Issue Terms for the purpose of providing a Reference Rate, or (i) any successor display page, other published source, information vendor or provider that has been officially designated by the sponsor of the original display page or (ii) if the sponsor has not officially designated a successor display page, other published source, information vendor or provider (as the case may be), the successor display page, other published source, information vendor or provider, if any, designated by the relevant information vendor or provider (if different from the sponsor).

Reference Banks means, (i) in the case of a determination of LIBOR, the principal London office of four major banks in the London interbank market; (ii) in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone interbank market; (iii) in the case of a determination of BBSW, the financial institutions authorised to quote on the Reuters Screen BBSW Page, (iv) in the case of a determination of BKBM, four major banks in the New Zealand money market and (v) in the case of a determination of a Reference Rate other than LIBOR, EURIBOR, BBSW, BKBM, the principal office in the Relevant Financial Centre of four major banks in the interbank market of the Relevant Financial Centre, in each case selected by the Calculation Agent or as specified in the applicable Issue Terms.

Reference Rate means: (i) LIBOR, (ii) EURIBOR, (iii) STIBOR, (iv) NIBOR, (v) CIBOR, (vi) TIBOR, (vii) HIBOR (viii) BBSW, or (ix) BKBM, in each case for the relevant period, as specified in the applicable Issue Terms.

Relevant Financial Centre means: (i) London, in the case of a determination of LIBOR, (ii) Brussels, in the case of a determination of EURIBOR, (iii) Stockholm, in the case of a determination of STIBOR, (iv) Oslo, in the case of a determination of NIBOR, (v) Copenhagen, in the case of a determination of CIBOR, (vi) Tokyo, in the case of a determination of TIBOR (vii) Hong Kong, in the case of a determination of HIBOR (viii) Sydney, in the case of a determination of BBSW and (ix) Wellington, in the case of a determination of BKBM or such other centre as specified in the applicable Issue Terms.

Specified Time means: (i) in the case of LIBOR, 11.00 a.m., (ii) in the case of EURIBOR, 11.00 a.m., (iii) in the case of STIBOR, 11.00 a.m., (iv) in the case of NIBOR, 12.00 noon, (v) in the case of CIBOR, 11.00 a.m., (vi) in the case of TIBOR, 11.00 a.m., (vii) in the case of HIBOR in respect of a currency other than Renminbi, 11.00 a.m. or in the case of CNH HIBOR, 11.15 a.m., (viii) in the case of BBSW, 10.00 a.m. or (ix) in the case of BKBM, 11.00 a.m., in each case in the Relevant Financial Centre, or such other time as specified in the applicable Issue Terms.

SECTION E.3 – PRO FORMA FINAL TERMS

Final Terms dated []

Citigroup Global Markets Holdings Inc.

Issue of [*Specify Aggregate Principal Amount of Tranche/(specify aggregate number of Units of Tranche)* Units of (*specify principal amount of each Unit*)] [*Title of Notes*]

Guaranteed by Citigroup Inc.

Under the Citi U.S.\$10,000,000,000 Global Structured Note Programme

Any person making or intending to make an offer of the Notes in any Member State which has implemented the Prospectus Directive may only do so or in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. None of the Issuer, the CGMHI Guarantor and any Dealer has authorised, nor do any of them authorise, the making of any offer of Notes in any other circumstances.

For the purpose hereof, the expression **Prospectus Directive** means Directive 2003/71/EC (as amended including by Directive 2010/73/EU) and includes any relevant implementing measures in the Relevant Member State.

The Notes and the CGMHI Deed of Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**) or any state securities law. [The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act (**Regulation S**) and may not be offered or sold within the United States or to, or for the account or benefit of, any U.S. person (as defined in Regulation S). Each purchaser of the Notes or any beneficial interest therein will be deemed to have represented and agreed that it is outside the United States and is not a U.S. person and will not sell, pledge or otherwise transfer the Notes or any beneficial interest therein at any time within the United States or to, or for the account or benefit of, a U.S. person, other than the Issuer or any affiliate thereof.]¹ [The Notes are being offered and sold solely to "qualified institutional buyers" (**QIBs**) in reliance on the exemption from registration under the Securities Act provided by Rule 144A thereunder (**Rule 144A**). Each purchaser of the Notes or any beneficial interest therein will be deemed to have represented and agreed that it and each account for which it is purchasing (or holding) Notes is a QIB and that it will not sell, pledge or otherwise transfer the Notes or any beneficial interest therein at any time to any person other than (a) the Issuer or any affiliate thereof or (b) a person it reasonably believes to be a QIB purchasing the Notes for its own account or for the account of one or more QIBs in a transaction meeting the requirements of Rule 144A and in accordance with all applicable securities laws of any State of the United States and any other jurisdiction.]² The Notes and the CGMHI Deed of Guarantee [and any [Asset Amounts] [LA Settlement Assets]] do not constitute, and have not been marketed as, contracts of sale of a commodity for future delivery (or options thereon) subject to the United States Commodity Exchange Act, as amended, and trading in the Notes [and any [Asset Amounts] [LA Settlement Assets]] has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended. For a description of certain restrictions on offers and sales of Notes, see "*General Information relating to the Programme and the Notes - Subscription and sale and transfer and selling restrictions*" in the Base Prospectus.

The Notes may not be offered or sold to, or acquired by, any person that is, or whose purchase and holding of the Notes is made on behalf of or with "plan assets" of, an employee benefit plan subject to Title I of the

¹ Include for Notes offered in reliance on Regulation S.

² Include for Notes offered in reliance on Rule 144A.

U.S. Employee Retirement Income Security Act of 1974, as amended (**ERISA**), a plan, individual retirement account or other arrangement subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the **Code**) or an employee benefit plan or plan subject to any laws, rules or regulations substantially similar to Title I of ERISA or Section 4975 of the Code.

PART A – CONTRACTUAL TERMS

This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer, the CGMHI Guarantor and the offer of the Notes is only available on the basis of the combination of this Final Terms and the Base Prospectus.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth under the section[s] entitled [*Terms and Conditions of the Notes*], the Valuation and Settlement Schedule and the relevant Underlying Schedule[s]] in the Base Prospectus [which constitutes a base prospectus for the purposes of the Prospectus Directive].

The Base Prospectus is available for viewing at the offices of the Paying Agents and on the web-site of the Central Bank of Ireland (www.centralbank.ie). [In addition, this Final Terms is available on the web-site of the Central Bank of Ireland (www.centralbank.ie).]

[*Use this paragraph if the Base Prospectus has not been supplemented:* For the purposes hereof, **Base Prospectus** means the Base Prospectus in relation to the Programme dated 24 March 2017.]

[*Use this paragraph if the Base Prospectus has been supplemented:* For the purposes hereof, **Base Prospectus** means the Base Prospectus relating to the Programme dated 24 March 2017, as supplemented by a Supplement (No.[]) dated [] ([the] **Supplement** [No.[]]) [and a Supplement (No.[]) dated [] (**Supplement** No.[] and, together with Supplement No.[], the **Supplements**)].]

[*Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.*]

[*When completing any final terms, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.*]

- | | | | |
|----|-------|--|--|
| 1. | (i) | Issuer: | Citigroup Global Markets Holdings Inc. |
| | (ii) | Guarantor: | Citigroup Inc. |
| 2. | (i) | Series Number: | [●] |
| | (ii) | Tranche Number: | [●]
<i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)</i> |
| | (iii) | Date on which the Notes will be consolidated and form a single Series: | [Not Applicable] [The Notes will be consolidated and form a single Series with <i>[identify earlier Tranches]</i> on [●]/[the Issue Date]] |
| 3. | (i) | Specified Currency or Currencies: | [●] |
| | (ii) | Settlement Currency: | [●] |

4. Aggregate Principal Amount:
- (i) Series: [●][Units (each Unit being [●] in principal amount of the Notes)]
- (ii) Tranche: [●][Units (each Unit being [●] in principal amount of the Notes)]
- [The Notes are issued in Units. Accordingly, references herein to Units shall be deemed to be references to [●] in principal amount of the Notes and all references in the Conditions to payments and/or deliveries being made in respect of a Calculation Amount shall be construed to such payments and/or deliveries being made in respect of a Unit]
5. Issue Price: [[●] per cent. of the Aggregate Principal Amount][*insert currency amount*] (being equal to [●] per cent. of the Aggregate Principal Amount, converted into [*insert currency*] at an FX rate of [●]) [plus accrued interest from [●]] (*insert for fungible issues, if applicable*)
6. (i) Specified Denominations: [●][Unit]
- (this means the minimum integral amount in which transfers can be made) [The minimum Specified Denomination/principal amount represented by a Unit is EUR100,000]*
- (Note – where multiple denominations above [€100,000] or equivalent are being used the following sample wording should be followed:*
- “[€100,000] and integral multiples of [€1,000] in excess thereof”.)*
- (ii) Calculation Amount: [●][Unit]
- (If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations)*
7. (i) Issue Date: [●]
- (ii) Interest Commencement Date: [[●]/Issue Date/Not Applicable]
8. Maturity Date: [●][, subject to adjustment in accordance with the [Modified][Preceding][Following] Business Day Convention] [Interest Payment Date falling on or nearest to [●]] [(the **Scheduled Maturity Date**) subject as provided in the Credit Conditions]

(NB. For certain Renminbi denominated Fixed Rate Notes in respect of which the Interest Payment Dates are subject to modification, Modified Following Business Day Convention should apply.)

9. Type of Notes: [The Notes are [Fixed Rate Notes][Floating Rate Notes]][The Notes pay the LA Interest Amount][The Notes do not bear or pay any interest]

[The Notes are Underlying Linked Notes that are Credit Linked Notes]

[The Notes are Instalment Notes]

The Notes are Cash Settled Notes [and/or may be Physical Delivery Notes] [and the Redemption Amount is [●]][the LA Final Redemption Amount]]

10. Put/Call Options: [Issuer Call as specified in item 14(i) below]
[Investor Put as specified in item 14(ii) below]
[Not Applicable]

11. (i) Status of the Notes: Senior

(ii) Status of the CGMHI Deed of Senior Guarantee:

PROVISIONS RELATING TO UNDERLYING LINKED NOTES

12. **Underlying Linked Notes Provisions:** [Applicable – the Notes are Credit Linked Notes and the provisions in [Underlying Schedule 1 - Credit Linked Conditions][Underlying Schedule 2 – Credit Linked Conditions (2014 Definitions)] apply/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(A) Trade Date: [●]

(B) First to Default Notes: [Applicable/Not Applicable]

Spread Requirement [[●]/Not Applicable]
Percentage

(C) Calculation Agent City: [●]

(D) Reference Entity(ies): [●]

(E) Succession Event [Applicable/Not Applicable] *(Not Applicable if Backstop Date: Underlying Schedule 2 – Credit Linked Conditions (2014 Definitions) applies)*

(F) Reference Obligation(s): [●][Not Applicable]

Standard Reference [Applicable/Not Applicable] *(Not Applicable if Underlying Schedule 1 – Credit Linked Conditions applies)*

[If Standard Reference Obligation is applicable, insert:

Senior Level: [Applicable/Not Applicable]

Subordinated Level: [Applicable/Not Applicable]

[If Underlying Schedule 2 – Credit Linked Conditions (2014 Definitions) applies and there is a Non-Standard Reference Obligation, insert:

Non-Standard Reference Obligation:]

[The obligation[s] *(specify each)* identified as follows:

- Primary Obligor: [●]
- Guarantor: [●]
- Maturity: [●]
- Coupon: [●]
- CUSIP/ISIN: [●] *(Only include for Underlying Schedule 2 – Credit Linked Conditions if Standard Reference Obligation does not apply or Standard Reference Obligation applies but has not yet been published and an initial Non-Standard Reference Obligation is required until publication)*

Deliverable Obligations for Reference Obligation purposes: [Applicable/Not Applicable] *(Not Applicable if Underlying Schedule 1 – Credit Linked Conditions applies or if the Notes are Reference Obligation Only Notes in which case delete the remaining subparagraphs below)*

- [Deliverable Obligation Category: [Payment]
[Borrowed Money]
[Bond]
[Loan]
[Bond or Loan]
- Deliverable [Not Subordinated]

Obligation Characteristics:	[Specified Currency: [●] [Standard Specified Currencies] [Not Sovereign Lender] [Not Domestic Currency] [Domestic Currency means: <i>[specify currency]</i>] [Not Domestic Law] [Listed] [Not Domestic Issuance] [Assignable Loan] [Consent Required Loan] [Direct Loan Participation] [Qualifying Participation Seller: - <i>insert details</i>] [Transferable] [Maximum Maturity: [●]] [Accelerated or Matured] [Not Bearer]]
(G) All Guarantees:	[Applicable/Not Applicable]
(H) Credit Events:	[Bankruptcy] [Failure to Pay] [Grace Period Extension [Applicable/Not Applicable] [If Applicable: Grace Period: [●]] [Governmental Intervention] (<i>Only available if Underlying Schedule 2 – Credit Linked Conditions (2014 Definitions) applies</i>) [Obligation Default] [Obligation Acceleration] [Repudiation/Moratorium] [Restructuring] Provisions relating to Multiple Holder Obligation: Credit Condition [2] (<i>if Underlying Schedule 1 – Credit Linked Conditions applies</i>) / [3] (<i>if Underlying Schedule 2 – Credit Linked Conditions (2014 Definitions) applies</i>)(l): [Applicable/Not Applicable] Provisions relating to Restructuring Credit Event: Credit Condition [2] (<i>if Underlying Schedule 1 – Credit Linked Conditions applies</i>) / [3] (<i>if Underlying Schedule 2 – Credit Linked Conditions (2014 Definitions) applies</i>)(k): [Applicable/Not Applicable] [[Restructuring Maturity Limitation and Fully Transferable Obligation] (<i>if Underlying Schedule 1 – Credit Linked Conditions applies</i>) / [Mod R] (<i>if Underlying Schedule 2 – Credit Linked Conditions (2014 Definitions) applies</i>): [Applicable/Not Applicable]] [[Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation] (<i>if Underlying Schedule 1 – Credit Linked Conditions</i>

applies) / [Mod Mod R] (if Underlying Schedule 2 – Credit Linked Conditions (2014 Definitions) applies): [Applicable/Not Applicable]]

- (I) Financial Reference Entity Terms: [Applicable/Not Applicable] *(Not Applicable if Underlying Schedule 1 – Credit Linked Conditions applies)*
- (J) Subordinated European Insurance Terms: [Applicable/Not Applicable] *(Not Applicable if Underlying Schedule 1 – Credit Linked Conditions applies)*
- (K) Default Requirement: [●]
- (L) Payment Requirement: [●]
- (M) Credit Event Backstop Date: [Applicable/Not Applicable]
- (N) Notice of Publicly Available Information: [Applicable/Not Applicable]
[If Applicable:
Public Source(s): [●]]
Specified Number: [●]]
- (O) DC Determinations: [Applicable/Not Applicable]
- (P) DC Methodology Asset Market Value: [Applicable/Not Applicable] *(Not Applicable if Underlying Schedule 1 – Credit Linked Conditions applies)*
- (Q) DC Approved Successor Rate Source: [Applicable/Not Applicable] *(Not Applicable if Underlying Schedule 1 – Credit Linked Conditions applies)*
- (R) DC Asset Package Value: [Applicable/Not Applicable] *(Not Applicable if Underlying Schedule 1 – Credit Linked Conditions applies)*
- (S) DC Settlement Suspension: [Applicable/Not Applicable]
- (T) Obligation(s):
- I. Obligation Category: [Payment]
[Borrowed Money]
[Reference Obligation Only]
[Bond]
[Loan]
[Bond or Loan]
[Not Applicable]]

(select one only or specify as Not Applicable as required)

- II. Obligation Characteristics: [Not Subordinated]
 [Specified Currency:
 [●] [Standard Specified Currencies]]
 [Not Sovereign Lender]
 [Not Domestic Currency:]
 [Domestic Currency means: [●]]
 [Not Domestic Law]
 [Listed]
 [Not Domestic Issuance]
 [Not Applicable]
- (select all of which apply or specify as Not Applicable as required)*
- III. Additional Obligation(s): [●][Reference Assets][Not Applicable]
- (U) Excluded Obligation(s): [●][Not Applicable]
- (V) Merger Event: [(a) Credit Condition [2] (if Underlying Schedule 1 – Credit Linked Conditions applies) / [3] (if Underlying Schedule 2 – Credit Linked Conditions (2014 Definitions) applies)(j): [Applicable/Not Applicable]
 [If Applicable:
 (b) Merger Event Redemption Date: [●]]
- (W) Unwind Costs: [[●]/Standard Unwind Costs/Not Applicable]
- (X) Settlement Method: [Auction Settlement Applicable][[LA] Cash Settlement Applicable][Physical Delivery [(LA Physical Settlement)] Applicable]
- (Y) Credit Event Redemption Amount: [●][Not Applicable]
- (Z) Credit Event Redemption Date: [[●] Business Days/Credit Event Determination Date][Not Applicable]
- (AA) LA Credit Linked Provisions: [The Credit Linked Notes are LA Credit Linked Notes and the provisions of Credit Condition [5] (if Underlying Schedule 1 – Credit Linked Conditions applies) / [6] (if Underlying Schedule 2 – Credit Linked Conditions (2014 Definitions) applies) apply /Not Applicable]
(If the relevant provisions are Not Applicable, delete the remaining sub-paragraphs of this paragraph)
- I. Reference Asset(s): [●][Not Applicable]
- II. Maturity Date of Reference: [●][Not Applicable]

Assets:

- III. Reference Assets Only Settlement [Applicable][Not Applicable]
- IV. Reference Custodian: [●][Not Applicable]
- V. Reference Jurisdiction: [●][Not Applicable]
- VI. LA Relevant Currency: [●][Not Applicable]
- VII. USD Principal Amount: [[●]/The aggregate principal amount of Notes outstanding/Not Applicable]
- VIII. LCY Reference Amount: [[●]/The aggregate principal amount of Notes outstanding/Not Applicable]
- IX. Applicable Principal Currency Amount: [USD Principal Amount/LCY Reference Amount/The aggregate principal amount of Notes outstanding]
- X. LA Interest: [Applicable][Not Applicable]

LA Interest Amounts (If not applicable, delete the table below)

Interest Payment Date, in each case subject as provided in the Credit Conditions	LA Interest Amount
[●]	[local currency amount] divided by the applicable FX Rate.
[●]	[local currency amount] divided by the applicable FX Rate.
[●]	[local currency amount] divided by the applicable FX Rate.

- XI. Additional Risk Event: [Applicable: [Inconvertibility Event][Ownership Restriction Event][Settlement/Custodial Event][Underlying RMB Currency Event]/Not Applicable]
- XII. Additional Risk [Trade Date/Issue Date/Not Applicable]

	Event Date:	Start	
XIII.	Potential Event Postponement:	Risk	[Applicable/Not Applicable]
XIV.	LA Settlement	Cash	[Applicable – see also item 14(iv)(C) below][Not Applicable]
XV.	LA Settlement:	Physical	[Applicable – see item 14(iv)(C) below][Not Applicable]
XVI.	Fixed Recovery LA Redemption Amount:		[Applicable. The Fixed Recovery LA Redemption Amount is [[●]][●] per cent. of [the Applicable Principal Currency Amount][the aggregate principal amount of the Notes outstanding]][, divided by the FX Rate]][Not Applicable]
XVII.	LA Recovery:	Zero	[Applicable/Not Applicable]
XVIII.	Credit Business Day Convention:		[Following/Modified Following/Preceding] [Not Applicable] <i>(Specify Not Applicable if Underlying Schedule 1 – Credit Linked Conditions applies)</i>
XIX.	LA Redemption Amount:	Final	[[●]][, divided by the FX Rate]][As set out in Credit Condition [7][8]]

PROVISIONS RELATING TO ANY INTEREST AMOUNT, THE REDEMPTION AMOUNT AND ANY ASSET AMOUNT DELIVERABLE IN RELATION TO THE NOTES

13. **Interest Provisions:** [Applicable – [the Notes are [Fixed Rates Notes/Floating Rate Notes]][the Notes pay the LA Interest Amount (see item 12(X) above)][Not Applicable]

(If not applicable or the Notes pay LA Interest, delete the remaining sub-paragraphs of this paragraph)

(A) Fixed Rate Note Provisions [Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

[EITHER:

I. Accrual: Not Applicable

II. Interest Payment Date(s): Subject as provided in the Credit Conditions, [●][each Instalment Date and the Scheduled Maturity Date]

(NB. For certain Renminbi denominated Fixed Rate Notes in respect of which the Interest Payment Dates are subject to modification, insert Modified Following Business Day Convention)

- III. Interest Amount: [●], payable on the Interest Payment Date scheduled to fall [in/on] [●] *(specify amount for each Interest Payment Date where different)*

OR:

- I. Accrual: Applicable
- II. Rate of Interest: [●] per cent. per annum [payable [annually/semi-annually/quarterly] in arrear]
- III. Interest Payment Date(s): [Subject as provided in the Credit Conditions, [●] [in each year]][Subject as provided in the Credit Conditions, each Instalment Date and the Scheduled Maturity Date] [adjusted in accordance with the [●] Business Day Convention/not adjusted]

(NB. For certain Renminbi denominated Fixed Rate Notes in respect of which the Interest Payment Dates are subject to modification, insert Modified Following Business Day Convention)

- IV. Interest Period End Date(s): [●] [in each year] [adjusted in accordance with the [●] Business Day Convention/not adjusted]
- V. Interest Amount(s): [[●], payable on the Interest Payment Date scheduled to fall [in/on] [●] *(if applicable specify amount for each relevant Interest Payment Date)*]/As set out in the Valuation and Settlement Schedule]
- VI. Broken Amount(s): [[●], payable on the Interest Payment Date scheduled to fall [in/on] [●] *(if applicable specify amount for each relevant Interest Payment Date)*] [Not Applicable]

(Insert particulars of any initial or final broken interest amounts which do not correspond with the Interest Amount)

- VII. Day Count Fraction: [Actual/Actual (ICMA)]/[Actual/Actual (ISDA)]
[Actual/365 (Fixed)]/[Actual/365] *(N.B. Applicable for Fixed Rate Notes denominated in Renminbi.)*
[Actual/365 (Sterling)]
[Actual/360]
[30/360]
[30E/360]/[Eurobond Basis]
[30E/360 (ISDA)]
- VIII. Determination Dates: [Not Applicable/[●] in each year *(insert regular interest payment dates, ignoring issue date or maturity date in*

the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA))]

- (B) Floating Rate Note Provisions: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- I. Specified Period(s)/Specified Interest Payment Date(s): [Subject as provided in the Credit Conditions, [●] [in each year]][Subject as provided in the Credit Conditions, each Instalment Date and the Scheduled Maturity Date] [adjusted in accordance with the [●] Business Day Convention/not adjusted]
 - II. Interest Period End Date(s): [●] [in each year] [adjusted in accordance with the [●] Business Day Convention/not adjusted]]
 - III. Manner in which the Interest Rate(s) is/are to be determined: [Screen Rate Determination/ISDA Determination]
 - IV. Party responsible for calculating the Interest Rate(s) and/or Interest Amount(s): [Calculation Agent/[●]]
 - V. Screen Rate Determination: [Applicable/Not Applicable]
 - Reference Rate: [●] month [(the **Designated Maturity**) (*include where Linear Interpolation is applicable*)] [*insert currency*] [EURIBOR/LIBOR/STIBOR/NIBOR/CIBOR/TIBOR/HIBOR] [BBSW (being the Sydney average mid rate for AUD bills of exchange)] [BKBM (being the Wellington rate for New Zealand Dollar bills of exchange)]
 - Specified Time: [●][Not Applicable]
 - Relevant Financial Centre: [●][Not Applicable]
 - Interest Determination Date(s): [[●]/[●] day on which commercial banks are open for business (including dealing in foreign exchange and foreign currency deposits) in [●] prior to the start of each Interest Period/First day of each Interest Period/[●] day on which the TARGET2 System is open prior to the start of each Interest Period]

	• Page:	[●]
VI.	ISDA Determination:	[Applicable/Not Applicable]
	• Floating Rate Option:	[●]
	• Designated Maturity:	[●]
	• Reset Date:	[●][First day of the relevant Interest Period]
VII.	Linear Interpolation:	[Not Applicable/Applicable - the Interest Rate for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (<i>specify for each short or long interest period</i>)]
VIII.	Margin(s):	[Not Applicable/[+/-][●] per cent. per annum]
IX.	Minimum Interest Rate:	[[●] per cent. per annum/Not Applicable]
X.	Maximum Interest Rate:	[[●] per cent. per annum/Not Applicable]
XI.	Day Count Fraction:	[Actual/Actual (ISDA)] [Actual/360] [Actual/365 (Fixed)]/[Actual/365] [Actual/365 (Sterling)] [30/360 / [360/360] / [Bond Basis][30E/360] / [Eurobond Basis] [30E/360 (ISDA)]

14. **Redemption Provisions:**

(i)	Issuer Call	[Applicable/Not Applicable]
		<i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(A)	Optional Redemption Date(s):	[●]
(B)	Optional Redemption Amount:	[●] [Recovery Value [and, for which purpose, [●] shall be deemed to be the LA Valuation Date in respect of [each Optional Redemption Date] [the Optional Redemption Date falling on or around [●]] (<i>specify each where different</i>)]
(C)	If redeemable in part:	[Applicable][Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

I. Minimum Redemption Amount: [●]

II. Maximum Redemption Amount: [●]

(D) Notice period: [As set out in the General Conditions] [Not less than [●] Business Days]

(N.B. If setting notice periods which are different to those provided in the General Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example clearing systems (which require a minimum of 5 business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Fiscal Agent).

(ii) Investor Put [Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(A) Optional Redemption Date(s): [●]

(B) Optional Redemption Amount: [●] [Recovery Value [and, for which purpose, [●] shall be deemed to be the LA Valuation Date in respect of [each Optional Redemption Date] [the Optional Redemption Date falling on or around [●]] (specify each where different)]

(C) Notice period: [As set out in the General Conditions] [Not less than [●] Business Days]

(N.B. If setting notice periods which are different to those provided in the General Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example clearing systems (which require a minimum of 15 business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Fiscal Agent)

(iii) Redemption Amount: [[●]/See item [(iv)] below] [LA Final Redemption Amount] [Recovery Value [and, for which purpose, [●] shall be deemed to be the LA Valuation Date]]

(iv) Underlying Linked Notes [Not Applicable/Applicable]

Redemption Provisions

(If Not Applicable, delete the remaining sub-paragraphs of this paragraph)

- (A) Provisions relating to Auction Settlement [Applicable/Not Applicable]
- (If Not Applicable, delete the remaining sub-paragraphs of this paragraph)*
- I. Fallback Settlement Method: [Cash Settlement/Physical Delivery]
- II. Auction Final Price Cut-Off Date: [Applicable][Applicable – [●] days] [Not Applicable]
- III. [Auction Cut-Off Date: [●]] *(If not specified, Credit Linked Conditions provide for ninety calendar days after the Maturity Date)*
- (B) Provisions relating to Cash Settlement [Applicable/Not Applicable/LA Cash Settlement applies]
- (If Not Applicable or if LA Cash Settlement applies, delete the remaining sub-paragraphs of this paragraph)*
- I. Maturity Date Settlement: [Applicable][Not Applicable]
- II. Final Price: [Reference Obligation Final Price][Deliverable Obligation Final Price][Fixed Recovery]
- (If Deliverable Obligation Final Price is applicable complete the relevant Deliverable Obligation details under item (C) below)*
- III. Fixed Recovery: [Applicable – [●] per cent. is the Final Price] [Not Applicable]
- IV. Valuation Date: [Single Valuation Date: [●] Business Days]
- [Multiple Valuation Dates: [●] Business Days; and each [●] Business Days thereafter]
- Number of Valuation Dates: [●]
- V. Valuation Time: [●]
- VI. Quotation Method: [Bid/Offer/Mid-market]

VII.	Quotation Amount:	[[●]/Representative Amount]
VIII.	Minimum Quotation Amount:	[[●]/Not Applicable]
IX.	Quotation Dealers:	[●]
X.	<i>[If Underlying Schedule 1 – Credit Linked Conditions applies, insert: Quotations] [If Underlying Schedule 2 – Credit Linked Conditions (2014 Definitions) applies, insert: Accrued Interest]:</i>	[Include Accrued Interest/Exclude Accrued Interest]
XI.	Valuation Method:	<p>[Market/Highest]</p> <p>[Average Market/Highest/Average Highest]</p> <p>[Blended Market/Blended Highest] <i>(Only available if Underlying Schedule 1 – Credit Linked Conditions applies)</i></p> <p>[Average Blended Market/Average Blended Highest] <i>(Only available if Underlying Schedule 1 – Credit Linked Conditions applies)</i></p>
(C)	Provisions relating to Physical Delivery Notes	<p>[Applicable/Not Applicable/LA Physical Settlement applies/Applicable only for the purposes of determining Deliverable Obligations for [LA] Cash Settlement]</p> <p><i>(If not applicable or if LA Physical Settlement and Reference Assets Only Settlement applies, delete the remaining sub-paragraphs of this paragraph)</i></p> <p><i>(N.B. If the Notes are Physical Delivery Notes, physical delivery of any Relevant Asset must be made in compliance with the provisions of the United States Securities Act of 1933, as amended and the Investment Company Act of 1940, as amended. Provisions relating to Physical Delivery Notes will only be applicable for LA Cash Settlement Notes if Reference Assets Only</i></p>

Settlement is specified as not applicable)

- I. Physical Settlement Period: ☐ Business Days][Not Applicable]
- II. *[If Underlying Schedule 1 – Credit Linked Conditions applies, insert: Asset Amount]* *[If Underlying Schedule 1 – Credit Linked Conditions applies, insert: [Not Applicable/Include Accrued Interest/Exclude Accrued Interest]]* *[If Underlying Schedule 2 – Credit Linked Conditions (2014 Definitions) applies, insert: [Applicable/Not Applicable]]*
[If Underlying Schedule 2 – Credit Linked Conditions (2014 Definitions) applies, insert: Include Accrued Interest]:
- III. Deliverable Obligations:
- Deliverable Obligation Category: [Payment]
[Borrowed Money]
[Reference Obligation Only]
[Bond]
[Loan]
[Bond or Loan]
- (select one only or specify as Not Applicable if LA Credit Linked Notes and Reference Assets Only Settlement is Applicable)*
- Deliverable Obligation Characteristics: [Not Subordinated]
[Specified Currency: ☐ [Standard Specified Currencies]
[Not Sovereign Lender]
[Not Domestic Currency]
[Domestic Currency means: *[specify currency]*]
[Not Domestic Law]
[Listed]
[Not Contingent] *(Only available if Underlying Schedule 1 – Credit Linked Conditions applies)*
[Not Domestic Issuance]
[Assignable Loan]
[Consent Required Loan]
[Direct Loan Participation]
[Qualifying Participation Seller: - *insert details*]
[Transferable]
[Maximum Maturity: ☐]
[Accelerated or Matured]

[Not Bearer]

(select all which apply or specify as Not Applicable if LA Credit Linked Notes and Reference Assets Only Settlement is Applicable)

- Additional Deliverable Obligation(s): ☒ [Reference Assets] [Not Applicable]

IV. Excluded Deliverable Obligation(s): ☒ [Not Applicable]

V. Indicative Quotations: ☐ [Applicable/Not Applicable]

VI. Cut-off Date: ☒ [Not Applicable]

VII. Hedge Disruption Event: ☐ [Applicable/Not Applicable]

15. **Early Redemption Amount:** [As determined in Condition 5(d)(a) of the General Conditions] [Recovery Value]

16. **Issuer Regulatory Call Event:** ☐ [Applicable/Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

17. **Form of Notes:**

Regulation S Global Registered Note Certificate (U.S.\$☒ principal amount) registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg]/Rule 144A Global Registered Note Certificate (U.S.\$☒ principal amount registered in the name of a nominee for [DTC/ a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg])

18. **New Safekeeping Structure:** ☐ [No/Yes – New Safekeeping Structure applies] [Not Applicable]

19. **Business Centres:** ☒

(N.B. this paragraph relates to the definition of Business Day)

20. **Business Day Jurisdiction(s) or other special provisions relating to payment dates:** ☐ [Not Applicable/New York City/☒] *(N.B. this paragraph relates to the date and place of payment)*

21. RMB Currency Event: [Applicable] [Not Applicable]
22. RMB Settlement Centre(s): [Not Applicable/*give details*]
23. Relevant Currency: [USD]/[*give details*] [Not Applicable]
24. Relevant Currency Valuation Time: [●] [Not Applicable]
25. Relevant Spot Rate Screen Page: [●][Not Applicable]
26. Details relating to Instalment Notes:
- (a) LCY Instalment Notes: [Applicable][Not Applicable]
- [(b) Instalment Amount(s): [Not Applicable/*give details*]
- (c) Instalment Date(s): [Not Applicable][Subject as provided in the Credit Conditions, [*give details*]]

[For LCY Instalment Notes, insert:

(b) Instalment Date(s) and
Instalment Amount(s):

Instalment Date, subject as provided in the Credit Conditions	LCY Instalment Amount	Instalment Amount
[●]	[<i>local currency amount</i>]	LCY Instalment Amount divided by the applicable FX Rate.
[●]	[<i>local currency amount</i>]	LCY Instalment Amount divided by the applicable FX Rate.
[●]	[<i>local currency amount</i>]	LCY Instalment Amount divided by the applicable FX Rate.]

27. Redenomination: [Not Applicable]/[Applicable: The provisions of Condition 16 of the General Conditions apply]
28. Further Issues: [Not Applicable – the provisions of Condition 12 of the General Conditions do not apply] [Applicable – the provisions of Condition 12 of the General Conditions apply] [Credit Condition [5][6](h) applies (*Include for LA Credit Linked Notes*)]

29. Name and address of Calculation Agent: Citigroup Global Markets Limited/Citigroup Global Markets Inc. (acting through its [●] department/group (or any successor department/group)) at [●]

30. Determinations: [Sole and Absolute Determination/Commercial Determination]

31. Notices to the Issuer: [Applicable][Not Applicable]

[If applicable:

[Insert notice details for delivery of notices to the Issuer]

Notice Delivery Business Day Centre: [●]

Signed on behalf of the Issuer:

By:
Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

Admission to trading and listing: Application [has been/is expected to be] made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [specify relevant regulated market (for example, the Regulated Market of the Irish Stock Exchange) and, if relevant, listing on an official list (for example, the official list of the Irish Stock Exchange)] with effect from on or around [●]

[Tranche [●] of the Notes has been admitted to trading on [specify relevant regulated market (for example, the Regulated Market of the Irish Stock Exchange) and, if relevant, listing on an official list (for example, the official list of the Irish Stock Exchange)] with effect from [●] (Where documenting a fungible issue, need to indicate that original Notes are already admitted to trading)]

[Estimate of total expenses related to admission to trading: [●]] (specify where Annex XIII only applies)

2. RATINGS

Ratings: The Notes are [not] rated. [The rating of the Notes is:

(i) [S&P: [●]]

(ii) [Moody's: [●]]

(iii) [Fitch: [●]]

(iv) [[Other]: [●]]

[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider]*

[[Insert the legal name of the relevant credit rating agency entity] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended). [As such [insert the legal name of the relevant credit rating agency entity] is included in the list of credit ratings agencies published by the European Securities and Markets Authority on its website (<http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with such Regulation.]]

[[Insert the legal name of the relevant non-EU credit rating agency entity] is not established in the European

Union and is not registered in accordance with Regulation (EC) No. 1060/2009 (as amended). *[[Insert the legal name of the relevant non-EU credit rating agency entity]* is therefore not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs> in accordance with such Regulation.]

[[Insert the legal name of the relevant non-EU credit rating agency entity] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). The ratings have been endorsed by *[insert the legal name of the relevant EU-registered credit rating agency entity]* in accordance with the CRA Regulation. *[Insert the legal name of the relevant EU-registered credit rating agency entity]* is established in the European Union and registered under the CRA Regulation. *[As such [insert the legal name of the relevant EU credit rating agency entity]* is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs> in accordance with the CRA Regulation.]] The European Securities Markets Authority has indicated that ratings issued in *[Japan/Australia/the USA/Canada/Hong Kong/Singapore/Argentina/ Mexico (delete as appropriate)]* which have been endorsed by *[insert the legal name of the relevant EU CRA entity that applied for registration]* may be used in the European Union by the relevant market participants.]

[[Insert the legal name of the relevant non-EU credit rating agency entity] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**) but it *[is]/[has applied to be]* certified in accordance with the CRA Regulation~~[[EITHER:]~~ and it is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs> in accordance with the CRA Regulation] ~~[[OR:]~~ although notification of the corresponding certification decision has not yet been provided by the European Securities and Markets Authority and *[insert the legal name of the relevant non-EU credit rating agency entity]* is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].

[[*Insert legal name of the relevant credit rating agency*] is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009 (as amended), although notification of the corresponding registration decision has not yet been provided by the European Securities and Markets Authority [and *insert the legal name of the relevant credit rating agency*] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs> in accordance with such Regulation].]

[[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). However, the application for registration under the CRA Regulation of *insert the legal name of the relevant EU credit rating agency entity that applied for registration*], which is established in the European Union, disclosed the intention to endorse credit ratings of *insert the legal name of the relevant non-EU credit rating agency entity*], although notification of the corresponding registration decision has not yet been provided by the European Securities and Markets Authority and *insert the legal name of the relevant EU credit rating agency entity*] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs> in accordance with the CRA Regulation].

The European Securities Markets Authority has indicated that ratings issued in [Japan/Australia/the USA/Canada/Hong Kong/Singapore/Argentina/Mexico (*delete as appropriate*)] which have been endorsed by *insert the legal name of the relevant EU CRA entity that applied for registration*] may be used in the EU by the relevant market participants.]]]

[If reference is made to the ratings of Citigroup Inc. then insert the legal name of the relevant credit rating agency entity and the status of its application under the CRA Regulation]

[Include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider]

(The above disclosure should reflect the rating

allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

[Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

[Save for any fees payable to [the Dealer[s]/the distributors/specify]/Save as discussed in ["Subscription and sale and transfer and selling restrictions"]], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the Offer [. The [Dealers/distributors] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and the CGMHI Guarantor and their affiliates in the ordinary course of business - Amend as appropriate if there are other interests]]]

(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive)

4. [REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

(i) Reasons for the Offer: [See "Use Of Proceeds" in the section entitled "Description of The Issuer" in the Base Prospectus][●]

(If reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here and then also complete (ii) and (iii) below)]

(ii) [Estimated net proceeds: [●]

(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding)

(iii) Estimated total expenses: [●]

(Expenses are required to be broken down into each principal intended "use" and presented in order of priority of such "uses")

(It is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where reasons for the offer are different from making profit and/or hedging certain risks and such reasons are included at (i) above and Annex XII applies N.B. the Use Of Proceeds disclosure in the Base Prospectus is different from making profit and/or hedging certain risks)]

5. [YIELD (Fixed Rate Notes only)

Indication of yield: [●]

6. OPERATIONAL INFORMATION

ISIN: [●]

Common Code: [●]

CUSIP [and CINS]: [●]

Any clearing system(s) other than Euroclear, Clearstream, Luxembourg and DTC and the relevant identification number(s) and details relating to the relevant depositary, if applicable: [Not Applicable/*give name(s) and number(s)* [and references to the [Relevant Clearing System/(*specify*)] shall be deemed to be references to such clearing system]

[The Notes will be accepted for settlement in Euroclear UK & Ireland (CREST) via the CREST Depositary Interest (CDI) mechanism]

Delivery: Delivery [versus/free of] payment

Registrar and Transfer Agent: [Citigroup Global Markets Deutschland AG][Not Applicable]

Names and addresses of additional Paying Agent(s) (if any): [●][Not Applicable]

Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper, that is, held under the New Safekeeping Structure (NSS), and does not necessarily mean that the Notes will be recognized as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met]

[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper (and registered in the name of a nominee of one of the ICSDs acting as common safekeeper, that is, held under the NSS. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility

criteria have been met.]

7. DISTRIBUTION

- (i) Method of distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated, names [and addresses of the Lead Manager and the other Managers and underwriting commitments]: [Not Applicable/give names, addresses and underwriting commitments]
- (Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers)*
- (iii) [Date of [Subscription] Agreement: [Not Applicable][specify]]
- (iv) Stabilising Manager(s) (if any): [Not Applicable/give name]
- (v) If non-syndicated, name and address of Dealer: [Not Applicable/give name and address]
- (vi) [Total commission and concession: [None/[●] per cent. of the Aggregate Principal Amount/No commissions and concessions are payable by the Issuer to the Dealer. The [(specify type of fee or commission)] payable by the Dealer to any distributor is (specify) of the Aggregate Principal Amount. Investors can obtain more information about the fee by contacting the Dealer at the address set out herein]]

8. UNITED STATES TAX CONSIDERATIONS

[For U.S. federal income tax purposes, the Issuer intends to treat the Notes as [fixed-rate debt/fixed-rate debt issued with OID/OID Notes/contingent payment debt instruments, [for which purpose, the comparable yield relating to the Notes will be [●]% compounded [semi-annually/quarterly/monthly], and that the projected payment schedule with respect to a Note consists of the following payments: [●]/for which purpose, the comparable yield and the projected payment schedule are available by contacting [●] at [●]]/variable rate debt instruments/variable rate debt instruments issued with OID/foreign currency Notes/foreign currency Notes issued with OID/foreign currency contingent payment debt instruments, [for which purpose, the comparable yield relating to the Notes will be [●]% compounded [semi-annually/quarterly/monthly], and that the projected payment schedule with respect to a Note consists of the following payments: [●]/for which purpose, the comparable yield and the projected payment schedule are available by contacting [●] at [●]]/short-term Notes/[specify other].]

The Issuer has determined that the Notes are not Specified Notes for the purpose of Section 871(m).

SECTION E.4 –PRO FORMA PRICING SUPPLEMENT

(for use in relation to Notes to which the Prospectus Directive does not apply)

Pricing Supplement dated []

Citigroup Global Markets Holdings Inc.

Issue of [*Specify Aggregate Principal Amount of Tranche/(specify aggregate number of Units of Tranche)* Units of (*specify principal amount of each Unit*)] [*Title of Notes*]

Guaranteed by Citigroup Inc.

Under the Citi U.S.\$10,000,000,000 Global Structured Note Programme

No prospectus is required in accordance with the Prospectus Directive (as defined below) in relation to Notes which are the subject of this Pricing Supplement.

For the purposes hereof, the expression **Prospectus Directive** means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) and includes any relevant implementing measure in a Relevant Member State.

The Notes and the CGMHI Deed of Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**) or any state securities law. [The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act (**Regulation S**) and may not be offered or sold within the United States or to, or for the account or benefit of, any U.S. person (as defined in Regulation S). Each purchaser of the Notes or any beneficial interest therein will be deemed to have represented and agreed that it is outside the United States and is not a U.S. person and will not sell, pledge or otherwise transfer the Notes or any beneficial interest therein at any time within the United States or to, or for the account or benefit of, a U.S. person, other than the Issuer or any affiliate thereof.]³ [The Notes are being offered and sold solely to "qualified institutional buyers" (**QIBs**) in reliance on the exemption from registration under the Securities Act provided by Rule 144A thereunder (**Rule 144A**). Each purchaser of the Notes or any beneficial interest therein will be deemed to have represented and agreed that it and each account for which it is purchasing (or holding) Notes is a QIB and that it will not sell, pledge or otherwise transfer the Notes or any beneficial interest therein at any time to any person other than (a) the Issuer or any affiliate thereof or (b) a person it reasonably believes to be a QIB purchasing the Notes for its own account or for the account of one or more QIBs in a transaction meeting the requirements of Rule 144A and in accordance with all applicable securities laws of any State of the United States and any other jurisdiction.]⁴ The Notes and the CGMHI Deed of Guarantee [and [any Asset Amounts] [LA Settlement Assets]] do not constitute, and have not been marketed as, contracts of sale of a commodity for future delivery (or options thereon) subject to the United States Commodity Exchange Act, as amended, and trading in the Notes [and any [Asset Amounts] [LA Settlement Assets]] has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended. For a description of certain restrictions on offers and sales of Notes, see "*General Information relating to the Programme and the Notes - Subscription and sale and transfer and selling restrictions*" in the Base Listing Particulars.

The Notes may not be offered or sold to, or acquired by, any person that is, or whose purchase and holding of the Notes is made on behalf of or with "plan assets" of, an employee benefit plan subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended (**ERISA**), a plan, individual retirement account or other arrangement subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as

³ Include for Notes offered in reliance on Regulation S.

⁴ Include for Notes offered in reliance on Rule 144A.

amended (the **Code**) or an employee benefit plan or plan subject to any laws, rules or regulations substantially similar to Title I of ERISA or Section 4975 of the Code.

PART A – CONTRACTUAL TERMS

This document constitutes the Pricing Supplement of the Notes described herein and must be read in conjunction with the Base Listing Particulars. This document does not constitute Final Terms for the purposes of Article 5.4 of the Prospectus Directive. Full information on the Issuer, the CGMHI Guarantor and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Base Listing Particulars.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth under the section[s] entitled ["Terms and Conditions of the Notes", the Valuation and Settlement Schedule and the relevant Underlying Schedule[s]] in the Base Listing Particulars.

The Base Listing Particulars is available for viewing at the offices of the Paying Agents and on the web-site of the Central Bank of Ireland (www.centralbank.ie). [In addition, this Pricing Supplement is available [●]].

[Use this paragraph if the Base Listing Particulars has not been supplemented: For the purposes hereof, **Base Listing Particulars** means the Base Listing Particulars in relation to the Programme dated 24 March 2017.]

[Use this paragraph if the Base Listing Particulars has been supplemented: For the purposes hereof, **Base Listing Particulars** means the Base Listing Particulars relating to the Programme dated 24 March 2017, as supplemented by a Supplement (No.[]) dated [] ([the] **Supplement** [No.[]]) [and a Supplement (No.[]) dated [] (**Supplement No.**[] and, together with Supplement No.[], the **Supplements**)].]

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Pricing Supplement.]

1. (i) Issuer: Citigroup Global Markets Holdings Inc.
- (ii) Guarantor: Citigroup Inc.
2. (i) Series Number: [●]
- (ii) Tranche Number: [●]
(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)]
- (iii) Date on which the Notes will be consolidated and form a single Series: [Not Applicable] [The Notes will be consolidated and form a single Series with *[identify earlier Tranches]* on [●]/[the Issue Date]]
3. (i) Specified Currency or Currencies: [●]
- (ii) Settlement Currency: [●]
4. Aggregate Principal Amount:
 - (i) Series: [●][Units (each Unit being [●] in principal amount of the Notes)]

- (ii) Tranche: [●][Units (each Unit being [●] in principal amount of the Notes)]
- [The Notes are issued in Units. Accordingly, references herein to Units shall be deemed to be references to [●] in principal amount of the Notes and all references in the Conditions to payments and/or deliveries being made in respect of a Calculation Amount shall be construed to such payments and/or deliveries being made in respect of a Unit]
5. Issue Price: [[●] per cent. of the Aggregate Principal Amount][*insert currency amount*] (being equal to [●] per cent. of the Aggregate Principal Amount, converted into [*insert currency*] at an FX rate of [●]) [plus accrued interest from [●]] (*insert for fungible issues, if applicable*)
6. (i) Specified Denominations: [●][Unit]
- (*this means the minimum integral amount in which transfers can be made*)
- (*Note – where multiple denominations above [€100,000] or equivalent are being used the following sample wording should be followed:*
- “[€100,000] and integral multiples of [€1,000] in excess thereof ”.*)
- (ii) Calculation Amount: [●][Unit]
- (*If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations*)
7. (i) Issue Date: [●]
- (ii) Interest Commencement Date: [[●]/Issue Date/Not Applicable]
8. Maturity Date: [●][, subject to adjustment in accordance with the [Modified][Preceding][Following] Business Day Convention] [Interest Payment Date falling on or nearest to [●]] [(the **Scheduled Maturity Date**) subject as provided in the Credit Conditions]
- (*NB. For certain Renminbi denominated Fixed Rate Notes in respect of which the Interest Payment Dates are subject to modification, Modified Following Business Day Convention should apply.*)
9. Type of Notes: [The Notes are [Fixed Rate Notes][Floating Rate

Notes][The Notes pay the LA Interest Amount]][The Notes do not bear or pay any interest]

[The Notes are Underlying Linked Notes [that are Credit Linked Notes]]

[The Notes are Instalment Notes]

The Notes are Cash Settled Notes [and/or may be Physical Delivery Notes] [and the Redemption Amount is [●]][the LA Final Redemption Amount]]

10. Put/Call Options: [Issuer Call as specified in item 14(i) below]
[Investor Put as specified in item 14(ii) below]
[Not Applicable]

11. (i) Status of the Notes: Senior
- (ii) Status of the CGMHI Deed of Guarantee: Senior

PROVISIONS RELATING TO UNDERLYING LINKED NOTES

12. **Underlying Linked Notes Provisions:** [Applicable – the Notes are [Credit Linked Notes and the provisions in [Underlying Schedule 1 - Credit Linked Conditions]][Underlying Schedule 2 – Credit Linked Conditions (2014 Definitions)]/linked to [●] and the provisions set out in the Schedule attached hereto] apply/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (A) Trade Date: [●]
- (B) First to Default Notes: [Applicable/Not Applicable]
- Spread Requirement Percentage [[●]/Not Applicable]
- (C) Calculation Agent City: [●]
- (D) Reference Entity(ies): [●]
- (E) Succession Event Backstop Date: [Applicable/Not Applicable] *(Not Applicable if Underlying Schedule 2 – Credit Linked Conditions (2014 Definitions) applies)*
- (F) Reference Obligation(s): [●][Not Applicable]
- Standard Reference Obligation: [Applicable/Not Applicable] *(Not Applicable if Underlying Schedule 1 – Credit Linked Conditions applies)*

[If Standard Reference Obligation is applicable, insert:

Senior Level: [Applicable/Not Applicable]

Subordinated Level: [Applicable/Not Applicable]

(N.B. If Standard Reference Obligation is applicable, consider whether any amendments are required to the Credit Conditions to address the possibility that an SRO may be removed from the SRO List).

[If Underlying Schedule 2 – Credit Linked Conditions (2014 Definitions) applies and there is a Non-Standard Reference Obligation, insert:

Non-Standard Reference Obligation:]

[The obligation[s] (specify each) identified as follows:

- Primary Obligor: [●]
- Guarantor: [●]
- Maturity: [●]
- Coupon: [●]
- CUSIP/ISIN: [●] *(Only include for Underlying Schedule 2 – Credit Linked Conditions if Standard Reference Obligation does not apply or Standard Reference Obligation applies but has not yet been published and an initial Non-Standard Reference Obligation is required until publication)*

Deliverable Obligations for Reference Obligation purposes: [Applicable/Not Applicable] *(Not Applicable if Underlying Schedule 1 – Credit Linked Conditions applies or if the Notes are Reference Obligation Only Notes in which case delete the remaining subparagraphs below)*

- [Deliverable Obligation Category: [Payment]
[Borrowed Money]
[Bond]
[Loan]
[Bond or Loan]
- Deliverable Obligation [Not Subordinated]
[Specified Currency:
[●] [Standard Specified Currencies]

- Characteristics: [Not Sovereign Lender]
 [Not Domestic Currency]
 [Domestic Currency means: *[specify currency]*]
 [Not Domestic Law]
 [Listed]
 [Not Domestic Issuance]
 [Assignable Loan]
 [Consent Required Loan]
 [Direct Loan Participation]
 [Qualifying Participation Seller: - *insert details*]
 [Transferable]
 [Maximum Maturity:
 [●]]
 [Accelerated or Matured]
 [Not Bearer]]
- (G) All Guarantees: [Applicable/Not Applicable]
- (H) Credit Events: [Bankruptcy]
 [Failure to Pay]
 [Grace Period Extension [Applicable/Not Applicable]
 [If Applicable:
 Grace Period: [●]]
 [Governmental Intervention] (*Only available if Underlying Schedule 2 – Credit Linked Conditions (2014 Definitions) applies*)
 [Obligation Default]
 [Obligation Acceleration]
 [Repudiation/Moratorium]
 [Restructuring]
 Provisions relating to Multiple Holder Obligation:
 Credit Condition [2] (*if Underlying Schedule 1 – Credit Linked Conditions applies*) / [3] (*if Underlying Schedule 2 – Credit Linked Conditions (2014 Definitions) applies*)(l): [Applicable/Not Applicable]
 Provisions relating to Restructuring Credit Event:
 Credit Condition [2] (*if Underlying Schedule 1 – Credit Linked Conditions applies*) / [3] (*if Underlying Schedule 2 – Credit Linked Conditions (2014 Definitions) applies*)(k): [Applicable/Not Applicable]
 [[Restructuring Maturity Limitation and Fully Transferable Obligation] (*if Underlying Schedule 1 – Credit Linked Conditions applies*) / [Mod R] (*if Underlying Schedule 2 – Credit Linked Conditions (2014 Definitions) applies*): [Applicable/Not Applicable]]
 [[Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation] (*if Underlying Schedule 1 – Credit Linked Conditions applies*) / [Mod Mod R] (*if Underlying Schedule 2 – Credit Linked Conditions (2014 Definitions) applies*): [Applicable/Not

- Applicable]]
[other]
- (I) Financial Reference Entity Terms: [Applicable/Not Applicable] *(Not Applicable if Underlying Schedule 1 – Credit Linked Conditions applies)*
- (J) Subordinated European Insurance Terms: [Applicable/Not Applicable] *(Not Applicable if Underlying Schedule 1 – Credit Linked Conditions applies)*
- (K) Default Requirement: [●]
- (L) Payment Requirement: [●]
- (M) Credit Event Backstop Date: [Applicable/Not Applicable]
- (N) Notice of Publicly Available Information: [Applicable/Not Applicable]
[If Applicable:
Public Source(s):[●]]
Specified Number:[●]]
- (O) DC Determinations: [Applicable/Not Applicable]
- (P) DC Methodology Asset Market Value: [Applicable/Not Applicable] *(Not Applicable if Underlying Schedule 1 – Credit Linked Conditions applies)*
- (Q) DC Approved Successor Rate Source: [Applicable/Not Applicable] *(Not Applicable if Underlying Schedule 1 – Credit Linked Conditions applies)*
- (R) DC Asset Package Value: [Applicable/Not Applicable] *(Not Applicable if Underlying Schedule 1 – Credit Linked Conditions applies)*
- (S) DC Settlement Suspension: [Applicable][Not Applicable]
- (T) Obligation(s):
- I. Obligation Category: [Payment]
[Borrowed Money]
[Reference Obligation Only]
[Bond]
[Loan]
[Bond or Loan]
[Not Applicable]
- (select one only or specify as Not Applicable as required)*
- II. Obligation [Not Subordinated]

	Characteristics:	[Specified Currency: <input type="checkbox"/> [Standard Specified Currencies]] <input type="checkbox"/> [Not Sovereign Lender] <input type="checkbox"/> [Not Domestic Currency:] <input type="checkbox"/> [Domestic Currency means: <input]]<br="" type="checkbox"/> <input type="checkbox"/> [Not Domestic Law] <input type="checkbox"/> [Listed] <input type="checkbox"/> [Not Domestic Issuance] <input type="checkbox"/> [Not Applicable]
		<i>(select all of which apply or specify as Not Applicable as required)</i>
	III. Additional Obligation(s):	<input type="checkbox"/> [Reference Assets] [Not Applicable]
(U)	Excluded Obligation(s):	<input type="checkbox"/> [Not Applicable]
(V)	Merger Event:	[(a)] Credit Condition [2] <i>(if Underlying Schedule 1 – Credit Linked Conditions applies)</i> / [3] <i>(if Underlying Schedule 2 – Credit Linked Conditions (2014 Definitions) applies)</i> (j): [Applicable/Not Applicable] [If Applicable: (b) Merger Event Redemption Date: <input type="checkbox"/>]
(W)	Unwind Costs:	<input type="checkbox"/> [Standard Unwind Costs/Not Applicable]
(X)	Settlement Method:	<input type="checkbox"/> [Auction Settlement Applicable] [<input type="checkbox"/> [LA] Cash Settlement Applicable] [<input type="checkbox"/> [Physical Delivery [<input type="checkbox"/> [LA Physical Settlement)] Applicable]
(Y)	Credit Event Redemption Amount:	<input type="checkbox"/> [Not Applicable]
(Z)	Credit Event Redemption Date:	<input type="checkbox"/> [Business Days/Credit Event Determination Date] [Not Applicable]
(AA)	LA Credit Linked Provisions:	[The Credit Linked Notes are LA Credit Linked Notes and the provisions of Credit Condition [5] <i>(if Underlying Schedule 1 – Credit Linked Conditions applies)</i> / [6] <i>(if Underlying Schedule 2 – Credit Linked Conditions (2014 Definitions) applies)</i> apply/Not Applicable] <i>(If the relevant provisions are not applicable or are to be set out in a Schedule, delete the remaining sub-paragraphs of this paragraph)</i>
	I. Reference Asset(s):	<input type="checkbox"/> [Not Applicable]
	II. Maturity Date of Reference Assets:	<input type="checkbox"/> [Not Applicable]

- III. Reference Assets Only Settlement: [Applicable][Not Applicable]
- IV. Reference Custodian: [●][Not Applicable]
- V. Reference Jurisdiction: [●][Not Applicable]
- VI. LA Relevant Currency: [●][Not Applicable]
- VII. USD Principal Amount: [[●]/The aggregate principal amount of Notes outstanding/Not Applicable]
- VIII. LCY Reference Amount: [[●]/The aggregate principal amount of Notes outstanding/Not Applicable]
- IX. Applicable Principal Currency Amount: [USD Principal Amount/LCY Reference Amount/The aggregate principal amount of Notes outstanding]
- X. LA Interest: [Applicable][Not Applicable]
- LA Interest Amounts: *(If not applicable, delete the table below)*

Interest Payment Date, subject as provided in the Credit Conditions	LA Interest Amount
[●]	<i>[local currency amount]</i> divided by the applicable FX Rate.
[●]	<i>[local currency amount]</i> divided by the applicable FX Rate.
[●]	<i>[local currency amount]</i> divided by the applicable FX Rate.

- XI. Additional Risk Event: [Applicable: [Inconvertibility Event][Ownership Restriction Event][Settlement/Custodial Event][Underlying RMB Currency Event]/Not Applicable]
- XII. Additional Risk Event Start Date: [Trade Date/Issue Date/Not Applicable]

- XIII. Potential Risk Event Postponement: [Applicable/Not Applicable]
- XIV. LA Cash Settlement [Applicable – see also item 14(iv)(C) below][Not Applicable]
- XV. LA Physical Settlement: [Applicable – see item 14(iv)(C) below][Not Applicable]
- XVI. Fixed Recovery LA Redemption Amount: [Applicable. The Fixed Recovery LA Redemption Amount is [[●]][●] per cent. of [the Applicable Principal Currency Amount][the aggregate principal amount of the Notes outstanding]][, divided by the FX Rate]][Not Applicable]
- XVII. LA Zero Recovery: [Applicable/Not Applicable]
- XVIII. Credit Business Day Convention: [Following/Modified Following/Preceding] [Not Applicable]
(Specify Not Applicable if Underlying Schedule 1 – Credit Linked Conditions applies)
- XIX. LA Final Redemption Amount: [[●]][, divided by the FX Rate]][As set out in Credit Condition [7][8]]

PROVISIONS RELATING TO ANY INTEREST AMOUNT, THE REDEMPTION AMOUNT AND ANY ASSET AMOUNT DELIVERABLE IN RELATION TO THE NOTES

13. **Interest Provisions:** [Applicable – [the Notes are [Fixed Rates Notes/Floating Rate Notes/(specify other)]]the Notes pay the LA Interest Amount (see item 12(X) above)]] [Not Applicable]

(If not applicable or the Notes pay LA Interest, delete the remaining sub-paragraphs of this paragraph)

- (A) Fixed Rate Note Provisions [Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

[EITHER:

- I. Accrual: Not Applicable
- II. Interest Payment Date(s): Subject as provided in the Credit Conditions, [●][each Instalment Date and the Scheduled Maturity Date]

(NB. For certain Renminbi denominated Fixed Rate

Notes in respect of which the Interest Payment Dates are subject to modification, insert Modified Following Business Day Convention)

- III. Interest Amount: [●], payable on the Interest Payment Date scheduled to fall [in/on] [●] (*specify amount for each Interest Payment Date where different*)

OR:

- I. Accrual: Applicable
- II. Rate of Interest: [●] per cent. per annum [payable [annually/semi-annually/quarterly] in arrear]
- III. Interest Payment Date(s): [Subject as provided in the Credit Conditions, [●] [in each year]] [Subject as provided in the Credit Conditions, each Instalment Date and the Scheduled Maturity Date] [adjusted in accordance with the [●] Business Day Convention/not adjusted]

(NB. For certain Renminbi denominated Fixed Rate Notes in respect of which the Interest Payment Dates are subject to modification, insert Modified Following Business Day Convention)

- IV. Interest Period End Date(s): [●] [in each year] [adjusted in accordance with the [●] Business Day Convention/not adjusted]
- V. Interest Amount(s): [[●], payable on the Interest Payment Date scheduled to fall [in/on] [●] (*if applicable specify amount for each relevant Interest Payment Date*)]/As set out in the Valuation and Settlement Schedule]
- VI. Broken Amount(s): [[●], payable on the Interest Payment Date scheduled to fall [in/on] [●] (*if applicable specify amount for each relevant Interest Payment Date*)] [Not Applicable]

(Insert particulars of any initial or final broken interest amounts which do not correspond with the Interest Amount)

- VII. Day Count Fraction: [Actual/Actual (ICMA)]
[Actual/Actual (ISDA)]
[Actual/360]
[Actual/365 (Fixed)]/[Actual/365] (*N.B. Applicable for Fixed Rate Notes denominated in Renminbi.*)
[Actual/365 (Sterling)]
[30/360]
[30E/360]/[Eurobond Basis]
[30E/360 (ISDA)]
- VIII. Determination Dates: [Not Applicable/[●] in each year (*insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only*)

relevant where Day Count Fraction is Actual/Actual (ICMA)))

- IX. Other terms relating to the method of calculating interest for Fixed Rate Notes: [●]
- (B) Floating Rate Note Provisions: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- I. Specified Period(s)/Specified Interest Payment Date(s): [Subject as provided in the Credit Conditions, [●] [in each year]][Subject as provided in the Credit Conditions, each Instalment Date and the Scheduled Maturity Date] [adjusted in accordance with the [●] Business Day Convention/not adjusted]
- II. Interest Period End Date(s): [●] [in each year] [adjusted in accordance with the [●] Business Day Convention/not adjusted]]
- III. Manner in which the Interest Rate(s) is/are to be determined: [Screen Rate Determination/ISDA Determination]
- IV. Party responsible for calculating the Interest Rate(s) and/or Interest Amount(s): [Calculation Agent/[●]]
- V. Screen Rate Determination: [Applicable/Not Applicable]
- Reference Rate: [●] month [(the **Designated Maturity**) (*include where Linear Interpolation is applicable*)] [*insert currency*] [EURIBOR/LIBOR/STIBOR/NIBOR/CIBOR/TIBOR/HIBOR]] [BBSW (being the Sydney average mid rate for AUD bills of exchange)] [BKBM (being the Wellington rate for New Zealand Dollar bills of exchange)]
 - Specified Time: [●][Not Applicable]
 - Relevant Financial Centre: [●][Not Applicable]

- Interest Determination Date(s): ☐/☐ day on which commercial banks are open for business (including dealing in foreign exchange and foreign currency deposits) in ☐ prior to the start of each Interest Period/First day of each Interest Period/☐ day on which the TARGET2 System is open prior to the start of each Interest Period]
- Page: ☐
- VI. ISDA Determination: ☐ [Applicable/Not Applicable]
- Floating Rate Option: ☐
- Designated Maturity: ☐
- Reset Date: ☐ [First day of the relevant Interest Period]
- VII. Linear Interpolation: ☐ [Not Applicable/Applicable - the Interest Rate for the ☐ [long/short] ☐ [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
- VIII. Margin(s): ☐ [Not Applicable/☐ +/- ☐ per cent. per annum]
- IX. Minimum Interest Rate: ☐ [☐ per cent. per annum/Not Applicable]
- X. Maximum Interest Rate: ☐ [☐ per cent. per annum/Not Applicable]
- XI. Day Count Fraction: ☐ [Actual/Actual (ISDA)]
☐ [Actual/360]
☐ [Actual/365 (Fixed)]☐ [Actual/365]
☐ [Actual/365 (Sterling)]
☐ [30/360 / ☐ [360/360] / ☐ [Bond Basis]☐ [30E/360] / ☐ [Eurobond Basis]
☐ [30E/360 (ISDA)]

XII. Fall back [●]
provisions,
rounding
provisions and
any other terms
relating to the
method of
calculating
interest on
Floating Rate
Notes, if
different from
those set out in
the Terms and
Conditions:

14. **Redemption Provisions:**

- (i) Issuer Call [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (A) Optional Redemption [●]
Date(s):
- (B) Optional Redemption [●] [Recovery Value [and, for which purpose, [●] shall
Amount: be deemed to be the LA Valuation Date in respect of
[each Optional Redemption Date] [the Optional
Redemption Date falling on or around [●]] (*specify each
where different*)]
- (C) If redeemable in part: [Applicable][Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- I. Minimum [●]
Redemption
Amount:
- II. Maximum [●]
Redemption
Amount:
- (D) Notice period: [As set out in the General Conditions] [Not less than [●]
Business Days]
*(N.B. If setting notice periods which are different to
those provided in the General Conditions, the Issuer is
advised to consider the practicalities of distribution of
information through intermediaries, for example
clearing systems (which require a minimum of 5
business days' notice for a call) and custodians, as well*

as any other notice requirements which may apply, for example, as between the Issuer and the Fiscal Agent).

- (ii) Investor Put [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (A) Optional Redemption [●]
Date(s):
- (B) Optional Redemption [●] [Recovery Value [and, for which purpose [●] shall
Amount: be deemed to be the LA Valuation Date in respect of
[each Optional Redemption Date] [the Optional
Redemption Date falling on or around [●]] (*specify each
where different*)]
- (C) Notice period: [As set out in the General Conditions] [Not less than [●]
Business Days]
- (N.B. If setting notice periods which are different to those provided in the General Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example clearing systems (which require a minimum of 15 business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Fiscal Agent)*
- (iii) Redemption Amount: [●]/See item [(iv)] below][LA Final Redemption
Amount] [Recovery Value [and, for which purpose, [●]
shall be deemed to be the LA Valuation Date]]
- (iv) Underlying Linked Notes [Not Applicable/Applicable]
Redemption Provisions
- (If Not Applicable, delete the remaining sub-paragraphs of this paragraph)*
- (A) Provisions relating to [Applicable/Not Applicable]
Auction Settlement *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- I. Fallback Settlement [Cash Settlement/Physical Delivery]
Method:
- II. Auction Final [Applicable][Applicable – [] days][Not Applicable]
Price Cut-Off
Date:
- III. [Auction Cut- []] (*If not specified, Credit Linked Conditions
Off Date: provide for ninety calendar days after the Maturity
Date*)
- (B) Provisions relating to [Applicable/Not Applicable/LA Cash Settlement

Cash Settlement	applies]
	<i>(If Not Applicable or if LA Cash Settlement applies, delete the remaining sub-paragraphs of this paragraph)</i>
I. Maturity Date Settlement:	[Applicable/Not Applicable]
II. Final Price:	[Reference Obligation Final Price][Deliverable Obligation Final Price][Fixed Recovery]
	<i>(If Deliverable Obligation Final Price is applicable complete relevant Deliverable Obligation details under item (C) below)</i>
III. Fixed Recovery	[Applicable – [●] per cent. is the Final Price] [Not Applicable]
IV. Valuation Date:	[Single Valuation Date:
	[] Business Days]
	[Multiple Valuation Dates:
	[] Business Days; and each [] Business Days thereafter
	Number of Valuation Dates: []]
V. Valuation Time:	[]
VI. Quotation Method:	[Bid/Offer/Mid-market]
VII. Quotation Amount:	[[]/Representative Amount]
VIII. Minimum Quotation Amount:	[[]/Not Applicable]
IX. Quotation Dealers:	[]
X. <i>[If Underlying Schedule 1 – Credit Linked Conditions applies, insert: Quotations] [If Underlying Schedule 2 – Credit Linked Conditions (2014</i>	[Include Accrued Interest/Exclude Accrued Interest]

Definitions)
applies, insert:
 Accrued
 Interest]:

- | | | |
|-----|---|---|
| XI. | Valuation
Method: | [Market/Highest] |
| | | [Average Market/Highest/Average Highest] |
| | | [Blended Market/Blended Highest] <i>(Only available if Underlying Schedule 1 – Credit Linked Conditions applies)</i> |
| | | [Average Blended Market/Average Blended Highest] <i>(Only available if Underlying Schedule 1 – Credit Linked Conditions applies)</i> |
| (C) | Provisions relating to
Physical Delivery Notes | [Applicable/Not Applicable/LA Physical Settlement
applies/Applicable only for the purposes of determining
Deliverable Obligations for [LA] Cash Settlement] |
| | | <i>(If not applicable or if LA Physical Settlement and
Reference Assets Only Settlement applies, delete the
remaining sub-paragraphs of this paragraph)</i> |
| | | <i>(N.B. If the Notes are Physical Delivery Notes, physical
delivery of any Relevant Asset must be made in
compliance with the provisions of the United States
Securities Act of 1933, as amended and the Investment
Company Act of 1940, as amended. Provisions relating
to Physical Delivery Notes will only be applicable for
LA Cash Settlement Notes if Reference Assets Only
Settlement is specified as not applicable)</i> |
| I. | Physical
Settlement
Period: | [[●] Business Days][Not Applicable] |
| II. | <i>[If Underlying
Schedule 1 –
Credit Linked
Conditions
applies, insert:
Asset Amount]
[If Underlying
Schedule 2 –
Credit Linked
Conditions
(2014
Definitions)
applies, insert:
Include Accrued
Interest]:</i> | <i>[If Underlying Schedule 1 – Credit Linked Conditions
applies, insert: [Not Applicable/Include Accrued
Interest/Exclude Accrued Interest]] [If Underlying
Schedule 2 – Credit Linked Conditions (2014
Definitions) applies, insert: [Applicable/Not
Applicable]]</i> |

III. Deliverable
Obligations:

- Deliverable [Payment]
Obligation [Borrowed Money]
Category: [Reference Obligation Only]
[Bond]
[Loan]
[Bond or Loan]

(Select one only or specify as Not Applicable if LA Credit Linked Notes and Reference Assets Only Settlement is Applicable)

- Deliverable [Not Subordinated]
Obligation [Specified Currency:
Characterist [●] [Standard Specified Currencies]
ics: [Not Sovereign Lender]
[Not Domestic Currency]
[Domestic Currency means: *[specify currency]*]
[Not Domestic Law]
[Listed]
[Not Contingent] *(Only available if Underlying Schedule 1 – Credit Linked Conditions applies)*
[Not Domestic Issuance]
[Assignable Loan]
[Consent Required Loan]
[Direct Loan Participation]
[Qualifying Participation Seller: - *insert details*]
[Transferable]
[Maximum Maturity:
[●]]
[Accelerated or Matured]
[Not Bearer]

(select all which apply or specify as Not Applicable if LA Credit Linked Notes and Reference Assets Only Settlement is Applicable)

- Additional [●][Reference Assets][Not Applicable]
Deliverable
Obligation(
s):

IV. Excluded [●][Not Applicable]
Deliverable
Obligation(s):

V. Indicative [Applicable/Not Applicable]
Quotations:

VI. Cut-off Date: ☐[Not Applicable]

VII. Hedge Disruption Event: ☐[Applicable]☐[Not Applicable]

15. **Early Redemption Amount:** [As determined in Condition 5(d)(a) of the General Conditions] ☐[Recovery Value]

16. **Issuer Regulatory Call Event:** ☐[Applicable]☐[Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

17. **Form of Notes:**

Regulation S Global Registered Note Certificate (U.S.\$☐ principal amount) registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg]/Rule 144A Global Registered Note Certificate (U.S.\$☐ principal amount registered in the name of a nominee for [DTC/ a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg])

18. **New Safekeeping Structure:** ☐[No/Yes – New Safekeeping Structure applies] ☐[Not Applicable]

19. **Business Centres:** ☐

(N.B. this paragraph relates to the definition of Business Day)

20. **Business Day Jurisdiction(s) or other special provisions relating to payment dates:** ☐[Not Applicable/New York City /☐

(N.B. this paragraph relates to the date and place of payment)

21. **RMB Currency Event:** ☐[Applicable] ☐[Not Applicable]

22. **RMB Settlement Centre(s):** ☐[Not Applicable/*give details*]

23. **Relevant Currency:** ☐[USD]/*[give details]* ☐[Not Applicable]

24. Relevant Currency Valuation Time: ☐ [Not Applicable]
25. Relevant Spot Rate Screen Page: ☐ [Not Applicable]
26. Details relating to Instalment Notes:
- (a) LCY Instalment Notes: ☐ [Applicable] ☐ [Not Applicable]
- [(b) Instalment Amount(s): ☐ [Not Applicable/give details]
- (c) Instalment Date(s): ☐ [Not Applicable] ☐ [Subject as provided in the Credit Conditions, *give details*]]

[For LCY Instalment Notes, insert:

- (b) Instalment Date(s) and Instalment Amount(s):

Instalment Date, subject as provided in the Credit Conditions	LCY Instalment Amount	Instalment Amount
<input type="radio"/>	<i>[local currency amount]</i>	LCY Instalment Amount divided by the applicable FX Rate.
<input type="radio"/>	<i>[local currency amount]</i>	LCY Instalment Amount divided by the applicable FX Rate.
<input type="radio"/>	<i>[local currency amount]</i>	LCY Instalment Amount divided by the applicable FX Rate.]

27. Redenomination: ☐ [Not Applicable] ☐ [Applicable: The provisions of Condition 16 of the General Conditions apply]
28. Further Issues: ☐ [Not Applicable – the provisions of Condition 12 of the General Conditions do not apply] ☐ [Applicable – the provisions of Condition 12 of the General Conditions apply] ☐ [Credit Condition [5][6](h) applies (*Include for LA Credit Linked Notes*)]
29. Name and address of Calculation Agent: Citigroup Global Markets Limited/Citigroup Global Markets Inc. (acting through its ☐ department/group (or any successor department/group)) at ☐

30. Determinations: [Sole and Absolute Determination/Commercial Determination]

31. Notices to the Issuer: [Applicable][Not Applicable]

[If applicable:

[Insert notice details for delivery of notices to the Issuer]

Notice Delivery Business Day Centre: [●]

32. Additional selling restrictions: [Not Applicable/*give details*]

33. Other terms or special conditions: [●]

Signed on behalf of the Issuer:

By:
Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

Admission to trading and listing: [Application [has been/is expected to be] made by the Issuer (or on its behalf) for the Notes to be admitted to trading on *[specify relevant non-EEA regulated market (for example, the Global Exchange Market of the Irish Stock Exchange) and, if relevant, listing on an official list (for example, the official list of the Irish Stock Exchange)]* with effect from on or around [●]] [Not Applicable]

Tranche [●] of the Notes has been admitted to trading on *[specify relevant non-EEA regulated market (for example, the Global Exchange Market of the Irish Stock Exchange) and, if relevant, listing on an official list (for example, the official list of the Irish Stock Exchange)]* with effect from [●] (Where documenting a fungible issue, need to indicate that original Notes are already admitted to trading)

Estimated expenses relating to admission to trading: [●]

2. RATINGS

Ratings: The Notes are [not] rated. [The rating of the Notes is:

(i) [S&P: [●]]

(ii) [Moody's: [●]]

(iii) [Fitch: [●]]

(iv) [[Other]: [●]]

*[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider]**

[[Insert the legal name of the relevant credit rating agency entity] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended). [As such [insert the legal name of the relevant credit rating agency entity] is included in the list of credit ratings agencies published by the European Securities and Markets Authority on its website (<http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with such Regulation.]]

[[Insert the legal name of the relevant non-EU credit

rating agency entity] is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009 (as amended). *[[Insert the legal name of the relevant non-EU credit rating agency entity]* is therefore not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs> in accordance with such Regulation.]

[[Insert the legal name of the relevant non-EU credit rating agency entity] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). The ratings have been endorsed by *[insert the legal name of the relevant EU-registered credit rating agency entity]* in accordance with the CRA Regulation. *[Insert the legal name of the relevant EU-registered credit rating agency entity]* is established in the European Union and registered under the CRA Regulation. [As such *[insert the legal name of the relevant EU credit rating agency entity]* is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs> in accordance with the CRA Regulation.]] The European Securities Markets Authority has indicated that ratings issued in [Japan/Australia/the USA/Canada/Hong Kong/Singapore/Argentina/ Mexico (*delete as appropriate*)] which have been endorsed by *[insert the legal name of the relevant EU CRA entity that applied for registration]* may be used in the European Union by the relevant market participants.]

[[Insert the legal name of the relevant non-EU credit rating agency entity] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**) but it [is]/[has applied to be] certified in accordance with the CRA Regulation[[EITHER:] and it is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs> in accordance with the CRA Regulation] [[OR:] although notification of the corresponding certification decision has not yet been provided by the European Securities and Markets Authority and *[insert the legal name of the relevant non-EU credit rating agency entity]* is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its

website in accordance with the CRA Regulation].

[[*Insert legal name of the relevant credit rating agency*] is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009 (as amended), although notification of the corresponding registration decision has not yet been provided by the European Securities and Markets Authority [and *insert the legal name of the relevant credit rating agency*] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs> in accordance with such Regulation].]

[[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). However, the application for registration under the CRA Regulation of *insert the legal name of the relevant EU credit rating agency entity that applied for registration*], which is established in the European Union, disclosed the intention to endorse credit ratings of *insert the legal name of the relevant non-EU credit rating agency entity*], although notification of the corresponding registration decision has not yet been provided by the European Securities and Markets Authority and *insert the legal name of the relevant EU credit rating agency entity* is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs> in accordance with the CRA Regulation].

The European Securities Markets Authority has indicated that ratings issued in [Japan/Australia/the USA/Canada/Hong Kong/Singapore/Argentina/Mexico (*delete as appropriate*)] which have been endorsed by *insert the legal name of the relevant EU CRA entity that applied for registration*] may be used in the EU by the relevant market participants.]]]

[If reference is made to the ratings of Citigroup Inc. then insert the legal name of the relevant credit rating agency entity and the status of its application under the CRA Regulation]

[Include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider]

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

3. OPERATIONAL INFORMATION

ISIN: [●]

Common Code: [●]

CUSIP [and CINS]: [●]

Any clearing system(s) other than Euroclear, Clearstream, Luxembourg and DTC and the relevant identification number(s) and details relating to the relevant depositary, if applicable: [Not Applicable/give name(s) and number(s) [and references to the [Relevant Clearing System/(specify)] shall be deemed to be references to such clearing system]

[The Notes will be accepted for settlement in Euroclear UK & Ireland (CREST) via the CREST Depositary Interest (CDI) mechanism]

Delivery: Delivery [versus/free of] payment

Registrar and Transfer Agent: [Citigroup Global Markets Deutschland AG][Not Applicable]

Names and addresses of additional Paying Agent(s) (if any): [●][Not Applicable]

Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper, that is, held under the New Safekeeping Structure (NSS), and does not necessarily mean that the Notes will be recognized as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met]

[No. Whilst the designation is specified as "no" at the date of this Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper, that is, held under the NSS. Note that this does not necessarily mean that the Notes will

then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

4. DISTRIBUTION

- (ii) Method of distribution: [Syndicated/Non-syndicated]
- (iii) If syndicated, names [and addresses of the Lead Manager and the other Managers and underwriting commitments]: [Not Applicable/give names, addresses and underwriting commitments]

(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers)
- (iv) [Date of [Subscription] Agreement: [Not Applicable][specify]]
- (v) Stabilisation Manager(s) (if any): [Not Applicable/give name]
- (vi) If non-syndicated, name and address of Dealer: [Not Applicable/give name and address]
- (vii) [Total commission and concession: [None/[●] per cent. of the Aggregate Principal Amount/No commissions and concessions are payable by the Issuer to the Dealer. The [(specify type of fee or commission)] payable by the Dealer to any distributor is (specify) of the Aggregate Principal Amount. Investors can obtain more information about the fee by contacting the Dealer at the address set out herein]]

5. UNITED STATES TAX CONSIDERATIONS

[For U.S. federal income tax purposes, the Issuer intends to treat the Notes as [fixed-rate debt/fixed-rate debt issued with OID/OID Notes/ contingent payment debt instruments, [for which purpose, the comparable yield relating to the Notes will be [●]% compounded [semi-annually/quarterly/monthly], and that the projected payment schedule with respect to a Note consists of the following payments: [●]/for which purpose, the comparable yield and the projected payment schedule are available by contacting [●] at [●]]/variable rate debt instruments/variable rate debt instruments issued with OID/foreign currency Notes/foreign currency Notes issued with OID/foreign currency contingent payment debt instruments, [for which purpose, the comparable yield relating to the Notes will be [●]% compounded [semi-annually/quarterly/monthly], and that the projected payment schedule with respect to a Note consists of the following payments: [●]/for which purpose, the comparable yield and the projected payment schedule are available by contacting [●] at [●]]/short-term Notes/[specify other]].]

Section 871(m):

(Use this paragraph if the Section 871(m) determinations are final.) [The Issuer has determined that the Notes are Specified Notes based on either the "delta" test or the "substantial equivalence" test, as indicated in the table below. Please see the table below for additional information with respect to Section 871(m), including information necessary to calculate the amounts of dividend equivalents for the Notes.]/[The Issuer has determined that the Notes are Specified Notes because (i) the Issue Date for the Notes is in 2017 and (ii) the Notes have a "delta" of one.]/[The Issuer has determined that the underlying asset(s) consist solely of one or more Qualified Indices and/or Qualified Index Securities and, therefore, that the Notes are not Specified Notes.]/[The Issuer has determined that the underlying asset(s) consist solely of one or more indices whose sole U.S. equity components are Qualified Indices and/or Qualified Index Securities and, therefore, that the Notes are not Specified Notes.]/[The Issuer has determined that the Notes are not Specified Notes based on either the "delta" test or the "substantial equivalence" test, as indicated in the table below.]/[The Issuer has determined that the Notes are not Specified Notes because (i) the Issue Date for the Notes is in 2017 and (ii) the Notes do not have a "delta" of one.]/[The Issuer has determined that the Notes are not Specified Notes for the purpose of Section 871(m).]

(Use this paragraph instead if the Section 871(m) determinations are indicative and will be updated at issuance.) [The following is based on information available as of the date of this Pricing Supplement. [The Issuer would treat the Notes as Specified Notes based on either the "delta" test or the "substantial equivalence" test, as indicated in the table below. Please see the table below for additional information with respect to Section 871(m), including information necessary to calculate the amounts of dividend equivalents for the Notes.]/[The Issuer would treat the Notes as Specified Notes because (i) the Issue Date for the Notes is in 2017 and (ii) the Notes have a "delta" of one.]/[The Issuer would not treat the Notes as Specified Notes because the underlying asset(s) consist solely of one or more Qualified Indices and/or Qualified Index Securities.]/[The Issuer would not treat the Notes as Specified Notes because the underlying asset(s) consist solely of one or more indices whose sole U.S. equity components are Qualified Indices and/or Qualified Index Securities.]/[The Issuer would not treat the Notes as Specified Notes based on either the "delta" test or the "substantial equivalence" test, as indicated in the table below.]/[The Issuer would not treat the Notes as Specified Notes because (i) the Issue Date for the Notes is in 2017 and (ii) the Notes do not have a "delta" of one.] **This information is indicative. [If the Issuer's determination as of the time the Notes are issued is different, it will give notice updating its determination based on circumstances at the time the Notes are issued.]/[Please contact [●]] for further information regarding the application of Section 871(m) to the Notes.]/[specify other]. By acquiring a Note, a holder agrees to the Issuer's method of providing information required under Section 871(m).**

(Include table below if (i) the Notes are Specified Notes, or (ii) the Notes are not Specified Notes based on either the "delta" test or the "substantial equivalence" test.)

<i>Underlying Asset</i>	<i>U.S. Underlying Equities (Y/N)</i>	<i>Qualified Index/Qualified Index Security (Y/N)</i>	<i>Simple Contract (Y/N)</i>	<i>Delta (if Simple Contract)</i>	<i>Substantial Equivalence Test (if not a Simple Contract)</i>	<i>Number of Shares Multiplied by Delta (if Simple Contract)</i>	<i>Initial Hedge (if applicable)</i>

6. THIRD PARTY INFORMATION

[(*Relevant third party information*) has been extracted from (*specify source*). Each of the Issuer and the CGMHI Guarantor confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by (*specify source*), no facts have been omitted which would render the reproduced information inaccurate or misleading.

(*Consider any appropriate revisions to this and the responsibility statement in the Base Listing Particulars particularly in the context of Notes sold in reliance on Rule 144A.*.)]

[Not Applicable]

SECTION F – NAMES, ADDRESSES AND ROLES

THE ISSUER

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THE CGMHI GUARANTOR

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AUDITORS TO CGMHI AND CITIGROUP INC.

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ISSUING AGENT, AND FISCAL AGENT, PRINCIPAL PAYING AGENT, EXCHANGE AGENT AND (IF SO SPECIFIED IN THE APPLICABLE ISSUE TERMS) CALCULATION AGENT

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England

REGISTRAR AND TRANSFER AGENT

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LEGAL ADVISERS TO THE DEALER AS TO UNITED STATES LAW

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CALCULATION AGENT**

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LISTING AGENT

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