

# SOCIÉTÉ GÉNÉRALE CREDIT-LINKED NOTES

## PRODUCT SUPPLEMENT

(To the Offering Memorandum dated March 23, 2016)

Payment or delivery of all amounts due and payable or deliverable under the Credit-Linked Notes is irrevocably and unconditionally guaranteed pursuant to a Guarantee issued by  
**Société Générale, New York Branch**

We, Société Générale, a *société anonyme* incorporated in the Republic of France (the “**Issuer**”) may offer from time to time, pursuant to the offering memorandum dated March 23, 2016 (as supplemented and amended from time to time, the “**Offering Memorandum**”), and this product supplement (the “**Product Supplement**”), the Credit-Linked Notes (each, a “**Note**” and together, the “**Notes**”) as part of one or more series of notes, certificates or securities issued by us under the **Program** (as defined herein). The specific terms of each offering of Notes will be set forth in the applicable pricing supplement (the “**Pricing Supplement**”). You should read this Product Supplement, the Offering Memorandum, and the applicable Pricing Supplement carefully before investing in the Notes. If the terms described in this Product Supplement are different or inconsistent with those described in the Offering Memorandum, the terms described in this Product Supplement will govern the Notes. If the terms described in the applicable Pricing Supplement are different or inconsistent with those described herein or in the Offering Memorandum, the terms described in the applicable Pricing Supplement will govern the Notes.

### **General Terms of the Notes:**

**Payment at Maturity:** If you hold your Notes to maturity (or Redemption), for each Note, you may receive a payment, which may or may not include the return of all or any portion of your initial investment, as specified in the applicable Pricing Supplement, subject to the credit risk of the Issuer and the Guarantor.

**Early Redemption:** Terms of specific Notes may permit or require early redemption, in full or in part, by the Issuer (“**Early Redemption**”), including but not limited to redemption as a result of the occurrence of a Credit Event in respect of a Reference Entity as determined by a Credit Derivatives Determinations Committee or the Calculation Agent, as the case may be. Unless otherwise specified in the applicable Pricing Supplement, you may not redeem the Notes prior to Redemption. The applicable Pricing Supplement will indicate the terms of Early Redemption (if any).

**Redemption:** For purposes of this Product Supplement, each of the maturity, accelerated maturity and/or Early Redemption of the Notes, as applicable, shall be referred to as a “**Redemption**.” The date of the Redemption may be specified as the “**Early Redemption Date**,” “**Accelerated Maturity Date**,” “**Maturity Date**” or another Redemption date in the Pricing Supplement (each, the “**Redemption Date**”).

**Interest Payments:** The applicable Pricing Supplement will specify whether the Notes are interest bearing, and if so, (i) the date on which interest will begin accruing, (ii) the rate(s) of interest, (iii) the Coupon Payment Date, (iv) the interest amounts and any applicable formula in determination thereof and (v) the interest determination dates and/or any other terms that may be relevant to interest payment determination.

**Reference Entity(s):** The principal and interest, if any, payable or deliverable under the Notes will be impacted by the occurrence of a Credit Event with respect to one or more reference entities specified in the applicable Pricing Supplement (each, a “**Reference Entity**”). Any Successor to the Reference Entity either (a) identified by the Calculation Agent pursuant to the definition of Successor on or following the Trade 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 if the Calculation Agent elects to rely on such announcement, shall, in each case, with effect from the Succession Date, be the Reference Entity for the purposes of the Notes.

**Credit Events:** The applicable Pricing Supplement will specify the Credit Events that will apply to the Reference Entity(s).

**Credit Derivatives Determinations Committee:** The Calculation Agent may rely on the determinations of a Credit Derivatives Determinations Committee, which include but are not limited to whether a Credit Event has occurred in respect of a Reference

Entity. Determinations of a Credit Derivatives Determinations Committee (of which the Issuer or its affiliates may be a member) will be binding on Noteholders if the Calculation Agent elects to apply such determinations for the purposes of the Notes.

**Settlement Method:** The applicable Pricing Supplement will specify the applicable Settlement Method and the applicable Fallback Settlement Method, if any. The Notes may be settled by Auction Settlement, Cash Settlement or Physical Settlement (each, as defined below).

**Scheduled Maturity Date:** The applicable Pricing Supplement will specify the Scheduled Maturity Date.

**Denominations:** Unless otherwise specified in the applicable Pricing Supplement, the Notes will be issued in denominations of \$1,000 (or the specified currency equivalent), and multiples of \$1,000 (or the specified currency equivalent) thereafter.

**Notional Amount:** Unless otherwise specified in the applicable Pricing Supplement, \$1,000 per Note.

**Currency:** Unless otherwise specified in the applicable Pricing Supplement, the Notes will be denominated in U.S. dollars.

**Investor Eligibility:** The applicable Pricing Supplement will specify the investor eligibility for the Notes issued thereunder.

**Minimum Investment Amount and Minimum Holding:** The Notes will be subject to the minimum investment amount and minimum holding set forth in the applicable Pricing Supplement.

**Rating:** Unless otherwise specified in the applicable Pricing Supplement, the Notes are not, and will not be, rated by any nationally recognized statistical rating organization. The Notes are securities in the same series as and have equal rights and obligations as investment grade rated notes and certificates issued by us under the Program.

**Ranking:** The Notes will be our direct, general, unconditional, unsecured and unsubordinated obligation and will rank *pari passu* without any preference among themselves and *pari passu* with all of our other unconditional, unsecured and unsubordinated obligations, except those mandatorily preferred by law.

**Guarantee:** The payment or delivery of all amounts due and payable or deliverable under the Notes is irrevocably and unconditionally guaranteed pursuant to the Guarantee (as defined in the Offering Memorandum) by Société Générale, New York Branch (the “**Guarantor**”).

**Program:** We intend to issue from time to time certificates, warrants or notes specified in the Offering Memorandum, including the Notes described herein, having an aggregate notional amount of up to \$6,000,000,000 (the “**Program**”).

**Other terms:** As specified in the section “*Definitions*” herein and, with respect to each offering of Notes, as specified in the applicable Pricing Supplement.

EACH CAPITALIZED TERM USED BUT NOT DEFINED HEREIN HAS THE MEANING ASCRIBED TO IT IN THE OFFERING MEMORANDUM.

The Notes involve risks not associated with an investment in ordinary debt securities. See “*Risk Factors*” beginning on page 2 of this Product Supplement and on page 8 of the Offering Memorandum. Additional Risk Factors may appear in the applicable Pricing Supplement.

The Notes and the Société Générale, New York Branch Guarantee (the “Guarantee”) have not been, and will not be, registered under the Securities Act of 1933, as amended (the “Securities Act”) and, except as specified otherwise in the Pricing Supplement, are being offered pursuant to the exemption from the registration requirements thereof contained in Section 3(a)(2) of the Securities Act.

The Notes and the Guarantee may also, in conjunction with or independently from the exemption from registration provided by Section 3(a)(2) of the Securities Act, be offered and sold (i) in the United States, only to persons who are “Accredited Investors” (as defined in Rule 501 of Regulation D, as amended, under the Securities Act) in reliance on Section 4(a)(2) of the Securities Act (the “Section 4(a)(2) Notes”), or (ii) in the United States, to “Qualified Institutional Buyers” (as defined in Rule 144A, as amended, under the Securities Act) in reliance on Rule 144A under the Securities Act (“Rule 144A Notes”) or (iii) outside the United States, in reliance on Regulation S under the Securities Act (“Regulation S Notes”). The Section 4(a)(2) Notes, Rule 144A Notes or Regulation S Notes, as applicable, have not been, and will not be, registered under the Securities Act, or the state securities laws of any state of the United States or the securities laws of any other jurisdiction. The Section 4(a)(2) Notes, Rule 144A Notes or Regulation S Notes, as applicable, may not be offered, sold, pledged or otherwise transferred except in a transaction exempt from, or not subject to, the registration requirements of the Securities Act. Prospective purchasers are hereby notified that (i) the seller of the Section 4(a)(2) Notes may be relying on the exemption from provisions of Section 5 of the Securities Act contained in Section 4(a)(2) thereof and (ii) the seller of Rule 144A Notes may be relying on the exemption from provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of certain restrictions on transfers and resales of the Section 4(a)(2) Notes, Rule 144A Notes and Regulation S Notes, see the section entitled “*Notice to Investors*” in the Offering Memorandum.

The Issuer has not been registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”).

None of the Securities and Exchange Commission (the “SEC”), any state securities commission or regulatory authority or any other United States, French or other regulatory authority has approved or disapproved of the Notes or the Guarantee or passed upon the accuracy or adequacy of the Offering Memorandum, this Product Supplement or any Pricing Supplement. Any representation to the contrary is a criminal offense in the United States. Under no circumstances shall the Offering Memorandum, this Product Supplement and/or any Pricing Supplement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of these Notes or the Guarantee, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to qualification under the securities laws of any such jurisdiction.

**THE NOTES CONSTITUTE UNCONDITIONAL LIABILITIES OF THE ISSUER, AND THE GUARANTEE CONSTITUTES AN UNCONDITIONAL OBLIGATION OF THE GUARANTOR. THE NOTES AND THE GUARANTEE ARE NOT INSURED OR GUARANTEED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, THE BANK INSURANCE FUND OR ANY U.S. OR FRENCH GOVERNMENTAL OR DEPOSIT INSURANCE AGENCY.**

SG Americas Securities, LLC (“SGAS”), one of the potential selling agents in this offering, is an affiliate of ours. See “*Supplemental Plan of Distribution—Conflicts of Interest*” herein.

The date of this Product Supplement is April 6, 2016.



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In making your investment decision, you should rely only on the information contained or incorporated by reference in this Product Supplement, the applicable Pricing Supplement and the Offering Memorandum. Copies of this Product Supplement, the applicable Pricing Supplement and the Offering Memorandum are available from us, at no cost to you, and you should read each of these documents carefully prior to investing in the Notes. We have not authorized anyone to give you any additional or different information. The information in this Product Supplement, the applicable Pricing Supplement and the Offering Memorandum may only be accurate as of the dates of each of these documents, respectively.

The contents of this Product Supplement are not to be construed as legal, business, or tax advice. The Notes described in this Product Supplement, the applicable Pricing Supplement and the Offering Memorandum are not appropriate for all investors and involve important legal and tax consequences and investment risks which should be discussed with your professional advisors. You should be aware that the regulations of the Financial Industry Regulatory Authority, Inc. and the laws of certain jurisdictions (including regulations and laws that require brokers to ensure that investments are suitable for their customers) may limit the availability of the Notes.

We are offering to sell, and are seeking offers to buy, the Notes only in jurisdictions where such offers and sales are permitted. This Product Supplement, the applicable Pricing Supplement and the Offering Memorandum do not constitute an offer to sell or a solicitation of an offer to buy the Notes in any circumstances in which such offer or solicitation is unlawful.

Neither the delivery of this Product Supplement nor any sale made hereunder implies that (i) the information in this Product Supplement is correct as of any date after the date hereof, or (ii) there has been no change in our or our affiliates' affairs after the date hereof.

You must (i) comply with all applicable laws and regulations in force in any jurisdiction in connection with the possession or distribution of this Product Supplement, the applicable Pricing Supplement and the related Offering Memorandum and the purchase, offer or sale of the Notes and (ii) obtain any consent, approval or permission required to be obtained by you for the purchase, offer or sale by you of the Notes under the laws and regulations applicable to you in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales; neither we, Société Générale, New York Branch, nor any of our affiliates shall have any responsibility therefor.

Prior to an investment in the Notes, you should be familiar with the concepts described in the 2014 ISDA Credit Derivatives Definitions published by the International Swaps and Derivatives Association, Inc. (“ISDA”) (the “**2014 Credit Definitions**”), as well as the 2003 ISDA Credit Derivatives Definitions as amended by the 2005 Matrix Supplement and the 2009 ISDA Credit Derivatives Determinations Committees, Auction Settlement and Restructuring Supplement, in each case as published by ISDA (the “**2003 Credit Definitions**”).

In this Product Supplement, the applicable Pricing Supplement and the accompanying Offering Memorandum, “we,” “us” and “our” refer to Société Générale, unless the context requires otherwise.

## **RISK FACTORS**

The Notes are generally riskier than ordinary debt securities. This section of the Product Supplement describes some risks relating to the Notes. Additional risk factors are described in the applicable Pricing Supplement and the Offering Memorandum. You should carefully consider all of the information set forth herein, in the applicable Pricing Supplement and in the Offering Memorandum and whether the Notes are suited to your particular circumstances before you decide to purchase them.

### **The Notes are not principal protected**

Unless otherwise specified in the applicable Pricing Supplement, the Notes will not be principal protected and therefore the amount of principal you receive at Redemption may be less than the amount of your initial investment. **As described further below, by investing in the Notes you face the risk of losing your entire investment.**

### **You must rely on your own evaluation of the merits as well as the risks of an investment in the Notes**

In connection with your purchase of the Notes, we urge you to consult your own financial, tax and legal advisors as to the risks involved in an investment in the Notes and to investigate the Reference Entity(s) and not rely on our views in any respect. **You should make a complete investigation as to the merits of an investment in the Notes, including a thorough evaluation of any Reference Entity that is referenced in such Notes before making any investment decision.**

### **The Notes are subject to the credit risk of the Reference Entity(s) in addition to the credit risk of the Issuer and Guarantor**

The payment of principal and interest, if any, on the Notes is contingent upon each Reference Entity's creditworthiness, and Noteholders will be exposed to credit default risk with respect to each Reference Entity in addition to credit risk with respect to us and the Guarantor.

If one or more Reference Entities experience a Credit Event during the Credit Protection Period, and the related Credit Event Notice is delivered or deemed delivered during the Notice Delivery Period, the Notes (other than Tranche Notes and Linear Basket Notes for which "Deferred Settlement" is specified to be applicable in the relevant Pricing Supplement) will be subject to mandatory redemption (which (i) may, depending on the settlement terms specified in the relevant Pricing Supplement, not occur until the Scheduled Maturity Date or later, and (ii) may be a partial redemption in the case of Linear Basket Notes for which "Deferred Settlement" is not applicable) in accordance with the applicable Settlement Method or, if a Fallback Settlement Event occurs, the applicable Fallback Settlement Method, at a price which may be at a considerable discount to par or may even be zero. In addition, interest, if specified in the Pricing Supplement as payable with respect to the Notes, will stop accruing on the Coupon Payment Date preceding the Event Determination Date (or the Issue Date if the Event Determination Date occurs prior to the first Coupon Payment Date), subject to certain exceptions in the case of Tranche Notes and Linear Basket Notes. In the case of Tranche Notes, such occurrence of a Credit Event and delivery or deemed delivery of a Credit Event Notice will result in a loss of tranche subordination and/or a writedown of the principal amount. In the case of Linear Basket Notes, interest may continue to accrue after such occurrence of a Credit Event and delivery or deemed delivery of a Credit Event Notice, but may be calculated on the basis of a reduced principal amount.

The Credit Event that is the subject of the Credit Event Notice does not have to be continuing on or after the date of the Credit Event Notice. Accordingly, Noteholders are exposed to credit risk with respect to the Reference Entity for Credit Events that may be cured or waived subsequent to their occurrence.

### **The Notes are subject to Issuer and Guarantor credit risk**

The Notes are subject to our and the Guarantor's credit risk. Our ability to pay our obligations under the Notes is dependent upon a number of factors, including our and the Guarantor's actual or perceived creditworthiness, financial condition and results of operations. No assurance can be given, and none is intended to be given, that you will receive any principal payment or any interest payment (if applicable) at Redemption or otherwise.

### **The Notes are intended to be held to Redemption**

You may receive less, and potentially significantly less, than the amount you originally invested if you sell your Notes in the secondary market (if any exists) prior to Redemption. You should be willing and able to hold your Notes until Redemption. Also see “*Risk Factors — There may be no secondary market for the Notes; potential illiquidity of the secondary market*” below.

### **The Notes are not registered securities and will not be listed on any securities exchange; transfer restrictions may apply**

The Notes and the Guarantee are not registered under the Securities Act or under any state laws. The Notes are being offered pursuant to one or more exemptions from the registration requirements of the Securities Act. Restrictions may apply to any purported transfer of the Notes. Neither the SEC nor any state securities commission or regulatory authority has recommended or approved the Notes or the Guarantee, nor has any such commission or regulatory authority reviewed or passed upon the accuracy or adequacy of this Product Supplement, the Offering Memorandum or the applicable Pricing Supplement. The Notes will not be listed on an organized securities exchange or any inter-dealer quotation system. Please also read “*Risk Factors — The Notes and the Guarantee are not registered securities*” in the Offering Memorandum.

### **The Notes are not insured by any third parties**

The Notes will be solely our and the Guarantor’s obligations, and no other third party entity (including, without limitation, the Reference Entity) will have any obligation, contingent or otherwise, to make any payments or deliveries with respect to the Notes.

### **You will receive neither further benefits nor additional payments relating to the Notes if we call or redeem the Notes prior to their scheduled maturity (automatically or otherwise)**

The Issuer may redeem the Notes early if the Calculation Agent determines that an Additional Disruption Event has occurred. The terms of any particular issuance of Notes, as specified in the applicable Pricing Supplement, may also permit or require Early Redemption by us (automatic or otherwise). If the Notes are redeemed or called by us prior to their scheduled maturity, in full or in part, you may be subject to reinvestment risk, whereby it is likely that you will not be able to invest in securities with similar risks, terms and yield as the Notes as originally issued.

Moreover, in the event of an Early Redemption of the Notes, in full or in part, you will cease to benefit from the features of the Notes to the extent that such Notes are redeemed early. You will receive no further benefits or payments under the Notes after such Notes have been redeemed in full.

### **The market value of the Notes will be influenced by many unpredictable factors**

A number of factors, many of which are beyond our control, will influence the value of the Notes, including but not limited to:

- the actual or perceived creditworthiness and credit ratings of a Reference Entity and any guarantors or other supporters of the Reference Entity’s obligations;
- expected rates of recovery on obligations of a Reference Entity;
- the nature of a Reference Entity’s outstanding indebtedness, including its maturity and subordination structure and any guarantees or other support that the Reference Entity has provided to other entities;
- actions of a Reference Entity and its principal creditors;
- economic, financial, political, regulatory or judicial events that affect any Reference Entity or the Issuer or Guarantor and the markets for the debt securities of each Reference Entity or the Issuer or Guarantor;



- technical factors affecting pricing in the credit default swap market;
- the Issuer's and Guarantor's creditworthiness;
- interest rates and yields in the market; and
- in the case of First-to-Default Notes and Tranche Notes, correlation among the credit spreads and/or default probabilities of the Reference Entities.

Some or all of these factors will influence the price received if Noteholders are able to sell their Notes in the secondary market (if any exists) prior to Redemption.

**There may be no secondary market for the Notes; potential illiquidity of the secondary market**

The Notes are most suitable for purchase and holding until Redemption. The Notes will be new securities for which currently there is no trading market. We do not intend to apply for listing of the Notes and therefore the Notes will not be listed or quoted on any exchange. We cannot assure you as to whether there will be a secondary market for the Notes or, if there were to be such a secondary market, that it would be liquid.

In addition, investors might not purchase the Aggregate Notional Amount of the Notes being offered, and one or more of our affiliates may agree to purchase any unsold portion in accordance with our internal policies and procedures relating to inventorying of securities. Such affiliate's or affiliates' holding of the Notes may affect the supply of the Notes available in any secondary market trading and therefore may adversely affect the liquidity and price of the Notes in any such secondary market trading. If a substantial portion of any Notes held by our affiliates were to be offered for sale following this offering, the market price of such Notes could fall, especially if secondary market trading in such Notes is limited or illiquid (which is likely to be the case).

Under ordinary market conditions, SGAS, as a Dealer distributing the Notes, may maintain a secondary market in the Notes; however, none of the Issuer, SGAS or any other Dealer has any obligation to provide a secondary market in the Notes. The Issuer and SGAS may cease participating in the secondary market at any time, in their sole discretion. Accordingly, we cannot assure you as to the development or liquidity of any secondary market for the Notes. If none of the Issuer, SGAS or any other Dealer makes or maintains a secondary market in the Notes, you may not be able to sell your Notes easily or at prices that will provide you with a yield comparable to that of similar securities that have a liquid secondary market.

**The Notes will be subject to Credit Events that occur prior to the issuance of the Notes**

The Credit Protection Period for the Notes starts on the Credit Event Backstop Date. Accordingly, the Noteholder will be exposed to the risk of the occurrence of any Credit Event after the applicable Credit Event Backstop Date, even if it occurs prior to the Issue Date, which may be several weeks after the Credit Event Backstop Date. If the Reference Entity suffers a Credit Event after the Credit Event Backstop Date and prior to the Issue Date, and a Credit Event Notice is properly delivered, which may occur before or after the Issue Date of the Notes, an Event Determination Date will occur with respect to such Notes (as well as a notional reduction in some cases), although such Notes may not be subject to

Redemption until the Scheduled Maturity Date or later, depending on the settlement terms specified in the relevant Pricing Supplement. No interest will accrue on such Notes (or portion of such Notes) from the Coupon Payment Date preceding the Event Determination Date (or the Issue Date if such Event Determination Date occurs prior to the first Coupon Payment Date), and you may lose all or part of your investment. You should therefore carefully investigate each Reference Entity and its financial condition prior to investing in the Notes. See also "*Risk Factors — Credit default risk with respect to the Reference Entity(s) in addition to credit risk with respect to the Issuer and Guarantor*" above.

## **The Calculation Agent will have the authority to make determinations that could affect the Cash Settlement Amount or Deliverable Obligations, as the case may be**

The Calculation Agent will have discretion in making various determinations that affect the Notes, including, without limitation, the determination of the occurrence of a Credit Event, the occurrence of a Potential Failure to Pay, the occurrence of a Potential Repudiation/Moratorium, the currency exchange rate applicable to Deliverable Obligations denominated in foreign currencies, identification of successor Reference Entities (in accordance with the definition of Successor), Deliverable Obligations that the Issuer intends to deliver (in accordance with this Product Supplement), the market value of any Deliverable Obligations that the Issuer is unable to deliver, the selection of Valuation Obligations for valuation purposes, the obtaining of quotations in respect of such obligations and the appropriate adjustment to account for an Additional Disruption Event. The exercise of this discretion by the Calculation Agent could adversely affect the amount in cash, if any, that will be paid to you at Redemption in respect of any Notes or the market value of any Deliverable Obligations delivered to you by the Issuer.

### **Delay to the Scheduled Maturity Date**

If we deliver a Credit Event Notice to the Paying Agent during the Notice Delivery Period or if we deliver an Extension Notice to the Paying Agent on or prior to the last day of the Credit Protection Period, final payment of principal, interest and/or final Delivery of Deliverable Obligations on the Notes may be delayed. Such delay could continue for a substantial period of time and maturity of the Notes could be postponed until significantly after the Scheduled Maturity Date, and no additional compensation (including any interest) will be paid to Noteholders for any period after the Coupon Payment Date immediately prior to the Event Determination Date (in the case that a Credit Event Notice is delivered) or the Scheduled Maturity Date (in the case than an Extension Notice is delivered), as applicable.

Noteholders should also be aware that following the occurrence of a Credit Event Resolution Request Date in respect of a Reference Entity, any obligation of the Issuer to redeem or otherwise settle any Notes or pay or deliver an amount in respect thereof may be suspended pending resolution of the relevant request.

### **2014 ISDA Credit Derivatives Definitions**

While there are many similarities between the 2014 Credit Definitions and the terms used in this Product Supplement and the applicable Offering Memorandum, there are many substantial differences between the 2014 Credit Definitions and this Product Supplement and the Offering Memorandum. A prospective investor should understand that the complete terms and conditions of the Notes are as set out in this Product Supplement and the applicable Pricing Supplement and that neither the 2003 Credit Definitions nor the 2014 Credit Definitions are incorporated by reference herein. Consequently, investing in the Notes is not necessarily equivalent to entering into a credit derivative transaction that incorporates either the 2003 Credit Definitions or the 2014 Credit Definitions.

While ISDA has published and, where appropriate, supplemented the 2003 Credit Definitions and the 2014 Credit 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 2014 Credit Definitions and the terms applied to credit derivatives generally, including the Notes, are subject to further evolution. Past events have shown that the view of market participants may differ as to how the 2003 Credit Definitions and the 2014 Credit Definitions operate or should operate. As a result of the continued evolution of the market, the Notes may not conform to future market standards. Such a result may have a negative impact on the Notes and there can be no assurances that changes to the terms applicable to credit derivatives generally will be predictable or favorable to the Issuer or the Noteholders.

#### *Differences between the 2003 Credit Definitions and the 2014 Credit Definitions*

As noted above, the terms of this Product Supplement have been drafted to include many of the concepts and methodologies that are included in the 2014 Credit Definitions; this Product Supplement has not been drafted to track the 2003 Credit Definitions. A prospective investor who has previously entered into credit derivative transactions on the 2003 Credit Definitions and/or credit-linked notes based on the 2003 Credit

Definitions should be aware that there are a number of important differences between the 2003 Credit Definitions and the 2014 Credit Definitions. The 2014 Credit Definitions have:

- (a) introduced a new Credit Event of “Governmental Intervention” for Financial Reference Entities, 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 Sovereign Reference Entities, such that if Deliverable Obligations of such Reference Entities are exchanged into assets which do not constitute Deliverable Obligations or are written-down in part or in full, in certain circumstances, a credit protection buyer, such as the Issuer, will be able to deliver or value the resultant package of Assets or the written-down Deliverable Obligation to realize 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, *e.g.*, a Senior Transaction will only be triggered by a Restructuring or Governmental Intervention of a Senior Obligation 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 Reference Entities and Sovereign Reference Entities;
- (g) provided for a new election of “Standard Reference Obligation” which, unless disapplied in the relevant Pricing Supplement, will mean that the Reference Obligation will be the obligation published in respect of the relevant Reference Entity on an SRO List maintained by ISDA. A transaction on the terms of the 2014 Credit Definitions may elect not to apply that election such that the Reference Obligation would remain as specified in the Pricing Supplement, although, if this is the case, the procedure for selecting a Substitute Reference Obligation has also changed significantly in the 2014 Credit Definitions;
- (h) removed the Not Contingent Deliverable Obligation Characteristic and introduced a new definition for 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 Credit Definitions as compared to the 2003 Credit Definitions have been reflected in this Product Supplement, but in each case subject to important differences, including to reflect the nature of the Notes as compared to “over-the-counter” transactions and to reflect any hedging arrangements the Issuer may put in place. Some changes, such as the application of a new Credit Event, may have significant economic effect on the Notes and may mean the value of the Notes and the return (if



any) to investors is significantly different from credit linked notes referencing the same Reference Entity described in other product supplements. Some changes may be disadvantageous to Noteholders and prospective investors should review carefully the terms of any issue of Notes (including the definitions used in this Product Supplement) and, where in any doubt, take advice from suitably qualified professional advisers.

### **Risks related to Auction Settlement**

If the applicable Pricing Supplement specifies that Auction Settlement is applicable, then the relevant Final Price will be determined in accordance with Auction Settlement; however, if, among other things, ISDA does not sponsor an Auction or if the Auction is considered abandoned, the Notes will be redeemed in whole or in part (or, in the case of Tranche Notes, Loss Amounts determined) in accordance with the Fallback Settlement Method specified in the applicable Pricing Supplement.

Credit losses determined pursuant to a market auction process may be greater than the losses which would have been determined in the absence of the Auction. In particular, the auction process may be affected by technical factors or operational errors which would not otherwise apply or may be the subject of actual or attempted manipulation. Auctions may be conducted by ISDA or by a third party. None of the Calculation Agent, the Issuer, the Guarantor or any of their respective affiliates has any responsibility for verifying that any Auction has been conducted in accordance with its rules. If the Issuer, the Guarantor or any of their respective affiliates participates in an Auction, then it will do so without regard to the interests of the Noteholders of the Notes. Such participation may have a material adverse effect on the outcome of the relevant Auction and/or on the Notes. Where the terms of any Notes state that “Mod R” or “Mod Mod R” is applicable in respect of a Reference Entity and the only relevant Credit Event is a Restructuring, several concurrent but separate Auctions may occur with respect to such Reference Entity and such Credit Event. The Auction Settlement Amount may be based on the price of one or more obligations of the Reference Entity having a final maturity date different from the Restructured Bond or Loan.

In certain circumstances (for example, where ISDA does not sponsor an Auction or the Auction is considered abandoned, Physical Settlement is the Fallback Settlement Method and the Issuer is unable to Deliver any relevant Deliverable Obligations), a pro rata proportion of the market value of such Deliverable Obligations which are not Delivered will be paid in cash in respect of each Note, which may be significantly less than the Aggregate Notional Amount of any Notes or may even be zero.

If ISDA sponsors an Auction, the Notes will not be redeemed in whole or in part (or, in the case of Tranche Notes, Loss Amounts will not be determined) until the Settlement Date occurs for market credit derivative transactions that are the subject of that Auction. Such Settlement Date may not occur for a significant period of time. Settlement may be further delayed if the Credit Derivatives Determinations Committee elects to abandon the Auction in accordance with the DC Rules.

### **Risks related to Cash Settlement**

If the applicable Pricing Supplement specifies that Cash Settlement is applicable, or if a Fallback Settlement Event has occurred and Cash Settlement is the applicable Fallback Settlement Method, then, following the occurrence of a Credit Event and the delivery of a Credit Event Notice, the Calculation Agent will be required to seek quotations in respect of selected Valuation Obligations of the Reference Entity. Such quotations may not be available, or the level of such quotations may be substantially reduced as a result of illiquidity in the relevant markets or as a result of factors other than the credit risk of the relevant Reference Entity, such as liquidity constraints affecting market dealers. Accordingly, any quotations so obtained may be significantly lower than the value of the relevant obligation as determined by reference to the present net value of related cashflows. If the Calculation Agent is unable to obtain two (2) or more quotations for a Valuation Obligation on the same Business Day within five (5) Business Days of the Valuation Date, then the Final Price will be determined by the Calculation Agent in its commercially reasonable discretion.

### **Risks related to Physical Settlement**

If the applicable Pricing Supplement specifies that Physical Settlement is applicable, or if a Fallback Settlement Event has occurred and Physical Settlement is the applicable Fallback Settlement Method, the

Issuer will Deliver one or more Deliverable Obligations meeting the criteria set forth in the applicable Pricing Supplement to the Noteholders of the Notes in lieu of a cash payment. Such Deliverable Obligations will have an aggregate outstanding principal balance equal to the outstanding principal amount of the Notes, rounded down to the nearest whole unit of each Deliverable Obligation and net of certain costs and fees. However, because the relevant Reference Entity has experienced a Credit Event, it is likely that the Deliverable Obligations will be worth considerably less than the outstanding principal amount of the Notes and, in some cases, may have little or no value. The Deliverable Obligations that the Issuer intends to Deliver will be specified in the Notice of Physical Settlement. The Calculation Agent may amend or correct a Notice of Physical Settlement at any time up to and including the Delivery Date.

If (i) the Calculation Agent determines, in its sole discretion, that it is impossible or illegal to Deliver a Deliverable Obligation specified in the Notice of Physical Settlement, (ii) the Issuer has not received obligations equivalent to the Deliverable Obligations specified in the Notice of Physical Settlement from a hedging counterparty for any reason, (iii) a consent required for Delivery to the Noteholders has not been obtained or (iv) any holder of a beneficial interest in the Notes has failed to deliver a blocking instruction required for Delivery of Deliverable Obligations (or any other documentation requested by the Issuer in order to comply with securities laws or other transfer restrictions applicable to any Deliverable Obligation), then the Noteholder may not receive such Deliverable Obligations on the Initial Credit Event Delivery Redemption Date. Instead, the Issuer may wait for up to sixty-five (65) Business Days after the Initial Credit Event Delivery Redemption Date before it Delivers such Deliverable Obligations, and if on such date it has not Delivered or still cannot Deliver such Deliverable Obligations, the Issuer will, in lieu of Delivering such Deliverable Obligations, pay an amount per Note equal to the pro rata proportion of the market value of such Deliverable Obligations which are not Delivered in cash on a date no later than the tenth (10th) Business Day after the value of all such Deliverable Obligations which are not Delivered has been determined by the Calculation Agent.

Where Physical Settlement is applicable, Noteholders will only be able to transfer the Deliverable Obligations they receive to the extent consistent with the relevant exemptions from the registration requirement of the Securities Act, applicable transfer restrictions and/or the terms of the Deliverable Obligations. Such restrictions may limit the marketability and value of any such Deliverable Obligations. Consequently, you may be required to bear the risk of an investment in such Deliverable Obligations for an indefinite period of time.

### **We may sell the Notes through our affiliate, SGAS; Potential conflict of interest**

The Notes may be sold through our affiliate, SGAS, by appointment of SGAS as the principal agent for the sale of the Notes. SGAS and the Issuer are under common control and SGAS is not an underwriter that is independent from the Issuer. A conflict of interest may exist or arise with respect to the offering and sale of the Notes by SGAS to investors because an independent underwriter is not participating in the pricing of the Notes to investors.

Additionally, we may pay SGAS an underwriting fee and, similarly, if SGAS distributes the Notes to or through other broker-dealers or banks, we, SGAS or one of our affiliates may pay such other broker-dealers or banks a fee in connection with their distribution of the Notes. SGAS has discretion to determine the amount of fees paid to such other broker-dealers or banks, and may change them from time to time. Because such fees may negatively impact your investment in the Notes, SGAS's interests with respect to the Notes may be adverse to yours.

For more information about distribution of the Notes and related commissions, see the section "*Supplemental Plan of Distribution*" in this Product Supplement.

### **The inclusion of commissions and projected profit from hedging in the original price is likely to adversely affect secondary market prices**

Assuming no change in market conditions or any other relevant factors, the price, if any, at which we, the applicable Dealer or one or more of our or its respective affiliates may be willing to purchase the Notes in secondary market transactions will likely be lower than the price at which you purchased the Notes. This is because such price included, and secondary market prices are likely to exclude, commissions paid with

respect to the Notes, as well as the projected profit included in the cost of hedging our obligations under the Notes. In addition, any such prices may differ from values determined by pricing models used by us, the applicable Dealer or one or more of our or its respective affiliates, as a result of dealer discounts, mark ups or other transaction costs.

**If the Notes are accelerated due to our insolvency, you may receive an amount substantially less than the Notional Amount of the Notes**

The amount you receive from us or the Guarantor as payment on the Notes if the Notes are accelerated due to an event of default may be substantially diminished (and could be zero) if such an acceleration is due to our or the Guarantor's insolvency and/or we or the Guarantor are not able to make such payment under applicable bankruptcy laws. Also see "*Risk Factors — Your return may be limited or delayed by the insolvency of Société Générale*" in the Offering Memorandum.

**Certain business activities may create conflicts with your interests**

We, the Guarantor, the applicable Dealer or one or more of our or their respective affiliates, may engage in trading and other business activities relating to a Reference Entity that are not for your account or on your behalf. These activities may present a conflict between your interest in the Notes and interests we, the Guarantor, the applicable Dealer and/or one or more of our or their respective affiliates, may have in our or their proprietary account and could have an adverse effect on the Notes. Such activities may include, among other things, the exercise of voting power, financial advisory relationships, publication of research, financing transactions, derivative transactions and the exercise of creditor rights, each of which may be contrary to your interests. Any of these trading and/or business activities may affect actual or perceived creditworthiness of a Reference Entity, and thus could be adverse to your return (if any) on the Notes. We, the Guarantor, the applicable Dealer and our or their respective affiliates may engage in any such activities without regard to the Notes or the effect that such activities may directly or indirectly have on the Notes and the Noteholders.

We, the Guarantor, the applicable Dealer and/or one or more of our or their respective affiliates, may also issue, underwrite or assist unaffiliated entities in the issuance or underwriting of other securities or financial instruments with returns linked to the credit risk of one or more Reference Entities. By introducing competing products into the marketplace in this manner, we, the Guarantor, the applicable Dealer and/or our or their respective affiliates could adversely affect the value of the Notes.

In addition, to the extent applicable, we, the Guarantor, the applicable Dealer and/or one or more of our or their respective affiliates may, at present or in the future, engage in business with the Reference Entity, including purchasing debt or equity securities of or making loans to those companies or providing investment banking, asset management or other advisory services to those companies. These activities may present a conflict between your interests as Noteholders and the interests of the Issuer, the Guarantor, the applicable Dealer and/or our or their respective affiliates.

In the ordinary course of business, we, the Guarantor, the applicable Dealer and/or one or more of our or their respective affiliates may effect transactions for the account of customers and hold long or short positions with respect to one or more Reference Entities or related derivatives; enter into one or more hedging transactions with respect to one or more Reference Entities or related derivatives; and/or in connection with such hedging or market-making activities or with respect to proprietary or other trading activities, enter into transactions with respect to one or more Reference Entities or related derivatives which may adversely (or positively) affect the price, liquidity or value of the relevant Notes and which could therefore be adverse to the interests of the relevant Noteholders.

**The Calculation Agent, which will generally be the Guarantor or an affiliate of the Guarantor, has broad discretionary powers which may not take into account the interests of the Noteholders**

As the Calculation Agent will generally be us, the Guarantor or an affiliate of us or the Guarantor, potential conflicts of interest may exist between the Calculation Agent and the Noteholders, including with respect to the exercise of the very broad discretionary powers of the Calculation Agent. For example, the Calculation Agent has the authority (i) to determine whether certain specified events and/or matters so specified in the conditions relating to the Notes have occurred and (ii) to determine any resulting adjustments and

calculations or substitutions as described in such conditions. Potential purchasers should be aware that any determination made by the Calculation Agent may have an impact on the value and financial return of the Notes. Any such discretion exercised by, or any calculation made by, the Calculation Agent (in the absence of manifest or proven error) shall be binding on the Issuer and all Noteholders.

**The Issuer and/or the Guarantor may have confidential information relating to the Reference Entity and the Notes**

In the course of business, we, the Guarantor, the applicable Dealer and/or one or more of their respective affiliates may, by virtue of our or their status as underwriter, advisor or otherwise, acquire, possess or have access to non-public information about one or more Reference Entities, the Notes and any derivative transactions referencing them. We, the Guarantor, the applicable Dealer and our and their respective affiliates have no obligation to disclose such information.

**The Calculation Agent's Choice of Deliverable Obligations or Valuation Obligations may increase Noteholders' losses**

Where Physical Settlement or Cash Settlement is applicable, upon the occurrence of a Credit Event and the delivery of the Credit Event Notice (and, in the case of Physical Settlement, also the Notice of Physical Settlement) the Calculation Agent has the discretion to choose the Deliverable Obligations to be delivered to Noteholders if Physical Settlement applies and the Valuation Obligations to be valued if Cash Settlement applies. You should assume that the Deliverable Obligations and the Valuation Obligations selected by the Calculation Agent will be Deliverable Obligations and Valuation Obligations of the Reference Entity with the lowest market value that are permitted to be delivered or valued pursuant to the terms of the Notes. This could result in a lower recovery value and hence greater losses for investors in the Notes.

**Bid/offer spreads**

Where the Notes are redeemed in whole or in part (or, in the case of Tranche Notes, Loss Amounts determined) by reference to quotations obtained by the Calculation Agent in respect of a portfolio of Valuation Obligations, you should note that such quotations will be subject to prevailing bid-offer spreads, which may be significant in distressed markets and could therefore adversely affect your payout at Redemption.

**Noteholders (in their capacity as holders of the Notes) will not be able to refer questions to the Credit Derivatives Determinations Committees**

The Noteholders, in their capacity as holders of the Notes, will not have the ability to refer questions to a Credit Derivatives Determinations Committee since the Notes are not a credit derivative transaction for purposes of the 2014 Credit Definitions or the 2003 Credit Definitions and the Notes do not incorporate and are not deemed to have incorporated the DC Rules. As a result, Noteholders will be dependent on other market participants to refer specific questions to the Credit Derivatives Determinations Committees that may be relevant to the Noteholders. The Calculation Agent has no duty to the Noteholders to, and does not intend to, refer specific Noteholder questions to the Credit Derivatives Determinations Committees.

**Noteholders will have no role in the composition of the Credit Derivatives Determinations Committees**

Separate criteria apply with respect to the selection of dealer and non-dealer institutions to serve on the Credit Derivatives Determinations Committees and the Noteholders will have no role in establishing or enforcing such criteria. In addition, the composition of the Credit Derivatives Determinations Committees will change from time to time in accordance with the DC Rules, as the term of a member institution may expire or a member institution may be required to be replaced. The Noteholders will have no control over the process for selecting institutions to participate on the Credit Derivatives Determinations Committees and, to the extent provided for in the Notes, will be subject to the determinations made by such selected institutions in accordance with the DC Rules.

### **Potential conflicts of interest due to the involvement of the Calculation Agent with the Credit Derivatives Determinations Committees**

Since, as of the Issue Date, the Calculation Agent (or one of its affiliates) is a consultative member on each of the Credit Derivatives Determinations Committees and is a party to transactions which incorporate, or are deemed to incorporate, the DC Rules, it may take certain actions, including participating in Auctions, which may influence the process and outcome of decisions of the Credit Derivatives Determinations Committees. Such action may be adverse to the interests of the Noteholders and may result in an economic benefit accruing to the Calculation Agent or its affiliates. In taking any action relating to the Credit Derivatives Determinations Committees or performing any duty under the DC Rules, the Calculation Agent shall have no obligation to consider the interests of the Noteholders and may ignore any conflict of interest arising due to its responsibilities under the Notes.

### **Noteholders will have no recourse against either the institutions serving on the Credit Derivatives Determinations Committees or any external reviewers**

Institutions serving on the Credit Derivatives Determinations Committees and the external reviewers, among others, disclaim any duty of care or liability arising in connection with the performance of duties or the provision of advice under the DC Rules, except in the case of gross negligence, fraud or willful misconduct. Furthermore, the member institutions of the Credit Derivatives Determinations Committees from time to time will not owe any duty to the Noteholders, and the Noteholders will be prevented from pursuing legal claims with respect to actions taken by such member institutions under the DC Rules. Noteholders should also be aware that member institutions of the Credit Derivatives Determinations Committees have no duty to research or verify the veracity of information on which a specific determination is based. In addition, the Credit Derivatives Determinations Committees are not obligated to follow previous determinations and, therefore, could reach a conflicting determination for a similar set of facts.

### **Noteholders shall be responsible for obtaining information relating to deliberations of the Credit Derivatives Determinations Committees**

Notices of questions referred to the Credit Derivatives Determinations Committees, meetings convened to deliberate such questions and the results of binding votes of the Credit Derivatives Determinations Committees will be published on the website of the International Swaps and Derivatives Association, Inc. and neither the Issuer, the Calculation Agent nor any of their respective affiliates shall be obliged to inform the Noteholders of such information (other than as expressly provided in the terms of the Notes). Failure by the Noteholders to be aware of information relating to determinations of a Credit Derivatives Determinations Committee will have no effect under the Notes and Noteholders are solely responsible for obtaining any such information.

### **No Noteholder rights with respect to a Reference Entity**

We have no ability to control or predict the actions of any Reference Entity, including actions that could affect the value of the Notes. None of the money you pay us will go to any Reference Entity, such Reference Entity will not be involved in the offering of the Notes in any way, and such Reference Entity will not have any obligation to consider your interest as a Noteholder in taking any actions that might affect the value of the Notes. As a Noteholder, you will not have voting rights, rights to receive distributions or any other rights with respect to the obligations of such Reference Entity.

Actions of Reference Entities may adversely affect the value of the Notes. The views of market participants and/or legal counsel may differ as to how standard market terms for credit derivative transactions should be interpreted in the context of such actions, or such terms may operate in a manner contrary to the expectations of market participants and/or adversely to the interests of Noteholders. No Reference Entity will have any obligation to consider your interest as a Noteholder as to any corporate or sovereign actions that might affect the value of the Notes.



## **No replacement of a Reference Entity to avoid Credit Events or determination of a Successor**

The terms of the Notes do not provide for replacement of a Reference Entity to avoid Credit Events or the determination of a Successor. Consequently, the occurrence or increased likelihood of Credit Events may adversely affect your investment in the Notes, including a reduction, potentially to zero, in the amount payable to you upon Redemption of the Notes, the value of the Notes in secondary market trading (if any exists), loss of tranche subordination (in the case of Tranche Notes), cessation or suspension of interest accruals and/or other adverse consequences described herein following the occurrence of an Event Determination Date. Similarly, any determination of a Successor that occurs with respect to a Reference Entity on or after the Successor Backstop Date may change the probability (actual or perceived) of the occurrence of a Credit Event, which may adversely impact your investment in the Notes. Therefore, you should not invest in the Notes unless you are comfortable with the creditworthiness of the applicable Reference Entity(s) and the likelihood of the occurrence of a Credit Event and/or the determination of a Successor with respect to such Reference Entity(s).

## **The determination of a Successor may result in different or additional Reference Entities**

If an entity other than the Reference Entity (i) assumes or becomes liable for 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 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 resulting bonds or loans, as applicable, the Calculation may determine a Successor and the Reference Entity may change. As a result, the Notes may reference substantially different, and potentially greater, credit risks following the determination of a Successor.

## **Limited provision of information about a Reference Entity**

The occurrence of an Event Determination Date with respect to a Reference Entity will result in a reduction, potentially to zero, in the amount payable to you upon Redemption of the Notes, loss of tranche subordination (in the case of Tranche Notes), cessation or suspension of interest accruals and/or other adverse consequences described herein. Consequently, you should conduct your own investigation and analysis with respect to the creditworthiness of the relevant Reference Entity(s) and the likelihood of the occurrence of a Credit Event and an event that might result in the determination of a Successor.

As of the Issue Date, the financial and other information with respect to the relevant Reference Entity(s) may be available from publicly available sources. Neither we, the Guarantor nor any of our or its respective affiliates make any representation as to the accuracy, completeness or timeliness of any information available with respect to such Reference Entity(s). We have not made nor will we make any “due diligence” investigation or any inquiry with respect to any Reference Entity in connection with the offering of the Notes. Furthermore, with respect to each offering of Notes, we do not know whether all events relating to the Reference Entity(s) occurring before the Issue Date have been publicly disclosed. Events concerning a Reference Entity that occurred prior to the Issue Date but that only become publicly known after the Issue Date or events concerning a Reference Entity that occur after the Issue Date, whether or not they become publicly known, could adversely affect your investment in the Notes. We, the Guarantor and our respective affiliates will have no obligation to keep Noteholders informed as to any matters with respect to the Reference Entity(s) or any of its or their obligations, including whether or not circumstances exist that give rise to the possibility of the occurrence of a Credit Event or the determination of a Successor with respect to any Reference Entity.

We, the Guarantor and/or any of their respective affiliates, including the Calculation Agent, whether by virtue of the types of relationships described above or otherwise, may at any time be in possession of information relating to a Reference Entity or any of its affiliates that is or may be material in the context of the Notes and that may or may not be publicly available or known to the Noteholders. Except for the Offering Memorandum, information contained herein or in the Pricing Supplement, none of the Issuer, the Guarantor or their respective affiliates, including the Calculation Agent, will have any obligation to disclose any such information (including without limitation any information or evidence regarding the existence or terms of any obligation of the Reference Entity or otherwise regarding such Reference Entity, any guarantor or any other person),

whether or not confidential, to the Noteholders. Where permitted to do so, the Calculation Agent may base its determinations on such information without disclosing such information to the Noteholders. You will not have the right to inspect any of our records or any records of our affiliates.

A Credit Event may occur at any time during the Credit Protection Period. An Event Determination Date generally will occur when we deliver a Credit Event Notice to the Paying Agent. We may notify the Paying Agent of the occurrence of a Credit Event at any time during the Notice Delivery Period. The Paying Agent will then give notice to Noteholders through the clearing system of the occurrence of an Event Determination Date. We will not be liable for failure by the Paying Agent or the clearing system to provide notice to Noteholders.

### **Emerging market Reference Entities**

Prospective investors in Notes that are linked to sovereign or corporate Reference Entities in emerging market jurisdictions should note in particular that emerging market economies may be particularly volatile, including as a result of reliance on a limited number of commodity markets, exposure to levels of consumer or industrial demand in developed or other emerging market economies, capital inflows and outflows, currency exchange rates, corruption, political risk or civil unrest. Publicly available information, including official statistics, may be incorrect, incomplete or misleading. In addition, the ability of an emerging market Reference Entity to meet payments on its debt obligations as they fall due may be highly dependent on, among other things, the production and prevailing price of commodities for export, and movements in relevant exchange rates. Accordingly, the risk of the occurrence of a Credit Event may be particularly high in relation to such Reference Entities.

### **Credit spread basis risk**

As credit spreads widen for a Reference Entity, the value of debt securities issued by the Reference Entity will generally decline. Conversely, as credit spreads tighten for a Reference Entity, the value of its debt securities will generally increase. Changes in the value of the Notes as a result of changing credit spreads, to the extent the value of the Notes may be determined, may be less favorable to you than the corresponding changes in the value of debt securities of a Reference Entity with a maturity equal to the Scheduled Maturity Date of the Notes.

### **Increased risks associated with certain First-to-Default, Linear Basket or Tranche Notes**

First-to-Default Notes will be subject to Redemption in full upon the occurrence of a Credit Event and the delivery of a Credit Event Notice with respect to any one Reference Entity in the portfolio of Reference Entities underlying the Notes. The credit risk to Noteholders with respect to such Notes and any Linear Basket or Tranche Notes may be increased, among other things, as a result of the concentration of Reference Entities in a particular industry sector or geographic area or the exposure of the Reference Entities to similar financial or other risks. For example, if all of the Reference Entities have similar capital structures and are in a similar industry or geographical location, all such Reference Entities might be expected to experience financial difficulties and ultimately a Credit Event, at the same, or approximately the same, time upon the occurrence or non-occurrence of similar market events (e.g., an industry downturn). On the other hand, as the correlation between the default risk of the Reference Entities decreases (e.g., if economic conditions change such that the effect of such common factors diminishes), it becomes less likely that all of the Reference Entities will experience a Credit Event simultaneously, but relatively more likely that one of the Reference Entities will independently experience a Credit Event at any given time.

Changes in the constituents of a portfolio of Reference Entities, such as those that may occur following the determination of a Successor, may affect the level of default correlation among the Reference Entities in the portfolio and, therefore, the value of certain First-to-Default and Tranche Notes as well as the concentration risk associated with Linear Basket Notes. The dependence of the value of First-to-Default Notes and Tranche Notes on changes in correlation may be complex, and there may not be market consensus on the appropriate valuation models.

## **Additional risks related to Tranche Notes**

Noteholders of Tranche Notes bear the risk that losses on a portfolio of Reference Entities will fall within the tranche defined by the Attachment Point and Detachment Point specified in the applicable Pricing Supplement. This position represents a leveraged exposure to credit risk since the size of the Reference Portfolio Notional Amount may be considerably larger than the Aggregate Notional Amount of the Tranche Notes. This position entails a high degree of risk (such that the Noteholder will suffer higher losses due to the settlement of Credit Events than those it would suffer in respect of an unleveraged position that referenced the entire portfolio of Reference Entities).

Noteholders of Tranche Notes will not receive any partial Early Redemption payments following the occurrence of an Event Determination Date during the Notice Delivery Period. Rather, such occurrence will result in a loss of tranche subordination and/or a writedown of the principal amount, possibly to zero.

Due to the more complex nature of Tranche Notes, and the potential higher risks involved with such an investment, any potential investors should ensure that they fully understand all of the mechanics of such Notes, including how the Attachment Point and Detachment Point will affect the value of the Notes, how losses on the applicable portfolio of Reference Entities falling below the Detachment Point will be determined and how they will affect the value and risk of your investment in the Notes, and all other associated risks.

## **Calculation Agent's powers to adjust terms of Notes in accordance with market convention without consent of Noteholders**

Noteholders should note that the Calculation Agent may from time to time and at any time in its sole and absolute discretion, without obtaining the consent of or consulting with the Noteholders, adjust the terms of the Notes described in this Product Supplement and the applicable Pricing Supplement in accordance with any industry protocol, supplement, revised definitions or convention published by ISDA with respect to credit derivative transactions and/or the operation or application of determinations by the Credit Derivatives Determinations Committees if and to the extent that the Calculation Agent determines that such protocol or convention would amend the terms of outstanding credit derivatives transactions that have a trade date that coincides with (or is earlier than) the Issue Date of the Notes and are of a type comparable to the credit-linked provisions of the Notes.

## **Legislative and regulatory risk**

As part of global governmental and private sector efforts to stabilize and reform financial markets, changes in the regulation of persons who engage in derivatives transactions have been considered, proposed, adopted, and/or implemented. For example, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the **Dodd-Frank Act**) establishes a new regulatory framework for derivatives transactions. New requirements relating to capital, margin, registration, trading restrictions and myriad other aspects of engaging in derivatives transactions have been enacted and are being implemented, while others are still being formulated. It is anticipated that promulgation of new rules will be followed by periods in which the meaning and application of rules will be evolving. Further and unforeseeable changes may result. The regulatory changes and resulting requirements of the Dodd-Frank Act, the European Market Infrastructure Regulation, the Basel III framework and similar international reform efforts may limit or restrict, or increase the costs of, engaging in derivatives transactions, market-making and related activities, and such regulatory changes may adversely affect your investment in the Notes, either directly or through adverse effects on liquidity, valuations, or volatility in the markets for credit derivatives transactions comparable to the credit-linked provisions of the Notes.

## DESCRIPTION OF THE NOTES

The following description of the terms of the Notes supplements the description of the general terms of the Notes set forth under the heading “Description of the Notes” in the Offering Memorandum. For the purposes of this “Description of the Notes,” the term “Note” refers to the Notional Amount per Note specified on the cover page hereof and in the applicable Pricing Supplement. The applicable Pricing Supplement describes the terms that apply specifically to the Notes offered, including any changes to the terms specified herein.

### GENERAL TERMS

#### 1. Types of Notes

Single Name Notes are linked to the credit risk of a single Reference Entity. First-to-Default Notes are linked to the credit risk of a basket of Reference Entities; the first occurrence of an Event Determination Date in relation to any one of such Reference Entities will affect the entire nominal or notional amount of a First-to-Default Note as if such Note were a Single Name Note with respect to such Reference Entity. Linear Basket Notes are linked to the credit risk of a basket of Reference Entities, with a portion of the nominal or notional amount of each Note, as described under “*Linear Basket Notes*” below, being at risk to each such Reference Entity. Tranche Notes are linked to the credit risk of a basket of Reference Entities; such Notes will incur principal writedowns to the extent that Event Determination Dates in relation to such Reference Entities result in Loss Amounts that exceed, in the aggregate, the applicable Tranche Subordination Amount. Other types of Notes may be issued from time to time and will be described in detail in the applicable Pricing Supplement.

#### 2. Reference Entity(s)

The applicable Pricing Supplement will specify one or more Reference Entities. The Notes are exposed to the credit of the specified Reference Entity or Reference Entities as described in the applicable Pricing Supplement. If an Event Determination Date occurs in relation to a Reference Entity during the relevant Notice Delivery Period, the Notes will be subject to Redemption, settlement or reduction of principal in accordance with “*Redemption following Event Determination Date*” below. A Reference Entity may be replaced by one or more Successors as described under “*Successor Reference Entity*” below.

#### 3. Reference Obligation(s)

A Reference Obligation is an obligation of a Reference Entity (which may be indirect, by way of a guarantee or an equivalent arrangement). The Reference Obligation will be the Standard Reference Obligation, if any, unless “Standard Reference Obligation” is specified as not applicable in the Pricing Supplement. The Seniority Level of the Reference Obligation (as specified in the Pricing Supplement) is also taken into account in determining the application of the “Not Subordinated” Obligation Characteristic and Deliverable Obligation Characteristic. The Calculation Agent may designate Substitute Reference Obligations as described under “*Substitute Reference Obligations*” below.

#### 4. Calculation Agent

The Calculation Agent in its sole discretion will make all determinations relating to the Notes. Absent manifest error, all determinations of the Calculation Agent will be final and binding on the Issuer and the Noteholders, without any liability on the part of the Calculation Agent.

In exercising its rights and discretion related to the Notes (including making certain determinations, selections or elections), the Calculation Agent (in its sole discretion) may rely on the determinations of any Credit Derivatives Determinations Committees, including as to the occurrence of any Credit Event, Potential Failure to Pay, Potential Repudiation/Moratorium, Event Determination Date, Succession Date, Sovereign Succession Event or Substitution Event, as to the determination of any Deliverable Obligations and as to the identification of any Successor to a Reference Entity or Substitute Reference Obligation (each such term as defined below). The Calculation Agent will have no liability to the Issuer, the Noteholders or any other person in relation to such reliance or otherwise.

## **5. Final Payment**

As a final payment on the applicable Redemption Date, the Noteholder will receive the amount due and payable or deliverable to it (if any) as specified in the applicable Pricing Supplement. Unless otherwise specified in the applicable Pricing Supplement, the amounts payable or deliverable as a final payment (if any) under the Notes have been specified for the Notional Amount per Note.

## **6. Payment at Redemption and Notice Prior to Payment**

The final payment of the amount due to a Noteholder at Redemption will be made to the Noteholder in whose name the Note is registered in the security register of the Issuer on the applicable Redemption Date in immediately available funds. If in certificated form, the final payment will be made upon surrender of the Note at the office or agency of the Paying Agent (as defined in the Offering Memorandum), maintained for that purpose in the Borough of Manhattan, The City of New York, or at such other paying agency as the Issuer may determine.

The Issuer will provide a written notice to the Trustee and to the Depositary (as defined in the Indenture), no later than at 10:30 a.m. (New York time) on the day immediately prior to the applicable Redemption Date (but if such day is not a Business Day, prior to the close of business on the Business Day preceding the applicable Redemption Date), of the amount of cash or securities to be delivered with respect to the stated Notional Amount of each Note, and deliver such cash or securities to the Trustee for delivery to the Holders on the applicable Redemption Date.

Unless otherwise specified in the Pricing Supplement, all calculations with respect to the payment or delivery, if any, on the applicable Redemption Date to a Noteholder will be rounded to the nearest hundredth, with five one-thousandth rounded upward (e.g., 0.465 would be rounded up to 0.47), and all amounts paid or delivered on the Notional Amount of a Note will be rounded to the nearest cent, with one-half cent rounded upward.

## **7. Note Provisions to Control**

If the terms described in this Product Supplement are different or inconsistent with those described in the Offering Memorandum, the terms described in this Product Supplement will govern the Notes. If the terms described in the applicable Pricing Supplement are different or inconsistent with those described herein or in the Offering Memorandum, the terms described in the applicable Pricing Supplement will govern the Notes.

## **8. Provisions Relating to Timing**

For purposes of this Product Supplement, in order to determine the day on which an event occurs, the demarcation of days shall be made by reference to Greenwich Mean Time (or, if the Transaction Type of the Reference Entity relates to Japan, 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.

## **9. Defined Terms**

All capitalized terms used herein shall have the meaning set forth in the section entitled “*Definitions*” below. All terms used in a Note, which are defined in the Indenture and not otherwise defined herein, have the meanings assigned to them in the Indenture.

## **REDEMPTION AND DEFERRAL OF MATURITY**

### **1. Redemption at scheduled maturity**

If an Event Determination Date (as described in “*Event Determination Date*” below) in respect of any Reference Entity does not occur on or prior to the last day of the Notice Delivery Period, the Notes are not redeemed early as specified under “*Additional Disruption Events*” below, and the maturity of the Notes is not deferred in accordance with “*Extension of maturity*” below, then each Note will be redeemed by the Issuer



with a cash payment to the Noteholder equal to the Notional Amount of such Note on the Scheduled Maturity Date specified in the applicable Pricing Supplement.

## 2. Extension of maturity

If an Event Determination Date in respect of any Reference Entity has not occurred on or prior to the Scheduled Credit Protection Period End Date but the Calculation Agent determines in its sole discretion that the Notice Delivery Period will be extended so as to expire after the Scheduled Maturity Date, then the Calculation Agent will send a notice (an “**Extension Notice**”) to the Paying Agent on or prior to the last day of the Credit Protection Period in order to defer the maturity of the Notes. In such case, if an Event Determination Date does not occur on or prior to the last day of the Notice Delivery Period, as extended, then the Notes will be redeemed at the amount specified in “*Redemption at scheduled maturity*” on the earlier of (i) the date falling five (5) Business Days following the expiry of the Notice Delivery Period and (ii) the Final Stated Maturity Date.

## 3. Redemption following Event Determination Date

Subject to “*Event Determination Date — Credit Event Notice after Restructuring Credit Event*,” “*Linear Basket Notes*” and “*Tranche Notes*” below, if an Event Determination Date occurs (or, if the Calculation Agent elects to rely on a DC Credit Event Announcement, is subsequently determined by a Credit Derivatives Determinations Committee to have occurred) during the Notice Delivery Period, then the Notes will be redeemed in accordance with the following:

### (a) Auction Settlement

If the applicable Pricing Supplement specifies Auction Settlement as the Settlement Method in relation to a Reference Entity, then following an Event Determination Date and unless a Fallback Settlement Event occurs, each Note shall be redeemed by the Issuer with the payment of the Auction Settlement Amount to the Noteholders on the Auction Settlement Date.

### (b) Fallback Settlement

If the Calculation Agent, in its sole discretion, determines that no relevant Auction Final Price will be determined in relation to the relevant Reference Entity, including following abandonment or cancellation of any auction or if the Calculation Agent elects not to treat any concurrent auction as an Auction for such purpose or if no related Credit Event Resolution Request Date has occurred within three (3) Business Days of the occurrence of an Event Determination Date (any such event or election, a “**Fallback Settlement Event**”), the Notes shall be redeemed in accordance with the Fallback Settlement Method specified in the applicable Pricing Supplement.

### (c) Cash Settlement

If the applicable Pricing Supplement specifies Cash Settlement as the Settlement Method in relation to a Reference Entity, or if a Fallback Settlement Event has occurred in respect of any Notes and the applicable Pricing Supplement specifies Cash Settlement as the Fallback Settlement Method, then such Notes will be redeemed by the payment by the Issuer to the Noteholders of the Cash Settlement Amount on the Cash Settlement Date.

### (d) Physical Settlement

If the applicable Pricing Supplement specifies Physical Settlement as the Settlement Method, or if a Fallback Settlement Event occurs and the applicable Pricing Supplement specifies Physical Settlement as the applicable Fallback Settlement Method, then the Notes will be redeemed by physical delivery of Deliverable Obligations by us to the Noteholders in accordance with “*Physical Settlement*” below.

#### 4. Suspension of obligations

If a Credit Event Resolution Request Date occurs in relation to a Reference Entity, then the obligations of the Issuer in relation to the Notes (including any obligation to deliver any notices, pay any interest, principal or settlement amount or to make any delivery) shall be, and remain, suspended until the Business Day following the earlier of (a) the day falling sixty (60) Business Days following such Credit Event Resolution Request Date and (b) the date of the relevant DC Credit Event Announcement or DC Credit Event Question Dismissal. The Calculation Agent will provide notice of such suspension to the Paying Agent, as soon as reasonably practicable after a Credit Event Resolution Request Date. However, any failure or delay by the Calculation Agent in providing such notice will not affect the validity or effect of such suspension. Once the relevant DC Credit Event Announcement or DC Credit Event Question Dismissal has occurred, the relevant timing requirements of the provisions that have previously tolled or been suspended shall resume on the Business Day following such public announcement by the DC Secretary. No interest shall accrue on any payments which are suspended in accordance with the above.

Without prejudice to paragraph (2) above, if, following the determination of an Event Determination Date but prior to the Settlement Date or, to the extent applicable, a Valuation Date, there is a DC Credit Event Meeting Announcement, the Calculation Agent may, at its option, determine that the applicable timing requirements and the definitions of Credit Event Redemption Date, Valuation Date, Physical Settlement Period and NOPS Cut-off Date, and any other provision(s) as determined by the Calculation Agent, shall toll and be suspended and remain suspended (such period of suspension, a “**Suspension Period**”) until the date of the relevant DC Credit Event Announcement or DC Credit Event Question Dismissal. In the event of any such Suspension Period, the Calculation Agent may make (x) such consequential or other adjustment(s) or determination(s) to or in relation to this Product Supplement or the applicable Pricing Supplement as may be desirable or required either during or following any relevant Suspension Period to account for or reflect such suspension and (y) determine the effective date of such adjustment(s) or determination(s).

In the case of interest-bearing Notes:

- (i) if a Suspension Period falls in any one or more Interest Period(s), then no interest (or any interest on any delayed payment of interest) shall accrue during each portion of an Interest Period during which a Suspension Period exists; and
- (ii) if a Coupon Payment Date falls in a Suspension Period, such Coupon Payment Date will be deferred until such date as determined by the Calculation Agent falling no earlier than the first payment date and no later than the fifth payment day following the end of the Suspension Period.

#### 5. Payment upon an event of default

In case an event of default with respect to the Notes shall have occurred and be continuing, the amount declared due and payable for each Note upon any acceleration of the Notes will be an amount equal to the cost of having a qualified financial institution, as described below, expressly assume all payment and other obligations with respect to the Notes as of that day and as if no default or acceleration had occurred, or to undertake other obligations providing substantially equivalent economic value to the Noteholders with respect to the Notes. Such cost will equal the lowest amount that a qualified financial institution would charge to effect this assumption or undertaking.

During the default quotation period for the Notes (described below), either the Trustee and/or the Issuer, acting in good faith and in a commercially reasonable manner, may request a qualified financial institution to provide a quotation of the amount it would charge to effect this assumption or undertaking. Once any such quotations are obtained in accordance with the foregoing, each of the Issuer and the Trustee must notify each other in writing of any quotations that they have received. The cost will equal the lowest—or if there is only one, the only—quotation obtained, and as to which notice is so given, during the default quotation period. If either the Issuer or Trustee should object, on reasonable grounds, to the quotation obtained by the other party, such party shall notify the other party in writing of those grounds within two (2) Business Days after the last day of the default quotation period, in which case that quotation will be disregarded in determining the amount due and payable.

The default quotation period is the period beginning on the day the Notes are accelerated and ending on the third (3rd) Business Day after that day, unless (i) no quotation of the kind referred to above is obtained, or (ii) every quotation obtained is objected to as described above. If either of these two events occurs, the default quotation period will continue until the third (3rd) Business Day after the first Business Day on which prompt notice of a quotation that is not objected to is given as described above. In any event, if the default quotation period and the subsequent two (2) Business Day objection period have not ended before the Scheduled Credit Protection Period End Date, then the amount due and payable upon acceleration will be determined in accordance with this Product Supplement and the relevant Pricing Supplement as if the event of default had not occurred.

For the purpose of determining the amount due and payable upon acceleration, a qualified financial institution must be a financial institution organized under the laws of any jurisdiction in the United States of America, Europe or Japan, which at that time has outstanding debt obligations with a stated maturity of one (1) year or less from the date of issue and rated either (i) A-1 or higher by S&P or any other comparable rating then used by that rating agency, or (ii) P-1 or higher by Moody's or any other comparable rating then used by that rating agency.

## **PHYSICAL SETTLEMENT**

### **1. Application**

The provisions in this section will apply following the occurrence of an Event Determination Date in relation to any Reference Entity under the terms of the Notes if Physical Settlement applies (including as the Fallback Settlement Method).

### **2. Notice of Physical Settlement**

- (a) The Calculation Agent will deliver to the Paying Agent a Notice of Physical Settlement in relation to any Note on or prior to the applicable NOPS Cut-off Date.

If the Calculation Agent fails to deliver a Notice of Physical Settlement in relation to any Note on or prior to the applicable NOPS Cut-off Date, such Note shall be redeemed as set forth herein on the Scheduled Maturity Date.

- (b) If the Notice of Physical Settlement specifies any Deliverable Obligations which are not eligible for Delivery via any clearing system through which the Notes are cleared, as at the date of such notice, the Notice of Physical Settlement will also contain a statement notifying Noteholders that they must complete and return to the relevant clearing system a blocking instruction (or any other documentation requested by the Issuer in order to comply with securities laws or other transfer restrictions applicable to any Deliverable Obligation) in relation to the Notes held by them within thirty (30) Business Days of delivery of the Notice of Physical Settlement.

If any Noteholder fails to properly complete and deliver a blocking instruction (or any other documentation requested by the Issuer in order to comply with securities laws or other transfer restrictions applicable to any Deliverable Obligation), the Calculation Agent and/or the Issuer may determine in its sole and absolute discretion whether to waive the requirement to deliver a blocking instruction (or such other documentation).

- (c) The Calculation Agent may, from time to time, amend a Notice of Physical Settlement by delivering a NOPS Amendment Notice.
- (d) Notwithstanding the foregoing, (i) the Calculation Agent may amend or correct any errors or inconsistencies contained in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, by notifying the Trustee of such amendment or correction 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 of the detailed description of the Asset

Package, if any, that the Issuer will Deliver in lieu of the Prior Deliverable Obligation or Package Observable Bond, if any, specified in the Notice of Physical Settlement or NOPS Amendment Notice, as applicable, it being understood in each case that any such notice of correction shall not constitute a NOPS Amendment Notice.

- (e) If “Mod R” is specified as applicable in the Pricing Supplement and Restructuring is the only Credit Event specified in a Credit Event Notice, then a Deliverable Obligation may be Delivered for settlement purposes only if it (i) is a Fully Transferable Obligation and (ii) has a final maturity date not later than the applicable Restructuring Maturity Limitation Date, in each case as of each such date as the Calculation Agent determines.
- (f) If “Mod Mod R” is specified as applicable in the Pricing Supplement and Restructuring is the only Credit Event specified in a Credit Event Notice, 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 Delivered for settlement purposes 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 each such date as the Calculation Agent determines. For the purposes of this paragraph only and notwithstanding the foregoing, 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.
- (g) Upon delivery of the Notice of Physical Settlement, any obligation of the Issuer to redeem or otherwise settle the Notes by way of cash payment will be extinguished in full and the Issuer’s sole obligation in relation to the Notes will be:
  - (i) to Deliver or cause to be Delivered the Deliverable Obligations specified in the Notice of Physical Settlement (as amended and corrected by any NOPS Amendment Notice); or
  - (ii) to pay cash in lieu of Delivery of the Deliverable Obligations in the event that the Issuer is unable to make such Delivery due to a Physical Settlement Disruption Event.

### **3. Delivery of Deliverable Obligations**

- (a) In relation to each Note, the Issuer will:
  - (i) Deliver or cause to be Delivered Deliverable Obligations with an outstanding principal balance (excluding accrued but unpaid interest) in an aggregate amount (converted, if applicable, into the Specified Currency of the Notes, at the rate selected by the Calculation Agent and specified in the Notice of Physical Settlement) at least equal to the Notional Amount of such Note, rounded down to the nearest whole unit of each Deliverable Obligation, as reduced by a principal amount of Deliverable Obligations having a market value (as determined by the Calculation Agent in its sole discretion) equal to a pro rata proportion of the sum of any fees, costs, duties or taxes incurred by the Issuer or any of its affiliates in effecting such Delivery; and
  - (ii) where the Deliverable Obligations are rounded down to the nearest whole unit of each Deliverable Obligation as described in subparagraph (a)(i) above, pay to the holder an amount per Note equal to the value of that fraction of the Deliverable Obligations rounded down, as calculated by the Calculation Agent in its sole discretion from such source(s) as it may select (converted, if applicable, into the Specified Currency of the Notes, at a rate selected by the Calculation Agent).

- (b) In relation to each Note, the Issuer will Deliver to Noteholders any Deliverable Obligations of the Reference Entity specified in the Notice of Physical Settlement (or NOPS Amendment Notice) on or before the Initial Credit Event Delivery Redemption Date or, if less than all of such Deliverable Obligations are Delivered by the Initial Credit Event Delivery Redemption Date, on or before the applicable Delivery Cut-off Date.
- (c) If the Calculation Agent determines, in its sole discretion, that it is impossible or illegal to Deliver any Deliverable Obligation specified in a Notice of Physical Settlement (or NOPS Amendment Notice), or a consent required for Delivery has not been obtained, the Issuer will, in lieu of Delivering such Deliverable Obligation, pay an amount per Note equal to the pro rata proportion of the market value of such Deliverable Obligations which are not Delivered in cash on a date no later than the tenth (10th) Business Day after the value of all such Deliverable Obligations which are not Delivered has been determined by the Calculation Agent, in its sole discretion.

#### **4. Delivery Disruptions**

If, in relation to any Noteholder, a Physical Settlement Disruption Event occurs, then:

- (a) on or prior to the Initial Credit Event Delivery Redemption Date, the Issuer will Deliver to the relevant Noteholder any of the relevant Deliverable Obligations which it is possible and legal for it to Deliver and for which each relevant clearing system has received a completed blocking instruction (or any other documentation requested by the Issuer in order to comply with securities laws or other transfer restrictions applicable to any Deliverable Obligation) sufficiently in advance of the Initial Credit Event Delivery Redemption Date;
- (b) as soon as practicable thereafter, the Issuer shall Deliver to the Noteholders any Deliverable Obligations specified in the Notice of Physical Settlement which have not been Delivered and it is subsequently possible and legal for it to Deliver and in respect of which each relevant clearing system has received a blocking instruction (or any other documentation requested by the Issuer in order to comply with securities laws or other transfer restrictions applicable to any Deliverable Obligation); and
- (c) if any Deliverable Obligations specified in the Notice of Physical Settlement have not been Delivered as of the relevant Delivery Cut-off Date, then “*Partial Cash Settlement in lieu of Delivery of Deliverable Obligations*” below will apply to such Deliverable Obligations.

#### **5. Partial Cash Settlement in lieu of Delivery of Deliverable Obligations**

If this provision applies, the Calculation Agent will determine the value of each Deliverable Obligation that is not Delivered, and each Note will be redeemed as though Cash Settlement were the applicable Settlement Method.

For such purpose:

- (a) the “Valuation Date” will be a date selected by the Calculation Agent falling not later than the fifth (5th) Business Day following the applicable Delivery Cut-off Date;
- (b) the Notional Amount of each Note shall be the aggregate outstanding principal balance of the Deliverable Obligations which are not Delivered relating to each such Note; and
- (c) the Calculation Agent shall seek bid quotations for Valuation Obligations having an aggregate outstanding principal balance equal to the aggregate outstanding principal balance of the Deliverable Obligations which are not Delivered.

#### **CREDIT-LINKED INTEREST PROVISIONS**

The following provisions apply in relation to any Notes which are interest-bearing.



Notwithstanding anything to the contrary in the Offering Memorandum but subject to the provisions of “*Linear Basket Notes*” and “*Tranche Notes*” below:

- (a) interest will cease to accrue on the Notes on the Coupon Payment Date immediately preceding any Event Determination Date; and
- (b) no interest will accrue after the Scheduled Maturity Date even if the payment of the outstanding principal amount, Auction Settlement Amount or Cash Settlement Amount, as applicable, occurs after such date or if the Notes are redeemed by Physical Settlement after such date.

If the Redemption of the Notes is deferred as set out in “*Physical Settlement — 4. Delivery Disruptions*” above, the accrual of interest on the Notes will be suspended for the period from and including the Coupon Payment Date immediately preceding the date of delivery of the applicable Extension Notice. If no Event Determination Date subsequently occurs during the Notice Delivery Period or a DC No Credit Event Announcement is made, suspended interest will be reinstated and paid on the date on which the Notes are finally redeemed.

## **CREDIT EVENTS AND RELATED PROVISIONS**

The Credit Events which are applicable to a Reference Entity will be specified in the applicable Pricing Supplement. The Credit Event that is the subject of a Credit Event Notice does not have to be continuing as at the date of such Credit Event Notice or at any subsequent time.

The Calculation Agent’s decision as to whether a Credit Event has occurred with respect to a Reference Entity will be made without regard to 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.

The Calculation Agent may in its sole discretion rely on the determinations of any Credit Derivatives Determinations Committee as to whether any Credit Event has occurred and the date of such occurrence, but it is not obliged to do so.

## **EVENT DETERMINATION DATE**

### **1. Credit Event Notice**

As a condition to the Redemption of the Notes following the occurrence of a Credit Event, the Calculation Agent must deliver to the Paying Agent a Credit Event Notice during the Notice Delivery Period. Unless the Credit Event Notice cites a DC Credit Event Announcement with respect to the referenced Credit Event or unless the applicable Pricing Supplement specifies that Publicly Available Information is not applicable in relation to the relevant Reference Entity, such notice must be accompanied by a copy, or a description in reasonable detail, of the Publicly Available Information that reasonably confirms the facts relevant to the determination that a Credit Event described in the Credit Event Notice has occurred. The requirement for Publicly Available Information, if applicable, shall be deemed satisfied by the delivery of a certificate signed

by an authorized signatory of the Calculation Agent, the Issuer or one of their affiliates which certifies the occurrence of such event 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 (A) 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 (B) a trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for an Obligation; or (iii) is information contained in any 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 subparagraphs (ii) or (iii) 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.

## 2. Credit Event Notice after M(M)R Restructuring

Upon the occurrence of an M(M)R Restructuring:

- (a) the Calculation Agent may deliver multiple Credit Event Notices with respect to such M(M)R Restructuring, each such Credit Event Notice setting forth the amount of the relevant Reference Entity Notional Amount to which such Credit Event Notice applies (the “**Exercise Amount**”), provided that if the Credit Event Notice does not specify an Exercise Amount, the full Reference Entity Notional Amount will be deemed to have been specified as the Exercise Amount;
- (b) if the Calculation Agent has delivered a Credit Event Notice that specifies an Exercise Amount that is less than the Reference Entity Notional Amount, the Note will be treated, with effect from the date such Credit Event Notice is effective, as though its notional amount is the Exercise Amount and, upon the occurrence of an Event Determination Date, the Note being redeemed (in whole or in part) in accordance with the applicable Settlement Method or Fallback Settlement Method, as applicable; and
- (c) the Exercise Amount in connection with a Credit Event Notice describing an M(M)R Restructuring must be an amount that is at least 1,000,000 units of the currency (or, if Japanese Yen, 100,000,000 units) in which the Reference Entity Notional Amount is denominated and an integral multiple thereof or the entire Reference Entity Notional Amount.

## TERMS RELATED TO RESTRUCTURING

### 1. Mod R

If (i) “Physical Settlement” is specified to be the Settlement Method (or is applicable as the Fallback Settlement Method) in the applicable Pricing Supplement, (ii) “Mod R” is specified as applicable in the applicable Pricing Supplement (iii) Restructuring is the only Credit Event specified in a Credit Event Notice delivered by Issuer, then unless the Deliverable Obligation is a Prior Deliverable Obligation and the applicable Asset Package Credit Event is a Governmental Intervention, a Deliverable Obligation may be specified (or deemed specified) in the Notice of Physical Settlement or in any NOPS Amendment Notice, as applicable, only if such Deliverable Obligation:

- (a) is a Fully Transferable Obligation; and
- (b) has a final maturity date not later than the applicable Restructuring Maturity Limitation Date,

in each case, as of both the NOPS Effective Date and the Delivery Date.

## 2. Mod Mod R

If (i) “Physical Settlement” is specified to be the Settlement Method (or is applicable as the Fallback Settlement Method) in the applicable Pricing Supplement, (ii) “Mod Mod R” is specified as applicable in the applicable Pricing Supplement and (iii) Restructuring is the only Credit Event specified in a Credit Event Notice delivered by Issuer, then unless the Deliverable Obligation is a Prior Deliverable Obligation and the applicable Asset Package Credit Event is a Governmental Intervention, a Deliverable Obligation may be specified (or deemed specified) in the Notice of Physical Settlement or in any NOPS Amendment Notice, as applicable, only if it

- (a) is a Conditionally Transferable Obligation; and
- (b) 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 the purpose of this provision, 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.

## OBLIGATIONS AND DELIVERABLE OBLIGATIONS

### 1. Generally

Certain Credit Events (*e.g.*, Failure to Pay and Restructuring) will only be treated as such if, among other things, they occur in relation to Obligations.

Following the occurrence of an Event Determination Date, if Physical Settlement applies to the Notes (including following the occurrence of a Fallback Settlement Event), the Issuer will Deliver Deliverable Obligations of the Reference Entity(s). Where Auction Settlement applies, then Deliverable Obligations will form the basis of the Auction(s) sponsored by ISDA in relation to the relevant Reference Entity. If Cash Settlement applies, the Calculation Agent will, as applicable, seek quotations in relation to Valuation Obligations for the purpose of determining the applicable Final Price.

### 2. Obligation Categories

The Obligation Category applicable to a Reference Entity will be specified in the applicable Pricing Supplement from among the following: (i) Payment, (ii) Borrowed Money, (iii) Reference Obligation Only, (iv) Bond, (v) Loan and (vi) Bond or Loan.

### 3. Obligation Characteristics

The Obligation Characteristics applicable to a Reference Entity will be specified in the applicable Pricing Supplement from among the following: (i) Not Subordinated, (ii) Specified Currency, (iii) Not Sovereign Lender, (iv) Not Domestic Currency, (v) Not Domestic Law, (vi) Listed and (vii) Not Domestic Issuance; provided that no Obligation Characteristics shall apply if the Obligation Category is Reference Obligation Only.

### 4. Deliverable Obligation Categories

The Deliverable Obligation Category applicable to a Reference Entity will be specified in the applicable Pricing Supplement from among the following; (i) Payment, (ii) Borrowed Money, (iii) Reference Obligation Only, (iv) Bond, (v) Loan and (vi) Bond or Loan (each as defined in the definition of “Obligation Category” 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).

## 5. Deliverable Obligation Characteristics

The Deliverable Obligation Characteristics applicable to a Reference Entity will be specified in the applicable Pricing Supplement from among the following: (i) Not Subordinated, (ii) Specified Currency, (iii) Not Sovereign Lender, (iv) Not Domestic Currency, (v) Not Domestic Law, (vi) Listed, (vii) Not Domestic Issuance, (viii) Assignable Loan, (ix) Consent Required Loan, (x) Direct Loan Participation, (xi) Transferable, (xii) Maximum Maturity, (xiii) Accelerated or Matured and (xiv) Not Bearer; provided that no Deliverable Obligation Characteristics shall apply if the Deliverable Obligation Category is Reference Obligation Only.

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

Notwithstanding anything else herein, no obligation will be a Deliverable Obligation if Delivery of such obligation to a Noteholder would require or cause that Noteholder to assume, or would subject that Noteholder to, any obligation, liability or commitment to lend additional funds (including any outstanding contingent commitment) (in each case other than (i) immaterial, nonpayment obligations and any assignment or transfer fee in respect of loans and (ii) obligations arising under customary provisions in respect of borrowed money, including but not limited to requirements that the holders thereof indemnify or reimburse a trustee, administrative or fiscal agent or similar person or entity for costs, liabilities or expenses and customary pro rata sharing provisions requiring any amount received by a lender through payment, set-off or otherwise other than through the procedures set forth in the relevant loan documentation to be shared with other lenders).

## 6. Method for Determining Obligations

For the purposes of paragraph (a) of the definition of Obligation below, the term “Obligation” may be defined as the obligation of each Reference Entity described by the Obligation Category specified in the Pricing Supplement, and having each of the Obligation Characteristics (if any) specified in the Pricing Supplement, 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:

“**Obligation Category**” means Payment, Borrowed Money, Reference Obligation Only, Bond, Loan, or Bond or Loan, only one of which shall be specified in the Pricing Supplement, 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.

**“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 Pricing Supplement, where:

- (i) **“Not Subordinated”** means an obligation that is not Subordinated to (1) the Reference Obligation or, (2) the Prior Reference Obligation, if applicable;
- (ii) **“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 other similar arrangement providing that (I) upon the liquidation, dissolution, reorganization 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 applicable, 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
- (iii) **“Prior Reference Obligation”** means, in circumstances where there is no Reference Obligation applicable to the relevant Notes, (I) the Reference Obligation most recently applicable thereto, if any, and otherwise, (II) the obligation specified in the Pricing Supplement 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;
- (iv) **“Specified Currency”** means an obligation that is payable in the currency or currencies specified as such in the Pricing Supplement (or, if Specified Currency is specified in the Pricing Supplement 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;
- (v) **“Not Sovereign Lender”** means any obligation that is not primarily owed to (A) a Sovereign or (B) any entity or organization 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”**;
- (vi) **“Not Domestic Currency”** means any obligation that is payable in any currency other than applicable Domestic Currency provided that a Standard Specified Currency shall not constitute the Domestic Currency;



- (vii) **“Not Domestic Law”** means any obligation that is not governed by applicable Domestic Law, provided that the laws of England and the laws of the State of New York shall not constitute a Domestic Law;
- (viii) **“Listed”** means an obligation that is quoted, listed or ordinarily purchased and sold on an exchange; and
- (ix) **“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 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 Reference Entity (regardless of whether such obligation is also registered or qualified for sale within the domestic market of the 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.

## 7. Method for Determining Deliverable Obligations

For the purposes of the 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 Pricing Supplement, and, subject to paragraph 8 (*Interpretation of Provisions*) below, having each of the Deliverable Obligation Characteristics, if any, specified in the Pricing Supplement, in each case, as of each such date the Calculation Agent determines relevant for purposes of the Hedging Arrangements. 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 Obligation, 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;
  - (i) **“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 organization) that are not then a lender or a member of the relevant lending syndicate, without the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the applicable borrower if the Reference Entity is guaranteeing such Loan) or any agent;
  - (ii) **“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;
  - (iii) **“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 favor of each Noteholder that provides each 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 Noteholder and either (A) the Issuer or the Guarantor, as the case may be, (to the extent that the Issuer or the Guarantor, 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);

- (iv) **“Transferable”** means an obligation that is transferable to institutional investors without any contractual, statutory or regulatory restriction, provided that none of the following shall be considered contractual, statutory or regulatory restrictions:
  - (A) contractual, statutory or regulatory restrictions that provide for eligibility for resale pursuant to Rule 144A or Regulation S promulgated under the United States Securities Act of 1933, as amended (and any contractual, statutory or regulatory restrictions promulgated under the laws of any jurisdiction having a similar effect in relation to the eligibility for resale of an obligation);
  - (B) restrictions on permitted investments such as statutory or regulatory investment restrictions on insurance companies and pension funds; or
  - (C) restrictions in respect of blocked periods on or around payment dates or voting periods;
- (v) **“Maximum Maturity”** means an obligation that has a remaining maturity of not greater than the period specified in the Pricing Supplement (or if no such period is specified, thirty (30) years);
- (vi) **“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
- (vii) **“Not Bearer”** means any obligation that is not a bearer instrument unless interests with respect to such bearer instrument are cleared via Euroclear, Clearstream International or any other internationally recognised clearing system.

## 8. Interpretation of Provisions

- (A) If either of the Obligation Characteristics “Listed” or “Not Domestic Issuance” is specified in the Pricing Supplement, the Pricing Supplement shall be construed as though the relevant Obligation Characteristic had been specified as an Obligation Characteristic only with respect to Bonds.
- (B) If (i) either of the Deliverable Obligation Characteristics “Listed,” “Not Domestic Issuance” or “Not Bearer” is specified in the Pricing Supplement, the Pricing Supplement shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Bonds; (ii) the Deliverable Obligation Characteristic “Transferable” is specified in the Pricing Supplement, the Pricing Supplement 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 (iii) any of the Deliverable Obligation Characteristics “Assignable Loan,” “Consent Required Loan” or “Direct Loan Participation” is specified in the Pricing Supplement, the Pricing Supplement 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 Pricing Supplement, 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 Pricing Supplement 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 Pricing Supplement 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
- (E) 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.
  - (F) 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.
  - (G) If “Financial Reference Entity Terms” and “Governmental Intervention” are specified as applicable in the Pricing Supplement, 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.
  - (H) For purposes of determining the applicability of Deliverable Obligation Characteristics 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.
  - (I) If “Subordinated European Insurance Terms” is specified as applicable in the Pricing Supplement, 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.

For the avoidance of doubt the provisions of this paragraph 8 apply in respect of the definitions of Obligation and Deliverable Obligation as the context admits.

## **9. Relevant Guarantee**

If an Obligation or a Deliverable Obligation is a Relevant Guarantee, the following will apply:

- (a) For purposes of the application of the Obligation Category or the Deliverable Obligation Category, the Relevant Guarantee shall be deemed to satisfy the same category or categories as those that describe the Underlying Obligation.
- (b) 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 Pricing Supplement

from the following list: Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency and Not Domestic Law.

- (c) 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 Pricing Supplement 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.
- (d) 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.

## **SUCCESSOR REFERENCE ENTITY**

### **1. Generally**

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 in accordance with the definition of Successor, provided that the Calculation Agent will not make any 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.

The Calculation Agent will make all calculations and determinations required to be made under the definition of Successor on the basis of Eligible Information and will, as soon as practicable after such calculation or determination, make such calculation or determination available for inspection by Noteholders at the specified office of the Paying Agent. In calculating the percentages used to determine whether an entity qualifies as a Successor under paragraph (a) of the definition of Successor, 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.

Where (i) a Reference Obligation has been specified in the applicable Pricing Supplement, (ii) one or more Successors to the Reference Entity have been identified and (iii) any one or more such Successors have not assumed the Reference Obligation, a Substitute Reference Obligation will be determined in accordance with “*Substitute Reference Obligations*” below.

Notwithstanding the above, the Calculation Agent may in its sole discretion rely on the determination of any Credit Derivatives Determinations Committee as to whether any Successor has been identified in relation to any Reference Entity but is not obliged to do so.

Where pursuant to paragraph (a)(iii), (a)(iv), (a)(vi) or (b) of the definition of Successor, more than one Successor has been identified, the Calculation Agent shall adjust the terms of this Product Supplement and/or the Pricing Supplement as it shall determine to be appropriate to reflect that the Reference Entity has been succeeded to 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 this Product Supplement and/or the Pricing Supplement 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 Credit Definitions.

Upon the Calculation Agent making such adjustment, the Issuer shall give notice as soon as practicable to Noteholders stating the adjustment to this Product Supplement and/or the Pricing Supplement and giving brief details of the relevant Successor event.

### **2. First-to-Default Notes**

In respect of any First-to-Default Notes:

*Substitution Not Applicable:*

Where any Reference Entity (the “**Surviving Reference Entity**”) (other than the Reference Entity for which a Successor fails to be determined pursuant to this definition of “Successor”) would be a Successor to any other Reference Entity (the “**Legacy Reference Entity**”) in accordance with the definition of “Successor” and Substitution is specified as Not Applicable in the applicable Pricing Supplement, such Surviving Reference Entity shall be deemed a Successor to the Legacy Reference Entity.

*Substitution Applicable:*

Where any Reference Entity (the “**Surviving Reference Entity**”) (other than the Reference Entity for which a Successor fails to be determined pursuant to this definition of “Successor”) would be a Successor to any other Reference Entity (the “**Legacy Reference Entity**”) in accordance with the definition of “Successor” and Substitution is specified as Applicable in the applicable Pricing Supplement:

- (a) such Surviving Reference Entity shall be deemed not to be a Successor to the Legacy Reference Entity; and
- (b) the Calculation Agent may in its reasonable discretion (but is not required to) (i) select an Alternative Reference Entity to be the Successor in respect of the relevant succession and (ii) select an Alternative Reference Obligation to be the Reference Obligation in respect of such Alternative Reference Entity after the relevant succession from and including the relevant Succession Date and the Calculation Agent may make such adjustments to the Product Supplement, and/or the applicable Pricing Supplement as it determines to be necessary or desirable to reflect such Alternative Reference Entity and Alternative Reference Obligation. If the Calculation Agent acting reasonably does not select an Alternative Reference Entity or an Alternative Reference Obligation, then: (A) no Successor shall be appointed; (B) the Surviving Reference Entity will continue to be a Reference Entity; (C) the Legacy Reference Entity to which the relevant succession relates shall be deemed to have ceased to be a Reference Entity; (D) that portion of any interest payable which is allocable to the credit protection purchased under the Notes in respect of the Legacy Reference Entity shall be reduced accordingly as determined by the Calculation Agent; and (E) the Calculation Agent may make any necessary adjustments to the Product Supplement and/or the applicable Pricing Supplement to account for Successor Associated Costs, which may include, without limitation, reducing the amount payable on Redemption of the Notes and/or the amount payable on Redemption of the Notes following the occurrence of a Credit Event by an amount equal to any Successor Associated Costs, 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 reasonable discretion;

**Alternative Reference Obligation** means any obligation of the Alternative Reference Entity selected by the Calculation Agent in its reasonable 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 fails 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 fails to be determined pursuant to this definition of “Successor”, as determined by the Calculation Agent in its reasonable discretion;

**Spread** means the bid-side quotation obtained by the Calculation Agent from a leading dealer in the credit default swap market selected by the Calculation Agent in its reasonable 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 Maturity Date and with the Reference Obligation(s) specified in the applicable Pricing Supplement; and

**Spread Requirement** means an entity that, as at the date of selection, has a Spread not greater than the Spread of the Reference Entity for which a Successor fails to be determined pursuant to this definition of “Successor”, immediately prior to the relevant Succession Date as determined by the Calculation Agent in its reasonable discretion.

**Successor Associated Costs** means an amount per unit or nominal amount of Notes equal to the Calculation Amount (which may not be less than zero) equal to such Notes’ *pro rata* share of the total amount of any and all costs and losses associated with or incurred by the Bank and/or any Affiliate in connection with the Affected Reference Entity ceasing to be a Reference Entity, including, without limitation, any costs and losses associated with or incurred by the Bank and/or any Affiliate in connection with unwinding, substituting, re-establishing and/or incurring any funding relating to the Notes and/or any hedge positions (including without limitation, any derivative transaction) relating to the Notes, and any related costs due to costs or losses being incurred prior to the maturity or settlement of the Notes, all as determined by the Calculation Agent in its reasonable discretion.

### 3. Multiple Successors

Subject to the provisions of “*Linear Basket Notes*” and “*Tranche Notes*” below, where more than one Successor has been identified, and where unless otherwise specified in the relevant Pricing Supplement, the Notes shall be deemed, for the purpose of determining the payment, delivery and other obligations of the Issuer, to have divided into the same number of notional Notes as there are Successors. Each such notional Note shall reference a Successor and (if applicable) shall have a Notional Amount or an outstanding principal amount equal to the Notional Amount or outstanding principal amount of such Note immediately prior to the determination of a Successor, divided by the number of Successors.

### MONOLINE INSURER AS REFERENCE ENTITY

If a Reference Entity in the applicable Pricing Supplement is a Monoline Insurer, then the following provisions will apply with respect to such Reference Entity:

#### 1. Obligation and Deliverable Obligation

Paragraph (a) of the definition of “Obligation” and paragraph (a) of the definition of “Deliverable Obligation” are hereby amended by adding “or Qualifying Policy” after “or as provider of a Relevant Guarantee.”

#### 2. Interpretation of Provisions

In the event that an Obligation or a Deliverable Obligation is a Qualifying Policy, the terms of paragraph (ii) (*Interpretation of Provisions*) of the definition of “Deliverable Obligation” will apply, with references to “Relevant Guarantee,” the “Underlying Obligation” and the “Underlying Obligor” deemed to include the “Qualifying Policy,” the “Insured Instrument” and the “Insured Obligor,” respectively, except that:

- (a) the Obligation Category Borrowed Money and the Obligation Category and Deliverable Obligation Category Bond shall be deemed to include distributions payable under an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, the Deliverable Obligation Category Bond shall be deemed to include such an Insured Instrument, and the terms “obligation” and “obligor” as used herein in respect of such an Insured Instrument shall be construed accordingly;
- (b) references in the definitions of “Assignable Loan” and “Consent Required Loan” to “guarantor” and “guaranteeing” shall be deemed to include “insurer” and “insuring,” respectively;

- (c) neither the Qualifying Policy nor the Insured Instrument must satisfy on the relevant date the Deliverable Obligation Characteristic of Accelerated or Matured, whether or not that characteristic is otherwise specified as applicable in the applicable Pricing Supplement;
- (d) if the Assignable Loan, Consent Required Loan, Direct Loan Participation or Transferable Deliverable Obligation Characteristics are specified in the applicable Pricing Supplement and if the benefit of the Qualifying Policy is not transferred as part of any transfer of the Insured Instrument, the Qualifying Policy must be transferable at least to the same extent as the Insured Instrument;
- (e) with respect to an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, the term “maturity,” as such term is used in the Maximum Maturity Deliverable Obligation Characteristic, shall mean the specified date by which the Qualifying Policy guarantees or insures, as applicable, that the ultimate distribution of the Certificate Balance will occur; and
- (f) with respect to a Qualifying Policy and an Insured Instrument, only the Qualifying Policy must satisfy on the relevant date or dates the “Not Subordinated” Obligation Characteristic or Deliverable Obligation Characteristic, if applicable.

### **3. Outstanding Principal Balance**

References in paragraph (a) of the definition of “Outstanding Principal Balance” to a Guarantee, the Underlying Obligation and the Underlying Obligor shall be deemed to include a Qualifying Policy, the Insured Instrument and the Insured Obligor respectively. Any provisions of an Insured Instrument limiting recourse in respect of such Insured Instrument to the proceeds of specified assets (including proceeds subject to a priority of payments) or reducing the amount of any Instrument Payments owing under such Insured Instrument shall be disregarded for the purposes of subparagraph (b)(ii) in the definition of “Outstanding Principal Balance,” provided that such provisions are not applicable to the Qualifying Policy by the terms thereof and the Qualifying Policy continues to guarantee or insure, as applicable, the Instrument Payments that would have been required to be made absent any such limitation or reduction.

### **4. Deliver**

For the purposes of the definition of “Deliver,” “Deliver” with respect to an obligation that is a Qualifying Policy means to Deliver both the Insured Instrument and the benefit of the Qualifying Policy (or a custodial receipt issued by an internationally recognized custodian representing an interest in such an Insured Instrument and the related Qualifying Policy), and “Delivery” and “Delivered” will be construed accordingly.

### **5. Provisions for Determining a Successor**

Subparagraphs (a), (c) and (d) of the definition of “Successor” are hereby amended by adding “or Qualifying Policy” after each occurrence of “a Relevant Guarantee.” Paragraph (d) of the definition of “Successor” is hereby amended by adding “or provider of a Qualifying Policy” after “as guarantor or guarantors.”

### **6. Original Non-Standard Reference Obligation, Substitute Reference Obligation and Substitution Event**

The definitions of “Original Non-Standard Reference Obligation,” “Substitute Reference Obligation” and “Substitution Event” are hereby amended by adding “or Qualifying Policy” after “a guarantee.”

### **7. Restructuring**

- (a) With respect to an Insured Instrument that is in the form of a pass-through certificate or similar funded beneficial interest or a Qualifying Policy with respect thereto, clauses (a) to (e), inclusive, of the definition of “Restructuring” are hereby amended to read as follows:

- “(a) a reduction in the rate or amount of the Instrument Payments in sub-clause (i)(x) of the definition thereof that are guaranteed or insured by the Qualifying Policy (including by way of redenomination);
  - (b) a reduction in the amount of the Instrument Payments described in sub-clause (i)(y) of the definition thereof that are guaranteed or insured by the Qualifying Policy (including by way of redenomination);
  - (c) a postponement or other deferral of a date or dates for either (x) the payment or accrual of the Instrument Payments described in sub-clause (i)(x) of the definition thereof or (y) the payment of the Instrument Payments described in sub-clause (i)(y) of the definition thereof, in each case that are guaranteed or insured by the “Qualifying Policy”;
  - (d) a change in the ranking in priority of payment of (x) any Obligation under a Qualifying Policy in respect of Instrument Payments, causing the Subordination of such Obligation to any other Obligation or (y) any Instrument Payments, causing the Subordination of such Insured Instrument to any other instrument in the form of a pass-through certificate or similar funded beneficial interest issued by the Insured Obligor, it being understood that, for this purpose, Subordination will be deemed to include any such change that results in a lower ranking under a priority of payments provision applicable to the relevant Instrument Payments; or
  - (e) any change in the currency or composition of any payment of Instrument Payments that are guaranteed or insured by the “Qualifying Policy” to any currency (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 as a whole).”
- (b) Paragraph (iv) of the definition of “Restructuring” is hereby amended by adding “or, in the case of a Qualifying Policy and an Insured Instrument, where (A) the “Qualifying Policy” continues to guarantee or insure, as applicable, that the same Instrument Payments will be made on the same dates on which the “Qualifying Policy” guaranteed or insured that such Instrument Payments would be made prior to such event and (B) such event is not a change in the ranking in the priority of payment of the “Qualifying Policy” at the end thereof.
  - (c) The definition of “Restructuring” is hereby amended by the insertion of the following paragraph after the final paragraph thereof:

“For purposes of the definition of “Restructuring,” the term Obligation shall be deemed to include Insured Instruments for which the Reference Entity is acting as provider of a Qualifying Policy. In the case of a Qualifying Policy and an Insured Instrument, references to the Reference Entity in the definition of “Restructuring” shall be deemed to refer to the Insured Obligor and the reference to the Reference Entity in paragraph (iv) of the definition of “Restructuring” shall continue to refer to the Reference Entity.”

## **8. Fully Transferable Obligation and Conditionally Transferable Obligation**

In the event that a Fully Transferable Obligation or Conditionally Transferable Obligation is a Qualifying Policy, the Insured Instrument must meet the requirements of the relevant definition and, if the benefit of the Qualifying Policy is not transferred as part of any transfer of the Insured Instrument, the Qualifying Policy must be transferable at least to the same extent as the Insured Instrument. References in the definition of Conditionally Transferable Obligation to the guarantor and guaranteeing shall be deemed to include the insurer and insuring, respectively. With respect to an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, the term “final maturity date,” as such term is used in the definitions of “Mod R” and “Mod Mod R” and the definition of “Restructuring Maturity Limitation Date,” shall mean the specified date by which the Qualifying Policy guarantees or insures, as applicable, that the ultimate distribution of the Certificate Balance will occur.

## 9. Other Provisions

For purposes of the definitions of “Prohibited Action,” “Credit Event” and “Deliver,” references to the Underlying Obligation and the Underlying Obligor shall be deemed to include Insured Instruments and the Insured Obligor, respectively.

### **SUBSTITUTE REFERENCE OBLIGATIONS**

With respect to a Standard Reference Obligation, if the Standard Reference Obligation is removed from the SRO List, such obligation shall cease to be the Reference Obligation and the Calculation Agent will select as a substitute Reference Obligation any Deliverable Obligation with the same level of seniority as the relevant Seniority Level. In addition, (i) the Calculation Agent may replace the Reference Obligation with any further Deliverable Obligation with the same level of seniority as the relevant Seniority Level from time to time and (ii) if a new obligation is placed on the SRO List in respect of the relevant Reference Entity, then the Calculation Agent may, but is not obliged to, select the new Standard Reference Obligation in respect of the Reference Entity as the Reference Obligation.

In the event that (i) a Non-Standard Reference Obligation is redeemed in whole or (ii) provided that the Notes to which the Non-Standard Reference Obligation relates are not Reference Obligation Only Notes, 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 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), the Calculation Agent will identify one or more Substitute Reference Obligations to replace such Non-Standard Reference Obligation in accordance with the requirements of the definition of Substitute Reference Obligation below.

The Calculation Agent may in its sole discretion rely on the determinations of any Credit Derivatives Determinations Committee, including without limitation, in relation to whether circumstances have occurred that require a Substitute Reference Obligation to be identified and/or any Substitute Reference Obligation.

### **LINEAR BASKET NOTES**

As described in the applicable provisions below, Linear Basket Notes are linked to the credit risk of a basket of Reference Entities, with a portion of the nominal or notional amount of each Note being at risk to each such Reference Entity. The following provisions apply in relation to Linear Basket Notes.

For the purposes of Linear Basket Notes, references herein relating to Redemption and settlement or the cessation of interest accrual or the payment or non-payment of interest or additional amounts and to the determination of Successor and Substitute Reference Obligations shall apply separately with respect to each Reference Entity in respect of a fraction of the Notional Amount of the relevant Note equal to the Reference Entity Weighting of such Reference Entity.

To the extent that the Calculation Agent identifies more than one Successor in relation to a Reference Entity, then the Reference Entity Weighting applicable to each Successor shall equal the Reference Entity Weighting of the relevant Reference Entity immediately prior to the determination of a Successor, divided by the number of Successors identified by the Calculation Agent.

Linear Basket Notes that are redeemed by Cash Settlement or Auction Settlement shall be redeemed by payment, in respect of each Note of an amount equal to (i) the aggregate of the Reference Entity Notional Amounts per Note applicable to each Reference Entity in relation to which an Event Determination Date has not occurred during the Notice Delivery Period, and (ii) the aggregate of the Auction Settlement Amounts or Cash Settlement Amounts, as applicable, calculated in relation to each Reference Entity in relation to which an Event Determination Date has occurred during the Notice Delivery Period. Such amount shall be payable (a) in the case of Linear Basket Notes in respect of which “Deferred Settlement” is specified as not applicable in the applicable Pricing Supplement, on each date on which payment would fall due in relation to any Reference Entity, applying the Redemption and settlement provisions hereof as they would apply to a Single Name Note referencing such Reference Entity and (b) in the case of Linear Basket Notes in respect of

which “Deferred Settlement” is specified as applicable in the applicable Pricing Supplement, on the later of the Scheduled Maturity Date and the last date on which payment would fall due in relation to any Reference Entity, applying the Redemption and settlement provisions hereof as they would apply to a Single Name Note referencing such Reference Entity.

If the provisions of this subsection apply, on Redemption of part of each such Note, such Note or, if the Notes are represented by a global instrument, such global instrument shall be endorsed to reflect such partial Redemption.

## **TRANCHE NOTES**

As described in the applicable provisions below, Tranche Notes are linked to the credit risk of a basket of Reference Entities and will incur principal writedowns to the extent that Event Determination Dates in relation to such Reference Entities result in Loss Amounts that exceed the applicable Tranche Subordination Amount. The following provisions apply in relation to Tranche Notes.

To the extent that the Calculation Agent identifies more than one Successor in relation to a Reference Entity, then the Reference Entity Weighting applicable to each Successor shall equal the Reference Entity Weighting of the relevant Reference Entity immediately prior to the determination of a Successor, divided by the number of Successors identified by the Calculation Agent.

Tranche Notes shall be redeemed by payment in respect of each Note of an amount equal to the excess, if any, of the Tranche Notional Amount per Note above the Aggregate Loss Amount per Note. Such amount shall be payable on the later of the Scheduled Maturity Date or, if an Event Determination Date has occurred during the Notice Delivery Period, the last date on which payment would fall due in relation to any Reference Entity if Cash Settlement or Auction Settlement, as specified in the applicable Pricing Supplement for purposes of determining Loss Amounts, applies in respect of such Reference Entity and the corresponding Event Determination Date.

If an Event Determination Date occurs and the Calculation Agent determines in its sole discretion that such Event Determination Date may result in an increment to the Aggregate Loss Amount, then the accrual of interest from and including the Coupon Payment Date preceding such Event Determination Date will be suspended on a portion of the Tranche Notional Amount equal to the Reference Entity Notional Amount of the Reference Entity with respect to which such Event Determination Date has occurred; provided that following the determination of the Loss Amount in respect of such Event Determination Date, if such Loss Amount has not resulted in an increment to the Aggregate Loss Amount, then such suspended interest shall be reinstated and paid on the fifth (5th) Business Day following the determination of such Loss Amount; provided, further, that if such Loss Amount has resulted in an increment to the Aggregate Loss Amount, then interest on the portion of the Tranche Notional Amount equal to such increment to the Aggregate Loss Amount shall be deemed to have ceased accruing on the Coupon Payment Date preceding such Event Determination Date and no interest on such portion shall thereafter accrue on the Notes, but any suspended interest in excess of the interest on such portion shall be reinstated and paid on the fifth (5th) Business Day following the determination of such Loss Amount.

## **ADDITIONAL DISRUPTION EVENTS**

Following the determination by the Calculation Agent that an Additional Disruption Event has occurred, the Issuer in its sole and absolute discretion may take the action described in (a) or (b) below:

- (a) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any of the other terms herein and/or the applicable Pricing Supplement to account for the Additional Disruption Event and determine the effective date of that adjustment; or
- (b) give notice to Holders and redeem all, but not less than all, of the Notes at an amount per Note determined by the Calculation Agent, which, on the due date for the Redemption of such Note, shall represent the fair market value of such Note and shall have the effect of preserving for the Noteholder the economic equivalent of the obligations of the Issuer to



make the payments in respect of such Note which would, but for such Early Redemption, have fallen due after the relevant early Redemption Date. In respect of Notes bearing interest, the Early Redemption amount, as determined by the Calculation Agent in accordance with this paragraph shall include any accrued interest to (but excluding) the relevant early Redemption Date and apart from any such interest included in the Early Redemption amount, no interest, accrued or otherwise, or any other amount whatsoever will be payable by the Issuer in respect of such Redemption.

Upon the occurrence of an Additional Disruption Event, the Issuer shall give notice as soon as practicable to the Trustee, stating the occurrence of the Additional Disruption Event and giving details thereof and the action proposed to be taken in relation thereto, provided that any failure to give, or non-receipt of, such notice will not affect the validity of the Additional Disruption Event.

## **AMENDMENTS**

The Calculation Agent may, without obtaining the consent of or consulting with the Noteholders or any other person, from time to time and at any time in its sole and absolute discretion, adjust the terms of the Notes described in this Product Supplement and the applicable Pricing Supplement in accordance with any industry protocol or convention published by ISDA with respect to credit derivative transactions and/or the operation or application of determinations by the Credit Derivatives Determinations Committees, if and to the extent that the Calculation Agent determines that such protocol or convention would amend the terms of outstanding credit derivatives transactions that have a trade date that coincides with (or is earlier than) the Issue Date of the Notes and are of a type comparable to the credit-linked provisions of the Notes.

## DEFINITIONS

“**Accrued Interest**” means, in respect of any Notes for which:

- (a) “Physical Settlement” is specified to be the Settlement Method in the applicable Pricing Supplement (or for which Physical Settlement is applicable as the Fallback Settlement Method, the Outstanding Principal Balance of the Deliverable Obligations being Delivered will exclude accrued but unpaid interest, unless “Include Accrued Interest” is specified in the applicable Pricing Supplement, in which case, the Outstanding Principal Balance of the Deliverable Obligations being Delivered will include accrued but unpaid interest (as the Calculation Agent shall determine in its reasonable discretion);
- (b) “Cash Settlement” is specified to be the Settlement Method in the applicable Pricing Supplement (or if Cash Settlement is applicable as the Fallback Settlement Method) and:
  - (i) “Include Accrued Interest” is specified in the applicable Pricing Supplement, the Outstanding Principal Balance of the Reference Obligation shall include accrued but unpaid interest;
  - (ii) “Exclude Accrued Interest” is specified in the applicable Pricing Supplement, the Outstanding Principal Balance of the Reference Obligation shall not include accrued but unpaid interest; or
  - (iii) neither “Include Accrued Interest” nor “Exclude Accrued Interest” is specified in the applicable Pricing Supplement, 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.

“**Additional Disruption Event**” means any of Change in Law, Hedging Disruption, Increased Cost of Hedging and/or Regulatory Event, in each case if specified in the applicable Pricing Supplement.

“**Affiliate**” means in relation to any entity (the “**First Entity**”), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes “control” means ownership of a majority of the voting power of an entity.

“**Aggregate Loss Amount**” means, as of any date of determination, with respect to Tranche Notes, the lesser of:

- (i) the Tranche Notional Amount; and
- (ii) the amount, if any, by which (x) the aggregate of the Loss Amounts for all Reference Entities in respect of which an Event Determination Date has occurred exceeds (y) the Tranche Subordination Amount.

“**Aggregate Notional Amount**” means an amount specified as such in the applicable Pricing Supplement; provided that, with respect to the Program, such amount shall not exceed \$6,000,000,000 in the aggregate.

“**Aggregate Outstanding Amount**” has the meaning given to that term in the definition of Notice of Physical Settlement.

“**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 the Reference Entity or a third party (or any value which was realized or capable of being realized in circumstances where the right and/or other asset no longer exists).

**“Asset Market Value”** means the market value of an Asset, as the Calculation Agent shall determine by reference to an appropriate specialist valuation or 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 related Pricing Supplement:
  - (i) a Governmental Intervention; or
  - (ii) a Restructuring in respect of the Reference Obligation, if “Restructuring” is specified as applicable in the applicable Pricing Supplement 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 related Pricing Supplement, 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.

**“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 Event Determination Date, or (ii) if the Reference Entity is a Sovereign, no Package Observable Bond exists immediately prior to such Asset Package Credit Event.

**“Attachment Point”** means, in respect of Tranche Notes, the number (expressed as a percentage of the Reference Portfolio Notional Amount) specified in the applicable Pricing Supplement.

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

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

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

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

**“Auction Final Price Determination Date”** shall have the meaning as shall be set forth in the relevant Transaction Auction Settlement Terms.

**“Auction Settlement Amount”** means an amount per Note equal to the product of (i) the Auction Final Price and (ii) the notional amount of each Note.

**“Auction Settlement Date”** means the date that is either (i) the date specified, if any, in the applicable Pricing Supplement, or (ii) a date selected by the Calculation Agent and falling not later than ten (10) Business Days following the date on which market credit default swaps are settled in accordance with and on the basis of the “Auction Final Price” established by means of the relevant Auction.

**“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 Scheduled Maturity Date (in the case of the Notes), 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 Scheduled Maturity Date (in the case of the Notes), whichever is earlier, or
- (h) causes or is subject to any event with respect to such Reference Entity which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (a) to (g) above.

**“Business Day”** means (i) 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 Pricing Supplement, and/or (ii) a TARGET Settlement Day (if “TARGET” or “TARGET Settlement Day” is specified in the related Pricing Supplement).

**“Business Day Convention”** means the convention for adjusting any relevant date if it would otherwise fall on a day that is not a Business Day. The following terms, when used in conjunction with the term “Business Day Convention” and a date, shall mean that an adjustment will be made if that date would otherwise fall on a day that is not a Business Day so that:

- (a) if “Following” is specified as applicable in the related Pricing Supplement, that date will be the first following day that is a Business Day;
- (b) if “Modified Following” or “Modified” is specified as applicable in the related Pricing Supplement, 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 applicable in the related Pricing Supplement, that date will be the first preceding day that is a Business Day.

**“Calculation Agent Physical Settlement Amendment Notice”** means a notice by the Calculation Agent to the Issuer containing material information required to be included in a NOPS Amendment Notice to be given by the Issuer.

**“Calculation Agent Physical Settlement Notice”** means a notice from the Calculation Agent to the Issuer containing material information required to be included in a Notice of Physical Settlement to be given by the Issuer.

**“Cash Settlement Amount”** means, unless otherwise specified in the related Pricing Supplement, the greater of:

- (a) (i) the notional amount of each Note; multiplied by
- (ii) the Reference Price minus the Final Price; and
- (b) zero.

**“Cash Settlement Date”** means either (i) the date specified, if any, in the applicable Pricing Supplement, or (ii) a date selected by the Calculation Agent and falling not later than ten (10) Business Days following the date on which the related Final Price is determined under the applicable Pricing Supplement.

**“Certificate Balance”** means, in the case of an Insured Instrument that is in the form of a pass-through certificate or similar funded beneficial interest, the unit principal balance, certificate balance or similar measure of unreimbursed principal investment.

**“Change in Law”** means (i) the adoption, enactment, promulgation, execution or ratification of any applicable new law, regulation or rule (including, without limitation, any applicable tax law, regulation or rule) after the Issue Date of the Notes, (ii) the implementation or application of any applicable law, regulation or rule (including, without limitation, any applicable tax law, regulation or rule) already in force as of the Issue Date of the Notes but in respect of which the manner of its implementation or application was not known or was unclear as of the Issue Date, or (iii) the change, after the Issue Date of the Notes, of any applicable law, regulation or rule existing as of the Issue Date of the Notes, or the change in the interpretation or application or practice relating thereto, existing as of the Issue Date of the Notes of any applicable law, regulation or rule, by any competent court, tribunal, regulatory authority or any other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any additional or alternative court, tribunal, authority or entity, to that existing as of the Issue Date).

**“Conditionally Transferable Obligation”** means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Modified Eligible Transferees without the consent of any person being required, in the case of any Deliverable Obligation other than Bonds, in each case, as of each such date the Calculation Agent determines appropriate for purposes of the Hedging Arrangements; 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 below.

**“Credit Derivatives Auction Settlement Terms”** means any Credit Derivatives Auction Settlement Terms published by ISDA, a form of which will be published by ISDA on its website at [www.isda.org](http://www.isda.org) (or any successor website thereto) from time to time and may be amended from time to time.



**“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, with respect to a credit derivative transaction, the occurrence of any one or more of the Credit Events specified in the applicable Pricing Supplement, which may include Bankruptcy, Failure to Pay, Obligation Acceleration, Obligation Default, Repudiation/Moratorium, Restructuring, or Governmental Intervention.

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 purposes of any event that constitutes a Credit Event (or with respect to a Repudiation/Moratorium, if applicable, the event described in paragraph (b) of the definition of Repudiation/Moratorium), as determined by DC Resolution, 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.

**“Credit Event Notice”** means a notice from the Calculation Agent to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that describes a Credit Event that occurred on or after the Credit Event Backstop Date and on or prior to the Extension Date.

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 must contain a description in reasonable detail of the facts relevant to the determination that a Credit Event has occurred. The Credit Event that is the subject of the Credit Event Notice need not be continuing on the date the Credit Event Notice is effective.

**“Credit Event Resolution Request Date”** means, with respect to a 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.

**“Credit Protection Period,”** with respect to a Reference Entity, starts on the Credit Event Backstop Date and ends on the latest of:

- (i) the Scheduled Credit Protection Period End Date (without adjustment for non-Business Days);
- (ii) the Grace Period Extension Date if (a) “Grace Period Extension” is specified as applicable in relation to the relevant Reference Entity in the applicable Pricing Supplement; (b) the Credit Event that is the subject of the Credit Event Notice is a Failure to Pay that occurs after the last day of the Credit Protection Period; and (c) a Potential Failure to Pay with respect to such Failure to Pay occurs on the last day of the Credit Protection Period; and
- (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 date set forth in (i) above and (b) the Calculation Agent determines that a Potential Repudiation/Moratorium with respect to such Repudiation/Moratorium has occurred on the date set forth in (i) above.

**“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 NOPS 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 NOPS Amendment Notice with respect to that portion of the relevant 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 NOPS Amendment Notice, as applicable, the rate of conversion between the Settlement Currency and the currency in which the Outstanding Principal Balance or Due and Payable 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, determined by the Calculation Agent and (b) a Replacement Deliverable Obligation specified in a NOPS 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 any successor rate source approved by the relevant Credit Derivatives Determinations Committee.

**“DC Announcement Coverage Cut-off Date”** means, with respect to a DC Credit Event Announcement, the Auction Final Price Determination Date, the Auction Cancellation Date, or the date that is fourteen (14) calendar days following the No Auction Announcement Date, if any, as applicable.

**“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 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 Meeting Announcement”** means, with respect to the Reference Entity, a public announcement by the DC Secretary that a Credit Derivatives Determinations Committee will be convened to Resolve the matters described in a DC Credit Event Question.

**“DC Credit Event Question”** means a notice to the DC Secretary requesting that a Credit Derivatives Determinations Committee be convened to Resolve whether an event that constitutes a Credit Event 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.

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

**“DC Rules”** means the Credit Derivatives Determinations Committees Rules, as published by ISDA on its website at [www.isda.org](http://www.isda.org) (or any successor website thereto) from time to time and as amended from time to time in accordance with the terms thereof.

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

**“Dealer”** means a dealer (other than one of the parties or any Affiliate of one of the parties, unless otherwise specified in the related Pricing Supplement) in obligations of the type of Obligation(s) for which Quotations are to be obtained, including each Dealer specified in the related Pricing Supplement. If no Dealers are specified in the related Pricing Supplement, the Calculation Agent shall select the Dealers in its reasonable discretion. Upon a 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 Dealer(s) for one or more of the foregoing.

**“Default Requirement”** means the amount specified as such in the related Pricing Supplement or its equivalent in the relevant Obligation Currency (or, if no such amount is specified, USD 10,000,000 or its equivalent in the relevant Obligation Currency) in either case, as of the occurrence of the relevant Credit Event.

**“Deliver”** means:

- (a) 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 the Deliverable Obligations specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, to Calculation Agent 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 out in (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 all or a portion of the Deliverable Obligations is a Direct Loan Participation, “Deliver” means to create (or procure the creation of) a participation in favor 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.
- (b) If Asset Package Delivery is specified as applicable in the Pricing Supplement, (i) Delivery of a Prior Deliverable Obligation or a Package Observable Bond specified in the Notice of Physical Settlement or NOPS 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 corresponding Prior Deliverable

Obligation or Package Observable Bond immediately prior to the Asset Package Credit Event, (ii) paragraph (a) above 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 Issuer has notified Noteholders of the detailed description of the Asset Package that it intends to Deliver in accordance with Section 8.2 (*Notice of Physical Settlement*), (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 and the term Asset Package shall be construed accordingly.

**“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 “7. Method for Determining Deliverable Obligations” above;
- (b) the 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; and
- (d) if Asset Package Delivery is applicable, (i) if “Financial Reference Entity Terms” is specified as applicable in the related Pricing Supplement, any Prior Deliverable Obligation or (ii) if the Reference Entity is a Sovereign, any Package Observable Bond (if the Reference Entity is a Sovereign),

in each case, (i) unless it is an Excluded Deliverable Obligation and (ii) 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) above, immediately prior to the relevant Asset Package Credit Event).

**“Deliverable Obligation Terms”** has the meaning set forth in the relevant Credit Derivatives Auction Settlement Terms.

**“Delivery Cut-off Date”** means (i) where an event specified in clause (i) of the definition of Physical Settlement Disruption Event has occurred, the thirtieth (30th) calendar day after the Initial Credit Event Delivery Redemption Date or (ii) where an event specified in clause (ii), (iii) or (iv) of the definition of Physical Settlement Disruption Event has occurred, the sixty-fifth (65th) Business Day after the Initial Credit Event Delivery Redemption Date.

**“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 pursuant to the definition of “Deliver” above).

**“Detachment Point”** means, in respect of Tranche Notes, the number (expressed as a percentage of the Reference Portfolio Notional Amount) specified in the applicable Pricing Supplement.

**“Domestic Currency”** means the currency specified as such in the Pricing Supplement 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 organised, if such Reference Entity is not a Sovereign.

**“Downstream Affiliate”** means an entity, at the date of the event giving rise to the Credit Event which is the subject of the Credit Event Notice, the Delivery Date or the time of identification of a Substitute Reference

Obligation (as applicable), whose outstanding Voting Shares are more than fifty (50) percent owned, directly or indirectly, by the Reference Entity. As used herein, “**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 relevant 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 relevant 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:

- (i) any
  - (A) bank or other financial institution;
  - (B) insurance or reinsurance company;
  - (C) mutual fund, unit trust or similar collective investment vehicle (other than an entity described in subparagraph (iii)(A) below); and
  - (D) registered or licensed broker or dealer (other than a natural person or proprietorship),  
provided, however, in each case that such entity has total assets of at least USD 500,000,000;
- (ii) an Affiliate of an entity specified in paragraph (i) above;
- (iii) each of a corporation, partnership, proprietorship, organization, trust or other entity:
  - (A) that is an investment vehicle (including, without limitation, any hedge fund, issuer of collateralized debt obligations, commercial paper conduit or other special purpose vehicle) that (I) has total assets of at least USD 100,000,000 or (II) is one of a group of investment vehicles under common control or management having, in aggregate, total assets of at least USD 100,000,000;
  - (B) that has total assets of at least USD 500,000,000; or
  - (C) the obligations of which under an agreement, contract or transaction are guaranteed or otherwise supported by a letter of credit or keepwell, support or other agreement by an entity described in paragraphs (i), (ii), (iv), or subparagraph (iii)(B) of this definition of “Eligible Transferee”; or
- (iv) (A) any Sovereign; or
  - (B) any entity or organization 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.

**“Event Determination Date”** means, with respect to a Credit Event with respect to which:

- (a) Auction Settlement is the applicable Settlement Method:
  - (i) subject to subparagraph (a)(ii) of this definition, the Notice Delivery Date if the Notice Delivery Date occurs during either the Notice Delivery Period or the Post Dismissal Additional Period, provided that neither (A) a DC Credit Event Announcement has occurred nor (B) a DC No Credit Event Announcement has occurred, in each case, with respect to the Credit Event specified in the Credit Event Notice; or
  - (ii) notwithstanding subparagraph (a)(i) of this definition, the Credit Event Resolution Request Date, if a DC Credit Event Announcement has occurred, the Credit Event Resolution Request Date has occurred on or prior to the last day of the Notice Delivery Period (including prior to the Trade Date) and either:
    - (A) (1) the Credit Event is not an M(M)R Restructuring; and
    - (2) the Trade Date occurs on or prior to a DC Announcement Coverage Cut-off Date; or
    - (B) (1) the Credit Event is an M(M)R Restructuring; and
    - (2) a Credit Event Notice is delivered and is effective on or prior to the Exercise Cut-off Date, provided that no Credit Event Notice specifying an M(M)R Restructuring as the only Credit Event has previously been delivered unless the M(M)R Restructuring specified in such Credit Event Notice is also the subject of the DC Credit Event Question resulting in the occurrence of the Credit Event Resolution Request Date, or the Calculation Agent otherwise determines this is consistent with the Issuer’s Hedging Arrangements, or
- (b) if paragraph (a) of this definition does not apply, the Non-Standard Event Determination Date.

No Event Determination Date will occur, and any Event Determination Date previously determined with respect to an event shall be deemed not to have occurred, if, or to the extent that, prior to the Auction Final Price Determination Date, a Valuation Date, the Settlement Date or the Maturity Date as applicable, a DC No Credit Event Announcement occurs with respect to the relevant event.

If, in accordance with the provisions above, (i) following the determination of an Event Determination Date, such Event Determination Date is deemed (A) to have occurred on a date that is different from the date that was originally determined to be the Event Determination Date or (B) not to have occurred or (ii) an Event Determination Date is deemed to have occurred prior to one or more preceding Coupon Payment Dates, the Calculation Agent will determine (1) such adjustment(s) to this Product Supplement and/or the applicable Pricing Supplement as may be required to achieve as far as practicable the same economic position of Noteholders as would have prevailed had an Event Determination Date occurred on such deemed date of occurrence and (2) the effective date of such adjustment(s).

**“Excluded Deliverable Obligation”** means:

- (a) any obligation of a Reference Entity specified as such or of a type described in the Pricing Supplement;
- (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 a Reference Entity specified as such or of a type described in the Pricing Supplement;
- (b) if “Financial Reference Entity Terms” is specified as applicable in the Pricing Supplement and (i) the relevant 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 Pricing Supplement and the relevant 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.

**“Exercise Cut-off Date”** means either:

- (a) with respect to an M(M)R Restructuring and any Note to which paragraph (a) of the definition of Event Determination Date above applies
  - (i) if the DC Secretary publishes a Final List applicable to the Transaction Auction Settlement Terms and/or Parallel Auction Settlement Terms, the date that is five (5) Relevant City Business Days following the date on which such Final List is published; or
  - (ii) otherwise, the date that is fourteen (14) calendar days following the relevant No Auction Announcement Date; or
  - (iii) if the DC Secretary publishes a Final List applicable to the Transaction Auction Settlement Terms and/or Parallel Auction Settlement Terms, the date that is five (5) Relevant City Business Days following the date on which such Final List is published; or
- (b) with respect to a Credit Event where paragraph (a) of the definition of Event Determination Date does not apply, the relevant Non-Standard Exercise Cut-off Date,  
  
or, in each case, such other date as the relevant Credit Derivatives Determinations Committee Resolves.

**“Extension Date”** means the latest of:

- (a) the Scheduled Maturity Date (for the purposes of this definition of Extension Date, the **“Scheduled Maturity Date”**);
- (b) the Grace Period Extension Date if (i) “Failure to Pay” and “Grace Period Extension” are specified as applying in the Pricing Supplement, 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 applicable in the Pricing Supplement, as applicable.

**“Extension Notice”** means a notice sent by the Calculation Agent to the Paying Agent pursuant to *“Description of the Notes — Extension of maturity”* herein.

**“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, provided that, 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.

**“Fallback Settlement Event”** means an event or election made by the Calculation Agent pursuant to *“Description of the Notes — Redemption following Event Determination Date — Fallback Settlement”* herein.

**“Fallback Settlement Method”** means, with respect to any Notes for which Auction Settlement is specified as the applicable Settlement Method in the Pricing Supplement, the fallback settlement method specified in the Pricing Supplement.

**“Final List”** has the meaning given in the DC Rules.

**“Final Price”** means the price of the relevant Reference Obligation(s), as the case may be, 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 Pricing Supplement. 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 Paying Agent (i) each such Quotation that it receives in connection with the calculation of the Final Price and (ii) a written computation showing its calculation of the Final Price.

**“Final Stated Maturity Date”** means the date falling two (2) years after the Scheduled Maturity Date specified in the applicable Pricing Supplement.

**“First-to-Default Note”** means a Note for which “Type of Credit Linked Notes” is specified as “First-to-Default” in the applicable Pricing Supplement.

**“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 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 such date as the Calculation Agent determines relevant for purposes of the Hedging Arrangements. 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 “Fully Transferable Obligation.”

**“Further Subordinated Obligation”** means, in respect of a Reference Entity, if the relevant Reference Obligation or Prior Reference Obligation, as applicable, is a Subordinated Obligation, any obligation which is Subordinated thereto.

**“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:

- (i) any event which would affect creditors’ rights so as to cause:
  - (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 (I) the payment or accrual of interest, or (II) the payment of principal or premium; or
  - (d) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation;
- (ii) an expropriation, transfer or other event which mandatorily changes the beneficial holder of the Obligation;
- (iii) a mandatory cancellation, conversion or exchange; or
- (iv) any event which has an analogous effect to any of the events specified in (i) to (iii) inclusive.

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 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 related Pricing Supplement, a Potential Failure to Pay has occurred on or prior to the Scheduled Maturity Date or relevant Coupon Payment 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 related Pricing Supplement or, if no period is specified, thirty calendar days; and

- (c) if, as of the date as of which an Obligation is issued or incurred, no grace period with respect to payments or a grace period with respect to payments of less than three Grace Period Business Days is applicable under the terms of such Obligation, a Grace Period of three Grace Period Business Days shall be deemed to apply to such Obligation; provided that, unless “Grace Period Extension” is specified as applicable in the related Pricing Supplement, such deemed Grace Period shall expire no later than the Scheduled Maturity Date or relevant Coupon Payment 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 applicable in the related Pricing Supplement and
- b. a Potential Failure to Pay occurs on or prior to the Scheduled Maturity Date,

the date that is the number of days in the Grace Period after the date of such Potential Failure to Pay. If “Grace Period Extension” is not specified as applicable in the related Pricing Supplement, Grace Period Extension shall not apply.

“**Guarantee**” means a Relevant Guarantee or a guarantee which is the Reference Obligation.

“**Hedging Arrangements**” means any transaction(s), asset(s) or trading position(s) the Issuer and/or any of its Affiliates or agents may enter into or hold from time to time (including, if applicable, on a portfolio basis) to hedge directly or indirectly and whether in whole or in part the credit or other price risk of the Issuer issuing and performing its obligations with respect to the Notes.

“**Hedging Disruption**” means that the Issuer and/or any of its affiliates or agents is unable, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity, price, credit or other risk of the Issuer issuing and performing its obligations with respect to the Notes, or (ii) realize, recover or remit the proceeds of any such transaction(s) or asset(s).

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

“**Initial Credit Event Delivery Redemption Date**” means the thirty-fifth (35th) Business Day (or, if later, the last day of the period which has the longest number of Business Days for settlement in accordance with the then current market practice of such Deliverable Obligation as determined by the Calculation Agent in its sole discretion) following the delivery of a Notice of Physical Settlement.

“**Instrument Payments**” means (i) in the case of any Insured Instrument that is in the form of a pass-through certificate or similar funded beneficial interest, (x) the specified periodic distributions in respect of interest or other return on the Certificate Balance on or prior to the ultimate distribution of the Certificate Balance and (y) the ultimate distribution of the Certificate Balance on or prior to a specified date and (ii) in the case of any other Insured Instrument, the scheduled payments of principal and interest, in the case of both (i) and (ii) (1) determined without regard to limited recourse or reduction provisions and (2) excluding sums in respect of

default interest, indemnities, tax gross-ups, make-whole amounts, Early Redemption premiums and other similar amounts (whether or not guaranteed or insured by the Qualifying Policy).

“**ISDA**” means the International Swaps and Derivatives Association, Inc.

“**Issue Date**” means, with respect to any Note, its date of issue, as specified in the applicable Pricing Supplement.

“**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 realizable value, determined by the Calculation Agent in accordance with the methodology, if any, determined by the relevant Credit Derivatives Determinations Committee.

“**Latest Maturity Restructured Bond or Loan**” means a Restructured Bond or Loan with the latest final maturity date of any Restructured Bond or Loan.

“**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.

“**Linear Basket Note**” means a Note for which “Type of Credit Linked Notes” is specified as “Linear Basket” in the applicable Pricing Supplement.

“**Loss Amount**” means, in respect of Tranche Notes, in relation to each Reference Entity in respect of which an Event Determination Date has occurred, an amount equal to the product of (i) the Reference Entity Notional Amount and (ii) the difference between one-hundred percent (100%) and the Final Price or the Auction Final Price, as applicable, subject to a minimum of zero.

“**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 Pricing Supplement.

“**Market Value**” means, with respect to the 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 (2) Full Quotations are obtained, the arithmetic mean of such Full Quotations;
- (d) if fewer than two (2) Full Quotations and a Weighted Average Quotation is obtained, such Weighted Average Quotation;
- (e) if fewer than two (2) Full Quotations are obtained and no Weighted Average Quotation is obtained, subject to the definition of Quotation, an amount the Calculation Agent shall determine on the next Business Day on which two (2) or more Full Quotations or a Weighted Average Quotation is obtained; and

- (f) if two (2) or more Full Quotations or a Weighted Average Quotation are not obtained on or prior to the tenth (10th) 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.

**“Minimum Quotation Amount”** means the amount specified as such in the Pricing Supplement (or its equivalent in the relevant Obligation Currency) or, if no amount is so specified, the lower of (a) USD1,000,000 (or its equivalent in the relevant Obligation Currency) and (b) the Quotation Amount.

**“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 relevant Pricing Supplement.

**“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.

**“Monoline Insurer”** means the entities (i) listed in the Monoline Insurer Reference Entities document published by ISDA on August 31, 2010 which Current Reference Entity Name (as such term is defined in such document) is ACA Financial Guaranty Corporation, Ambac Assurance Corporation, Assured Guaranty Corp., CDC IXIS Financial Guaranty North America, Inc, Financial Guaranty Insurance Company (FGIC), Assured Guaranty Municipal Corp., MBIA Insurance Corporation, Radian Asset Assurance Inc., Syncora Guarantee Inc. or any Successor or (ii) added to the list of subparagraph (i) above by any document published by ISDA which would modify and/or cancel and replace the Monoline Insurer Reference Entities document.

**“Moody’s”** means Moody’s Investors Service Inc. or any successor to the rating business thereof.

**“Movement Option”** means, with respect to an M(M)R Restructuring for which a No Auction Announcement Date has occurred pursuant to paragraph (b) or subparagraph (c)(ii) of the definition of No Auction Announcement Date, the option of the Issuer to apply to the Notes, for purposes of settlement, the Parallel Auction Settlement Terms, if any, for purposes of which the Permissible Deliverable Obligations are more limited than the Deliverable Obligations that could apply in respect of the Reference Transaction (provided that if more than one such set of Parallel Auction Settlement Terms are published, the Parallel Auction Settlement Terms specifying the greatest number of such Permissible Deliverable Obligations shall apply). If no Notice to Exercise Movement Option is delivered by the Issuer on or prior to the Movement Option Cut-off Date, the Notes will be settled in accordance with the Fallback Settlement Method. If a Notice to Exercise Movement Option is delivered by the Issuer on or prior to the Movement Option Cut-off Date, such event will be notified to Noteholders.

**“Movement Option Cut-off Date”** means the date that is one (1) Relevant City Business Day following the Exercise Cut-off Date, or such other date as the relevant Credit Derivatives Determinations Committee has Resolved.

**“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 (3) 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 ( $66 \frac{2}{3}$ ) is required to consent to the event which constitutes a Restructuring Credit Event.



**“Next Currency Fixing Time”** means 4:00 p.m. (London time) on such London Business Day as the Calculation Agent shall select falling no more than five (5) London Business Days immediately preceding the date on which the Notice of Physical Settlement or relevant NOPS Amendment Notice, as applicable, is effective. For the purposes of determining the Next Currency Fixing Time, **“London Business Day”** means a day on which banks and foreign exchange markets are generally open to settle payments in London.

**“No Auction Announcement Date”** means, with respect to a Credit Event, the date on which the DC Secretary first publicly announces that:

- (a) no Transaction Auction Settlement Terms and, if applicable, no Parallel Auction Settlement Terms will be published;
- (b) following the occurrence of an M(M)R Restructuring no Transaction Auction Settlement Terms will be published, but Parallel Auction Settlement Terms will be published; or
- (c) the relevant Credit Derivatives Determinations Committee has Resolved that no Auction will be held following a prior public announcement by the DC Secretary to the contrary, in circumstances where either:
  - (i) no Parallel Auction will be held; or
  - (ii) one or more Parallel Auctions will be held.

**“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 above 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 Event Determination Date”** means with respect to a Credit Event:

- (a) subject to paragraph (b) of this definition, the Notice Delivery Date, if the Notice Delivery Date occurs during either the Notice Delivery Period or the Post Dismissal Additional Period, provided that neither (i) a DC Credit Event Announcement has occurred nor (ii) a DC No Credit Event Announcement has occurred, in each case, with respect to the Credit Event specified in the Credit Event Notice; or
- (b) notwithstanding paragraph (a) of this definition, if a DC Credit Event Announcement has occurred and the Credit Event Resolution Request Date has occurred on or prior to the last day of the Notice Delivery Period (including prior to the Trade Date) either:
  - (i) the Credit Event Resolution Request Date, if either:
    - (A) (1) “Auction Settlement” is not the applicable Settlement Method;
    - (2) the relevant Credit Event is not an M(M)R Restructuring; and
    - (3) the Trade Date occurs on or prior to the date of the DC Credit Event Announcement; or
  - (B) (1) the relevant Credit Event is an M(M)R Restructuring; and

- (2) a Credit Event Notice is delivered to the other party and is effective on or prior to the Non-Standard Exercise Cut-off Date, or
- (ii) the first date on which a Credit Event Notice is delivered and is effective during either the Notice Delivery Period or the period from and including the date of the DC Credit Event Announcement to and including the date that is fourteen (14) calendar days thereafter (provided, in each case, that the relevant Credit Event Resolution Request Date occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date)), if either:
  - (A) (1) “Auction Settlement” is not the applicable Settlement Method;
  - (2) the relevant Credit Event is not an M(M)R Restructuring; and
  - (3) the Trade Date occurs following the date of the related DC Credit Event Announcement and on or prior to a DC Announcement Coverage Cut-off Date; or
  - (B) the Calculation Agent determines this is otherwise consistent with the Issuer’s Hedging Arrangements,

provided that no Credit Event Notice specifying an M(M)R Restructuring as the only Credit Event has previously been delivered unless the M(M)R Restructuring specified in such Credit Event Notice is also the subject of the DC Credit Event Question resulting in the occurrence of the Credit Event Resolution Request Date or the Calculation Agent determines this is otherwise consistent with the Issuer’s Hedging Arrangements.

**“Non-Standard Exercise Cut-off Date”** means, with respect to a Credit Event to which paragraph (a) of the definition of Event Determination Date does not apply:

- (a) if such Credit Event is not an M(M)R Restructuring, either:
  - (i) the Relevant City Business Day prior to the Auction Final Price Determination Date, if any;
  - (ii) the Relevant City Business Day prior to the Auction Cancellation Date, if any; or
  - (iii) the date that is fourteen (14) calendar days following the No Auction Announcement Date, if any, as applicable; or
- (b) if such Credit Event is an M(M)R Restructuring and:
  - (i) the DC Secretary publishes a Final List applicable to the Transaction Auction Settlement Terms and/or Parallel Auction Settlement Terms, the date that is five (5) Relevant City Business Days following the date on which such Final List is published; or
  - (ii) otherwise, the date that is fourteen (14) calendar days following the relevant No Auction Announcement Date.

**“Non-Standard Reference Obligation”** means, in respect of the Reference Entity, 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.

**“NOPS Amendment Notice”** means a notice from Issuer to Calculation Agent that notifies Calculation Agent that Issuer is replacing, in whole or in part, one or more Deliverable Obligations specified in the Notice of Physical Settlement or a prior NOPS Amendment Notice, as applicable, (to the extent the relevant

Deliverable Obligation has not been Delivered as of the date such NOPS Amendment Notice is effective). A NOPS Amendment Notice shall contain a revised detailed description of each replacement Deliverable Obligation that Issuer will Deliver to Calculation Agent (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 NOPS 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 NOPS 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 Obligations specified in any NOPS Amendment Notice in aggregate with the Outstanding Amount of the Deliverable Obligations specified in the Notice of Physical Settlement or any earlier NOPS Amendment Notice which, in each case, are not being replaced must not be greater than the Aggregate Outstanding Amount. Each such NOPS Amendment Notice must be effective on or prior to the Physical Settlement Date (determined without reference to any change resulting from such NOPS Amendment Notice).

“**NOPS Cut-off Date**” means:

- (a) subject to paragraph (b) below, the later of:
  - (i) the thirtieth (30th) calendar day after the Event Determination Date; and
  - (ii) the tenth (10th) calendar day after either the date of the relevant DC Credit Event Announcement or of the relevant DC Credit Event Question Dismissal, if any (or, if the relevant Credit Event is an M(M)R Restructuring, the tenth (10th) calendar day after the Non-Standard Exercise Cut-off Date); or
- (b) if, in accordance with the Auction Settlement provisions, Physical Settlement applies as a result of the occurrence of (a) an Auction Cancellation Date or (b) a No Auction Announcement Date and:
  - (i) the relevant Credit Event is not an M(M)R Restructuring, the later of:
    - (A) the date determined pursuant to subparagraph (a)(i) above; and
    - (B) the thirtieth (30th) calendar day after the Auction Cancellation Date or the No Auction Announcement Date, occurring pursuant to paragraph (a) or subparagraph (c)(i) of the definition of No Auction Announcement Date above, as applicable; or
  - (ii) the relevant Credit Event is an M(M)R Restructuring either:
    - (A) the later of:
      - I. the date determined pursuant to paragraph (a)(i) above; and
      - II. the thirtieth calendar day after:
        - (x) a No Auction Announcement Date occurring pursuant to paragraph (a) of the definition of No Auction Announcement Date above, if any;
        - (y) a No Auction Announcement Date occurring pursuant to paragraph (c)(i) of the definition of No Auction Announcement Date above, if any; or
        - (z) the Auction Cancellation Date, if any, as applicable; or
    - (B) the later of the Parallel Notice of Physical Settlement Date (or, if more than one Parallel Notice of Physical Settlement Date should occur, the last Parallel Notice of Physical Settlement Date), and the Relevant City Business Day immediately

following the Parallel Auction Cancellation Date, if any (or, if more than one should occur, the last Parallel Auction Cancellation Date), as applicable, in circumstances where either:

- I. a No Auction Announcement Date occurs pursuant to paragraph (a) of the definition of No Auction Announcement Date above and the Issuer has not exercised the Movement Option; or
- II. a No Auction Announcement Date occurs pursuant to paragraph (c)(ii) of the definition of No Auction Announcement Date above and the Issuer has not exercised the Movement Option,

provided that in the case of paragraphs (a)(ii) and (b) above, the relevant Credit Event Resolution Request Date, if any, occurred on or prior to the date described in paragraph (a)(i) above.

**“NOPS Effective Date”** means the date on which an effective Calculation Agent Physical Settlement Notice or Calculation Agent Physical Settlement Amendment Notice, as the case may be, is delivered to the Issuer.

**“Noteholder”** means, with respect to any Note, the person whose name appears in the security register of the Issuer as the registered holder of such Note.

**“Notice Delivery Date”** means the first date on which both an effective Credit Event Notice and, unless “Notice of Publicly Available Information” is specified as not applicable in the Pricing Supplement, an effective Notice of Publicly Available Information, have been delivered by the Calculation Agent.

**“Notice Delivery Period”** means the period from and including the Trade Date to and including the date that is fourteen (14) calendar days after the Extension Date.

**“Notice of Physical Settlement”** means a notice from Issuer to Calculation Agent that (a) confirms that Issuer intends to settle a credit derivative transaction and requires performance in accordance with Physical Settlement; (b) contains a detailed description of each Deliverable Obligation that Issuer intends to Deliver to Noteholders, including, if available and applicable, the CUSIP or ISIN number (or, if such identifying number is not available or applicable, the rate and tenor) of each such Deliverable Obligation; and (c) specifies the Outstanding Amount and, if different, the face amount, of each such Deliverable Obligation and the aggregate Outstanding Amount of all Deliverable Obligations specified in the Notice of Physical Settlement that Issuer intends to Deliver to Noteholders (the **“Aggregate Outstanding Amount”**).

**“Notice of Publicly Available Information”** means a notice from the Calculation Agent to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that cites Publicly Available Information confirming the occurrence of the Credit Event or Potential Repudiation/Moratorium, as applicable, described in the Credit Event Notice or Repudiation/Moratorium Extension Notice. The notice given must contain a copy or description in reasonable detail, of the relevant Publicly Available Information. If “Notice of Publicly Available Information” is specified as applicable in the Pricing Supplement 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.

**“Notice to Exercise Movement Option”** means, with respect to Notes for which (a) M(M)R Restructuring is applicable and (b) the Fallback Settlement Method would otherwise be applicable pursuant to the Auction Settlement provisions, a notice from the Issuer to the Calculation Agent that (i) specifies the Parallel Auction Settlement Terms applicable in accordance with the definition of Movement Option and (ii) is effective on or prior to the Movement Option Cut-off Date.

**“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; and

(b) the Reference Obligation,

in each case, unless it is an Excluded Obligation.

**“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 the Obligation is denominated.

**“Obligation Default”** means one or more Obligations in an aggregate amount of not less than the Default Requirement have become capable of being declared due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default or other similar condition or event (however described), other than a failure to make any required payment, in respect of 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 respect of such Reference Entity in the Pricing Supplement (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 relevant 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 the relevant Notes are Reference Obligation Only Notes.

**“Outstanding Amount”** means, in respect of a Prior Deliverable Obligation or Package Observable Bond, the Outstanding Principal Balance or Due and Payable Amount, as applicable, or the equivalent amount in the Settlement Currency as specified in the relevant Notice of Physical Settlement.

**“Outstanding Principal Balance”** means the outstanding principal balance of an obligation which 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 the definition of Accrued Interest above, the Reference Entity’s accrued but unpaid interest payment obligations (which, in the case of a Guarantee will be the lower of (i) 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 (ii) 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, (i) is subject to any Prohibited Action, or (ii) 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 (A) payment or (B) a Permitted Contingency) (the amount determined in accordance with paragraph (a) above 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:

- (i) unless otherwise specified, in accordance with the terms of the obligation in effect on either (A) the relevant 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 relevant Valuation Date; and

- (ii) 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).

**“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 [www.isda.org](http://www.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 (above), in each case, immediately preceding the date on which the relevant Asset Package Credit Event was legally effective.

**“Parallel Auction”** means “Auction” as such term shall be defined in the relevant Parallel Auction Settlement Terms.

**“Parallel Auction Cancellation Date”** means “Auction Cancellation Date” as such term shall be defined in the relevant Parallel Auction Settlement Terms.

**“Parallel Auction Settlement Terms”** means, following the occurrence of an M(M)R Restructuring, any Credit Derivatives Auction Settlement Terms published by ISDA with respect to such M(M)R Restructuring, and for which (i) the Deliverable Obligation Terms are the same as the Reference Transaction and (ii) the Reference Transaction would not be an Auction Covered Transaction, provided that if no such Credit Derivatives Auction Settlement Terms are published, the Calculation Agent may select in its sole discretion the applicable Credit Derivatives Auction Settlement Terms.

**“Parallel Notice of Physical Settlement Date”** means “Notice of Physical Settlement Date” as defined in the relevant Parallel Auction Settlement Terms.

**“Payment Requirement”** means the amount specified as such in the related Pricing Supplement or its equivalent in the relevant Obligation Currency (or, if no such amount is specified, USD 1,000,000 or its equivalent in the relevant Obligation Currency) in either case as of the occurrence of the relevant Failure to Pay or Potential Failure to Pay, as applicable.

**“Permissible Deliverable Obligations”** has the meaning set forth in the relevant Credit Derivatives Auction Settlement Terms, being either all or the portion of the Deliverable Obligations included in the Final List pursuant to the Deliverable Obligation Terms applicable to the relevant Auction.

**“Permitted 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) if “Subordinated European Insurance Terms” are specified as applicable in the Pricing Supplement, any Solvency Capital Provisions; or
  - (v) if “Financial Reference Entity Terms” are specified as applicable in the Pricing Supplement, provisions which permit the Reference Entity’s obligations to be altered, discharged, released or suspended in circumstances which would constitute a Governmental Intervention; 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 Disruption Event”** means, in relation to any Noteholder, the occurrence of any of the following:

- (i) due to an event beyond the Issuer’s control, it is impossible or illegal for the Issuer to Deliver, or for such Noteholder to accept Delivery of, a Deliverable Obligation specified in the Notice of Physical Settlement on the Initial Credit Event Delivery Redemption Date (including, without limitation, failure of the relevant clearance system or due to any law, regulation or court order, but excluding due to market conditions);
- (ii) a consent required to Deliver any Deliverable Obligation has not been obtained;
- (iii) the Issuer has not received from any hedging counterparty for any reason any obligations equivalent to the Deliverable Obligations specified in the Notice of Physical Settlement; or
- (iv) the Noteholder(s) of such Note has failed to properly complete and return a blocking instruction or any other documentation requested by the Issuer in order to comply with securities laws or other transfer restrictions applicable to any Deliverable Obligation, and the Issuer (in its sole discretion) has not waived such requirement.

**“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 (14) calendar days thereafter (provided that the relevant Credit Event Resolution Request Date occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date)).

**“Potential Credit Event”** means a Potential Failure to Pay (if Failure to Pay is an applicable Credit Event in respect of the Reference Entity), a Potential Repudiation/Moratorium (if Repudiation/Moratorium is an applicable Credit Event in respect of the Reference Entity) or if a Credit Event Resolution Request Date has occurred and the relevant Credit Derivatives Determinations Committee has not made its determination, such event will be deemed to be a Potential Credit Event. A Credit Derivatives Determinations Committee and the Calculation Agent may each determine whether a Potential Failure to Pay or a Potential Repudiation/Moratorium has occurred.

**“Potential Failure to Pay”** means the failure by 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), 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 above, 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), such Reference Obligation, if any.

**“Prohibited Action”** means any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in (a) to (d) of the definition of Credit Event above) or right of set-off by or of the Reference Entity or any applicable Underlying Obligor.

**“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.

**“Public Source”** means each source of Publicly Available Information specified as such in the related Pricing Supplement (or, if no such source is 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 organized and any other internationally recognized published or electronically displayed news sources).

**“Publicly Available Information”** means 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 (A) 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 (B) a trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for an Obligation; or
- (iii) is information contained in any 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 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.

In relation to any information of the type described in paragraphs (ii) or (iii) above, the Calculation Agent may assume that such information has been disclosed to it without violating any law, agreement, understanding or other restriction regarding the confidentiality of such information and that the party delivering such information has not taken any action or entered into any agreement or understanding with the Reference Entity or any Affiliate of the Reference Entity that would be breached by, or would prevent, the disclosure of such information to the party receiving such information.

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.

In relation to a Repudiation/Moratorium Credit Event, Publicly Available Information must relate to the events described in both paragraphs (i) and (ii) 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 Pricing Supplement; or
    - (B) any Solvency Capital Provisions, if “Subordinated European Insurance Terms” is specified as applicable in the Pricing Supplement.

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 above 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:

- I. the benefit of such guarantee must be capable of being Delivered together with the Delivery of the Underlying Obligation; and
- II. 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 Pricing Supplement. If no such requirements are specified, there shall be no Qualifying Participation Seller.

**“Qualifying Policy”** means a financial guaranty insurance policy or similar financial guarantee pursuant to which a Reference Entity irrevocably guarantees or insures all Instrument Payments of an instrument that constitutes Borrowed Money (modified as set forth in “*Description of the Notes — Monoline Insurer as Reference Entity*”) (the “**Insured Instrument**”) for which another party (including a special purpose entity or

trust) is the obligor (the “**Insured Obligor**”). Qualifying Policies shall exclude any arrangement (i) structured as a surety bond, letter of credit or equivalent legal arrangement or (ii) pursuant to the express contractual terms of which the payment obligations of the Reference Entity can be discharged or reduced as a result of the occurrence or non-occurrence of an event or circumstance (other than the payment of Instrument Payments). The benefit of a Qualifying Policy must be capable of being Delivered together with the Delivery of the Insured Instrument.

“**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 with respect to a Valuation Date in the manner that follows:

The Calculation Agent shall attempt to obtain Full Quotations with respect to each Valuation Date from five (5) or more Quotation Dealers. If the Calculation Agent is unable to obtain two (2) or more such Full Quotations on the same Business Day within three (3) Business Days of a Valuation Date, then on the next following Business Day (and, if necessary, on each Business Day thereafter until the tenth (10th) Business Day following the relevant Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from five (5) or more Quotation Dealers and, if two (2) or more Full Quotations are not available, a Weighted Average Quotation. If the Calculation Agent is unable to obtain two (2) or more Full Quotations or a Weighted Average Quotation on the same Business Day on or prior to the tenth (10th) 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 (10th) 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 (10th) 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 Pricing Supplement (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 Pricing Supplement, the Reference Entity Nominal Amount (or, in either case, its equivalent in the relevant Obligation Currency converted by the Calculation Agent by reference to exchange rates in effect at the time that the relevant Quotation is being obtained).

“**Quotation Dealer**” means a dealer in obligations of the type of Obligation(s) for which Quotations are to be obtained, including each Quotation Dealer specified in the Pricing Supplement. If no Quotation Dealers are specified in the Pricing Supplement, the Calculation Agent shall select the Quotation Dealers. Upon a Quotation Dealer no longer being in existence (with no successors), or not being an active dealer in the obligations of the type for which Quotations are to be obtained, the Calculation Agent may substitute any other Quotation Dealer(s) for such Quotation Dealer(s).

“**Quotation Method**” means the applicable Quotation Method specified in the Pricing Supplement by reference to one of the following terms:

“**Bid**” means that only bid quotations shall be requested from Quotation Dealers;

“**Offer**” means that only offer quotations shall be requested from Quotation Dealers; or

“**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 Pricing Supplement, Bid shall apply.

“**Reference Entity**” means the entity specified as such in the related Pricing Supplement. Any Successor to the Reference Entity either (a) identified by the Calculation Agent pursuant to the definition of “Successor” on or following the Trade 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 relevant Series.

**“Reference Entity Notional Amount”** means, with respect to any Reference Entity of a Linear Basket Note or a Tranche Note, the amount equal to the product of the Reference Entity Weighting and the Reference Portfolio Notional Amount.

**“Reference Entity Weighting”** means, with respect to any Reference Entity of a Linear Basket Note or a Tranche Note, the proportion specified as such in the applicable Pricing Supplement, which shall be adjusted upon the determination of a Successor pursuant to “*Description of the Notes — Linear Basket Notes*” and “*Tranche Notes*.”

**“Reference Obligation”** means the Standard Reference Obligation, if any, unless:

- (a) “Standard Reference Obligation” is specified as not applicable in the related Pricing Supplement, 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 related Pricing Supplement (or no election is specified in the related Pricing Supplement), (ii) there is no Standard Reference Obligation and (iii) a Non-Standard Reference Obligation is specified in the related Pricing Supplement, 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.

If the Standard Reference Obligation is removed from the SRO List, such obligation shall cease to be the Reference Obligation and the Calculation Agent will select as a substitute Reference Obligation any Deliverable Obligation with the same level of seniority as the relevant Seniority Level. In addition, the Calculation Agent (i) may replace the Reference Obligation with any further Deliverable Obligation with the same level of seniority as the relevant Seniority Level from time to time and (ii) if a new obligation is placed on the SRO List in respect of the relevant Reference Entity, then the Calculation Agent may, but is not obliged to, select the new Standard Reference Obligation in respect of the Reference Entity as the Reference Obligation. The provisions of this definition may be applied by the Calculation Agent on more than one occasion and are without prejudice to the right of the Calculation Agent to determine a Substitute Reference Obligation.

**“Reference Obligation Only Notes”** means any Notes in respect of which (a) “Reference Obligation Only” is specified as applicable in the Pricing Supplement and (b) “Standard Reference Obligation” is specified as not applicable in the Pricing Supplement.

**“Reference Portfolio Notional Amount”** means (i) in respect of Tranche Notes, an amount equal to the Aggregate Notional Amount divided by the difference between the Detachment Point and the Attachment Point and (ii) in respect of Linear Basket Notes, an amount equal to the Aggregate Notional Amount.

**“Reference Price”** means the percentage specified as such in the related Pricing Supplement (or, if no such percentage is specified, one hundred percent (100%)).

**“Reference Transaction”** means a hypothetical credit derivative transaction:

for which the Deliverable Obligation Terms and the Reference Obligation are (i) the same as in respect of the Notes (if such Deliverable Obligation Terms and Reference Obligation are specified in the Pricing Supplement) or (ii) if and to the extent the Deliverable Obligation Terms and/or the Reference Obligation are not specified, the Deliverable Obligation Terms and Reference Obligation determined by the Calculation Agent to be appropriate in respect of a credit derivative transaction linked to the relevant Reference Entity;



with a scheduled termination date matching the Scheduled Maturity Date of the Notes; and

otherwise having such other characteristics as the Calculation Agent may determine appropriate by reference to, without limitation, the Issuer's hedging arrangements and/or any credit derivative elections made in relation to the Notes.

**"Regulatory Event"** means, following the occurrence of a Change in Law with respect to the Issuer and/or Guarantor (including without limitation as hedging counterparty of the Issuer, market maker of the Notes or direct or indirect shareholder or sponsor of the Issuer) or any of its affiliates involved in the issue of the Notes (hereafter the **"Relevant Affiliates"** and each of the Issuer, Guarantor and the Relevant Affiliates, a **"Relevant Entity"**) such that, after the Issue Date of the Notes, (i) any Relevant Entity would incur a materially increased (as compared with circumstances existing prior to such event) amount of tax, duty, liability, penalty, expense, fee, cost or regulatory capital charge however defined or collateral requirements for performing its obligations under the Notes or hedging the Issuer's obligations under the Notes, including, without limitations, due to clearing requirements of, or the absence of, clearing of the transactions entered into in connection with the issue of, or hedging the Issuer's obligations under, the Notes, (ii) it is or will become for any Relevant Entity impracticable, impossible (in each case, after using commercially reasonable efforts), unlawful, illegal or otherwise prohibited or contrary, in whole or in part, under any law, regulation, rule, judgment, order or directive of any governmental, administrative or judicial authority or power, applicable to such Relevant Entity (a) to hold, acquire, issue, reissue, substitute, maintain, redeem, or as the case may be, guarantee, the Notes, (b) to acquire, hold, sponsor or dispose of any asset(s) (or any interests thereof) or any other transaction(s) such Relevant Entity may use in connection with the issue of the Notes or to hedge the Issuer's obligations under the Notes, (c) to perform obligations in connection with, the Notes or any contractual arrangement entered into between the Issuer and Guarantor or any Relevant Affiliate (including without limitation to hedge the Issuer's obligations under the Notes) or (d) to hold, acquire, maintain, increase, substitute or redeem all or a substantial part of its direct or indirect shareholding in the Issuer's capital or the capital of any Relevant Affiliate or to directly or indirectly sponsor the Issuer or any Relevant Affiliate, or (iii) there is or may be a material adverse effect on a Relevant Entity in connection with the issue of the Notes.

**"Relevant City Business Day"** has the meaning given in the DC Rules.

**"Relevant Guarantee"** means a Qualifying Affiliate Guarantee or, if "All Guarantees" is specified as applicable in the Pricing Supplement, a Qualifying Guarantee.

**"Relevant Holder"** means a holder of the latest 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 NOPS 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 related Pricing Supplement and the Notes are a Senior Transaction, 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 related Pricing Supplement, and the Notes are a Subordinated Transaction, 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 have the same meaning as it would if the Notes were a Senior Transaction.

“**Replaced Deliverable Obligation Outstanding Amount**” has the meaning given to that term in the definition of NOPS Amendment Notice.

“**Replacement Deliverable Obligation**” has the meaning given to that term in the definition of NOPS Amendment Notice.

“**Replacement Reference Entity**” means an entity identified by the Calculation Agent:

- (i) that is in the same industry classification group as the Surviving Reference Entity as determined by the Calculation Agent with reference to the industry classification groups as published by Moody’s or S&P or any other rating agency as the Calculation Agent shall determine;
- (ii) that has a bid-side credit spread (at the time the Calculation Agent identifies such entity), no greater than one-hundred ten percent (110%) (or as otherwise specified in the applicable Pricing Supplement) of the relevant Surviving Reference Entity at the same time (the “**Credit Spread Requirement**”) in each case based on the most liquid maturity for related credit default swap transactions:
  - (a) on market standard terms for the relevant entity as at the time of such determination;
  - (b) in respect of a notional amount of a Note equal to at least fifty percent (50%) but not more than one-hundred percent (100%) of the aggregate outstanding principal amount of the Notes; and
  - (c) with a term equal to the period from and including the date of determination to and including the Scheduled Maturity Date (the “**Remaining Term**”), provided that if the Calculation Agent, having used reasonable endeavors, cannot obtain quotations from at least three (3) Dealers, in respect of the Remaining Term, the term for the purposes of this clause (c) shall be five (5) years.

The bid-side credit spreads or the offer-side credit spreads, as applicable for the purpose of the Credit Spread Requirement shall be the unweighted arithmetic mean of the spread quotations obtained by the Calculation Agent from at least three (3) Dealers, as determined by the Calculation Agent acting in good faith and a commercially reasonable manner;

- (iii) that is principally traded in the credit derivative market in respect of the same geographical region as the relevant Surviving Reference Entity, as determined by the Calculation Agent acting in good faith and a commercially reasonable manner; and
- (iv) that is not an affiliate of any other Reference Entity, the Issuer or the Calculation Agent both immediately prior to and following the relevant Succession Event,

provided that if the Calculation Agent determines that it is unable to identify an entity satisfying the requirements in (i) to (iv) within thirty (30) Business Days of it becoming aware of the relevant Succession Event, the Calculation Agent may select another entity which satisfies (iv) above as the Replacement Reference Entity.

“**Representative Amount**” means an amount that is representative for a single transaction in the relevant market and at the relevant time, which amount will be determined by the Calculation Agent.

**“Repudiation/Moratorium”** means the occurrence of both of the following events:

- (i) an authorized officer of the Reference Entity or a Governmental Authority (A) 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 (B) declares or imposes a moratorium, standstill, roll-over or deferral, whether *de facto* or *de jure*, with respect to one or more Obligations in an aggregate amount of not less than the Default Requirement; and
- (ii) a Failure to Pay, determined without regard to the Payment Requirement, or a Restructuring, determined without regard to the Default Requirement, with respect to any such Obligation occurs on or prior to the Repudiation/Moratorium Evaluation Date.

**“Repudiation/Moratorium Evaluation Date”** means, if a Potential Repudiation/Moratorium occurs on or prior to the Scheduled Maturity Date (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 sixty 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 sixty (60) days after the date of such Potential Repudiation/Moratorium; provided that, in either case, the Repudiation/Moratorium Evaluation Date shall occur no later than the Scheduled Maturity Date unless the Repudiation/Moratorium Extension Condition is satisfied.

**“Repudiation/Moratorium Extension Condition”** will be satisfied:

- (i) if the DC Secretary publicly announces, pursuant to a valid request that was delivered and effectively received on or prior to the date that is fourteen (14) calendar days after the Scheduled Maturity Date that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Potential Repudiation/Moratorium has occurred with respect to an Obligation of the Reference Entity and that such event occurred on or prior to (i) the Scheduled Maturity Date or relevant Coupon Payment Date; or
- (ii) otherwise, by the delivery by the Calculation Agent to the Issuer of a Repudiation/Moratorium Extension Notice and, unless “Notice of Publicly Available Information” is specified as not applicable in the Pricing Supplement, a Notice of Publicly Available Information that are each effective on or prior to the date that is fourteen (14) calendar days after the Scheduled Maturity Date.
- (iii) In all cases, 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.

**“Repudiation/Moratorium Extension Notice”** means a notice from the Calculation Agent to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that describes a Potential Repudiation/Moratorium that occurred on or 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.

**“Resolve”** has the meaning set out in the DC Rules, and **“Resolved”** and **“Resolves”** shall be construed accordingly.

**“Restructured Bond or Loan”** means an Obligation that 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 such Obligation to bind all holders of the 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 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 (A) the payment or accrual of interest, or (B) the payment of principal or premium;
- (d) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation; or
- (e) any change in the currency 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 (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 (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 paragraph (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.

If “Multiple Holder Obligation” is specified as applicable in the Pricing Supplement, then, notwithstanding anything to the contrary in this definition of Restructuring and related provisions, the occurrence of,

agreement to, or announcement of, any of the events described in subparagraphs (a) to (e) above shall not constitute a Restructuring unless the Obligation in respect of any such events is a Multiple Holder Obligation.

For purposes of this definition of Restructuring, the term Obligation shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Guarantee. In the case of a Guarantee and an Underlying Obligation, references to the Reference Entity in the definition of Restructuring and the definition of Subordination shall be deemed to refer to the Underlying Obligor and the reference to the Reference Entity in paragraphs (i) to (iv) of this definition shall continue to refer to the Reference Entity.

If an exchange has occurred, the determination as to whether one of the events described under paragraphs (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. For these purposes, the final maturity date 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 final maturity date shall be deemed to be the date on which such determination is made.

**“Revised Currency Rate”** means, with respect to a Replacement Deliverable Obligation specified in a NOPS 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 Principal Balance or Due and Payable 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, by the Calculation Agent.

**“S&P”** means Standard & Poor’s Ratings Services, a division of the McGraw-Hill Companies Inc. or any successor to the rating business thereof.

**“Scheduled Credit Protection Period End Date”** means the date falling two (2) Business Days prior to the Scheduled Maturity Date specified in the applicable Pricing Supplement.

**“Scheduled Maturity Date”** has the meaning specified in the applicable Pricing Supplement.

**“Seniority Level”** means, with respect to an obligation of the Reference Entity:

- (a) “Senior Level” or “Subordinated Level” as specified in the Pricing Supplement, or
- (b) if no such seniority level is specified in the Pricing Supplement, “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.”

**“Senior Obligation”** means any obligation which is not Subordinated to any unsubordinated Borrowed Money obligation of the relevant Reference Entity.

**“Senior Transaction”** means a Note for which (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.

**“Settlement Currency”** means the currency specified as such in the Pricing Supplement, or if no currency is specified in the Pricing Supplement, the Specified Currency of the Notes.

**“Settlement Date”** means the Auction Settlement Date, the Cash Settlement Date or the Physical Settlement Date, as applicable.

**“Settlement Method”** means, if (a) “Auction Settlement” is specified as the Settlement Method in the related Pricing Supplement, or if no Settlement Method is specified as applicable in the related Pricing Supplement, Auction Settlement, (b) “Cash Settlement” is specified as the Settlement Method in the related Pricing Supplement or is deemed to be applicable, Cash Settlement, or (c) “Physical Settlement” is specified as the Settlement Method in the related Pricing Supplement, Physical Settlement.

**“Single Name Note”** means a Note for which “Type of Credit Linked Notes” is specified as “Single Name” in the applicable Pricing Supplement.

**“Solvency Capital Provisions”** means any terms in an obligation which permit the 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) (a) in respect of which a Restructuring that is the subject of the Credit Event Notice or DC Credit Event Announcement has occurred and (b) which fell within the definition of a Deliverable Obligation set out in paragraph (a) of the definition of Deliverable Obligation above 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 Pricing Supplement, or if no such number is specified in the Pricing Supplement, two (2).

**“SRO List”** means the list of Standard Reference Obligations as published by ISDA on its website at [www.isda.org](http://www.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.

**“Standard Specified Currency”** means each of the lawful currencies of Canada, Japan, Switzerland, France, Germany, 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).

**“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 relevant Reference Entity or which would be so Subordinated if any unsubordinated Borrowed Money obligation of that Reference Entity existed.

**“Subordinated Transaction”** means any Note for which a Reference Obligation or Prior Reference Obligation, as applicable, is a Subordinated Obligation.

**“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.
- (b) If any of the events set forth under paragraph (a) or subparagraph (b)(ii) 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 subparagraph (c)(ii)). If the event set forth in subparagraph (b)(i) of the definition of Substitution Event below 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 (a) or subparagraph (b)(ii) of the definition of Substitution Event below 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:
    - (I) is a Deliverable Obligation (other than a Loan) determined in accordance with paragraph (a) of the definition of Deliverable Obligation above; or if no such obligation is available,
    - (II) 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 above;
  - (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:
    - (I) is a Non-Conforming Substitute Reference Obligation (other than a Loan); or if no such obligation is available,
    - (II) is a Deliverable Obligation (other than a Loan) determined in accordance with paragraph (a) of the definition of Deliverable Obligation above; or if no such obligation is available,
    - (III) is a Non-Conforming Substitute Reference Obligation which is a Loan (other than a Private-side Loan); or if no such obligation is available,



- (IV) 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 above; 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:
    - (I) is a Non-Conforming Substitute Reference Obligation which is a Loan (other than a Private-side Loan); or if no such obligation is available,
    - (II) is a Non-Conforming Substitute Reference Obligation (other than a Loan); or if no such obligation is available,
    - (III) is a Deliverable Obligation (other than a Loan) determined in accordance with paragraph (a) of the definition of Deliverable Obligation above; or if no such obligation is available,
    - (IV) 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 above.
- (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 payment obligations of the Notes, as determined by the Calculation Agent. The Calculation Agent will notify Noteholders 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.
- (f) 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 the Issuer of the Substitute Reference Obligation that it has identified in accordance with the definition of Substitute Reference Obligation above.

**“Substitution Event”** means, with respect to the Non-Standard Reference Obligation:

- (a) the Non-Standard Reference Obligation is redeemed in whole; or
- (b) provided that the Notes to which the Non-Standard Reference Obligation relates are not Reference Obligation Only Notes:
  - (i) 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
  - (ii) 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 paragraph (a) or subparagraph (b)(i) 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 subparagraph (b)(i) above 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 definition of Successor below would not be affected by any further related successions in respect of such Steps Plan, or (ii) the occurrence of an Event Determination Date in respect of the Reference Entity or any entity which would constitute a Successor.

**"Successor"** means:

- (a) subject to paragraph (b) below, the entity or entities, if any, determined as follows:
  - (i) subject to subparagraph (a)(vii) below, if one entity succeeds, either directly or as a provider of a Relevant Guarantee, to seventy-five percent (75%) 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 percent (25%) (but less than seventy-five percent (75%)) of the Relevant Obligations of the Reference Entity, and not more than twenty-five percent (25%) of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entity that succeeds to more than twenty-five percent (25%) 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 percent (25%) of the Relevant Obligations of the Reference Entity, and not more than twenty-five percent (25%) of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entities that succeed to more than twenty-five percent (25%) of the Relevant Obligations will each be a Successor and this Product Supplement and/or the Pricing Supplement will be adjusted as provided below;
  - (iv) if one or more entities each succeeds, either directly or as a provider of a Relevant Guarantee, to more than twenty-five percent (25%) of the Relevant Obligations of the Reference Entity, and more than twenty-five percent (25%) 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 this Product Supplement and/or the Pricing Supplement will be adjusted as provided below;
  - (v) if one or more entities succeed, 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 percent (25%) of the Relevant Obligations of the Reference Entity and the Reference Entity continues to exist, there will be no Successor and the Reference Entity will not be changed in any way as a result of such succession;
  - (vi) if one or more entities succeed, 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 percent (25%) of the Relevant Obligations of the Reference Entity and the Reference Entity ceases to exist, the entity which succeeds to the greatest percentage of Relevant Obligations will be the Successor (provided that if two (2) or more entities succeed to an equal percentage of Relevant Obligations, each such entity will be a Successor and

this Product Supplement and/or the Pricing Supplement 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) 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 January 1, 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.
- (c) For the purposes of this definition of “Successor,” “succeed” means, with respect to the 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. In the case of an exchange offer, the determination required pursuant to paragraph (a) 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.
- (d) 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.

“**Successor Backstop Date**” means for purposes of any Successor determination determined by DC Resolution, the date that is ninety (90) calendar days prior to the Successor Resolution Request Date otherwise, the date that is ninety (90) 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 one party to the other party not more than fourteen (14) 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. The Successor Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention.

**“Successor Notice”** means an irrevocable notice from a party to the other party and the Calculation Agent 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 of a Successor. 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 above.

**“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 (the Trans-European Automated Real-time Gross settlement Express Transfer system) is open.

**“Trade Date”** means the date specified as such in the relevant Pricing Supplement.

**“Tranche Note”** means a Note for which “Type of Credit Linked Notes” is specified as “Tranche” in the applicable Pricing Supplement.

**“Tranche Notional Amount”** means, with respect to Tranche Notes, the Aggregate Notional Amount of the Notes on the Issue Date or such other amount specified as such in the applicable Pricing Supplement.

**“Tranche Subordination Amount”** means, with respect to Tranche Notes, the Reference Portfolio Notional Amount multiplied by the Attachment Point.

**“Transaction Auction Settlement Terms”** means the Credit Derivatives Auction Settlement Terms selected by the Calculation Agent in accordance with this provision. In relation to a Credit Event (and as set out in the definition of Credit Derivatives Auction Settlement Terms), ISDA may publish one or more form(s) of Credit Derivatives Auction Settlement Terms on its website at [www.isda.org](http://www.isda.org) (or any successor website thereto) and may amend such forms from time to time. Each such form of Credit Derivatives Auction Settlement Terms shall set out, *inter alia*, definitions of “Auction,” “Auction Cancellation Date,” “Auction Covered Transaction” and “Auction Final Price Determination Date” in relation to the relevant Credit Event. The Transaction Auction Settlement Terms for purposes of the Notes shall be the relevant form of Credit Derivatives Auction Settlement Terms for which the Reference Transaction would be an Auction Covered Transaction (as such term will be set out in the relevant Credit Derivatives Auction Settlement Terms). The Reference Transaction (as set out in the definition thereof) is a hypothetical credit derivative transaction included in this Product Supplement principally for the purpose of selecting the Credit Derivatives Auction Settlement Terms appropriate to the Notes.

**“Underlying Obligation”** means, with respect to a guarantee, the obligation which is the subject of the guarantee.

**“Underlying Obligor”** means with respect to an Underlying Obligation, the issuer in the case of a Bond, the borrower in the case of a Loan, or the principal obligor in the case of any other Underlying Obligation.

**“Valuation Date”** means:

- (a) if “Single Valuation Date” is specified in the related Pricing Supplement, the date that is the number of Business Days specified in the related Pricing Supplement (or, if the number of Business Days is not so specified, five (5) Business Days) following the Event Determination Date (or if the Event Determination Date occurs pursuant to paragraph (a)(ii) of the definition of Event Determination Date or paragraph (b)(i) of the definition of Non-Standard Event Determination Date, the day on which the DC Credit Event Announcement occurs) (or, if “Cash Settlement” is applicable pursuant to the Fallback Settlement Method, the date that is the number of Business Days specified in the related Pricing Supplement (or, if the number of Business Days is not so specified, five (5) Business Days)

following the Auction Cancellation Date, if any, or the relevant No Auction Announcement Date, if any, as applicable); and

- (b) if “Multiple Valuation Dates” is specified in the related Pricing Supplement, each of the following dates:
  - (i) the date that is the number of Business Days specified in the related Pricing Supplement (or, if the number of Business Days is not so specified, five (5) Business Days) following the Event Determination Date (or if the Event Determination Date occurs pursuant to subparagraph (a)(ii) of the definition of Event Determination Date or subparagraph (b)(i) of the definition of Non-Standard Event Determination Date, the day on which the DC Credit Event Announcement occurs) (or, if “Cash Settlement” is applicable pursuant to the Fallback Settlement Method, the date that is the number of Business Days specified in the related Pricing Supplement (or, if the number of Business Days is not so specified, five (5) Business Days) following the Auction Cancellation Date, if any, or the relevant No Auction Announcement Date, if any, as applicable); and
  - (ii) each successive date that is the number of Business Days specified in the related Pricing Supplement (or, if the number of Business Days is not so specified, five (5) 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, the total number of Valuation Dates shall be equal to the number of Valuation Dates specified in the related Pricing Supplement (or, if the number of Valuation Dates is not so specified, five (5) Valuation Dates).

If neither “Single Valuation Date” nor “Multiple Valuation Dates” is specified in the related Pricing Supplement, Single Valuation Date shall apply.

**“Valuation Method”:**

- (a) The following Valuation Methods may be specified in the Pricing Supplement with only one Valuation Date:
  - (i) **“Market”** means the Market Value determined by the Calculation Agent with respect to the Valuation Date; or
  - (ii) **“Highest”** means the highest Quotation obtained by the Calculation Agent with respect to the Valuation Date.
- (b) If no such Valuation Method is specified in the Pricing Supplement, the Valuation Method shall be Highest.
- (c) The following Valuation Methods may be specified in the Pricing Supplement with more than one Valuation Date:
  - (i) **“Average Market”** means the unweighted arithmetic mean of the Market Values determined by the Calculation Agent with respect to each Valuation Date; or
  - (ii) **“Highest”** means the highest Quotation obtained by the Calculation Agent with respect to any Valuation Date; or
  - (iii) **“Average Highest”** means the unweighted arithmetic mean of the highest Quotations obtained by the Calculation Agent with respect to each Valuation Date.
- (d) If no such Valuation Method is specified in the Pricing Supplement, the Valuation Method shall be Average Highest.

Notwithstanding paragraphs (a) to (d) above, if Quotations include Weighted Average Quotations or fewer than two Full Quotations, the Calculation Agent may at its option determine that the Valuation Method shall be Market or Average Market, as the case may be.

Where applicable, the Pricing Supplement may specify an alternative Valuation Method which shall be applicable in respect of the relevant Notes.

**“Valuation Obligation”** means each obligation selected for valuation by the Calculation Agent on or prior to the Valuation Date for the purposes of settlement of the Notes, being obligations which are capable of being Deliverable Obligations of the relevant Reference Entity on the date of selection.

**“Valuation Obligation Balance”** means with respect to a selected Valuation Obligation, an amount in the currency of denomination of that Valuation Obligation specified as such by the Calculation Agent on the Business Day immediately preceding the Valuation Date, provided that the Calculation Agent shall not specify an amount that is less than the equivalent of US \$500,000 (all as determined by the Calculation Agent on the Business Day immediately preceding the Valuation Date, acting in a commercially reasonable manner).

**“Valuation Time”** means the time specified as such in the related Pricing Supplement (or, if no such time is specified, 11:00 a.m. in the principal trading market for the Reference Obligation).

**“Voting Shares”** means the shares or other interests that have the power to elect the board of directors or similar governing body of an entity.

**“Weighted Average Quotation”** means in accordance with the Quotation Method, the weighted average of firm quotations obtained from 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.



## SUPPLEMENTAL PLAN OF DISTRIBUTION

As described in the section of the Offering Memorandum entitled “Plan of Distribution,” we, either ourselves or through one or more of our Dealers (which may include SGAS), will enter into one or more arrangements with agents, underwriters, or dealers (each of such Dealers and such agents, underwriters, or dealers, a “**Distributor**” and collectively, the “**Distributors**”), whereby each Distributor will distribute the Notes. Such distributions may occur on or subsequent to the Issue Date. Each Distributor will be entitled to receive a commission (the “**Distributor Commission**”) for the Notes distributed by such Distributor on or after the Issue Date, as specified in more detail in the applicable Pricing Supplement. Distributor Commission will therefore be embedded in the price you pay for Notes. The Distributors may reoffer the Notes to other dealers who will sell the Notes. Each such dealer engaged by a Distributor, or further engaged by a dealer to whom each such Distributor reoffers the Notes, will be entitled to a portion of the Distributor Commission payable to such Distributor. The Distributor Commission may vary from dealer to dealer and not all dealers will be entitled to the same amount of Distributor Commission, even if such dealers are distributing the same Notes.

The Issuer has agreed to indemnify the Distributors against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the Distributors may be required to make in respect thereof.

The offering of the Notes will be conducted in compliance with any applicable requirements of FINRA Rule 5121 of the Financial Industry Regulatory Authority, Inc.

To the extent that the total Aggregate Notional Amount of the Notes being offered by this Product Supplement and the applicable Pricing Supplement is not purchased by investors in the offering for the Notes, one or more of our affiliates has agreed to purchase the unsold portion, and to hold such Notes.

Please note that information herein and in the applicable Pricing Supplement about the Pricing Date, Issue Date, Issue Price to the public and net proceeds to the Issuer relates only to the initial sale of the Notes. If you have purchased the Notes in a secondary market transaction after the initial sale, information about the price and date of sale to you will be provided in a separate confirmation of sale.

No offers, sales or deliveries of Notes, or distribution of this Product Supplement, the applicable Pricing Supplement or the Offering Memorandum or any other offering material relating to Notes, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and will not impose any obligations on us or any Distributor.

For information on selling restrictions in specific jurisdictions in which Notes will be sold, see the Offering Memorandum.

If we, the applicable Dealer or any of our or its respective affiliates provides a secondary market, we, such dealer or such affiliate will determine the secondary market prices in our or its sole discretion. Any market-making price quoted by us, the applicable Dealer or any of our or its affiliates will be net of all or a portion of any commission paid or allowance made to the Distributors.

### **Conflicts of Interest**

SGAS, one of the potential selling agents in the offerings of Notes, is an affiliate of ours and, as such, has a “conflict of interest” in these offerings within the meaning of FINRA Rule 5121. Consequently, the offerings are being conducted in compliance with the provisions of FINRA Rule 5121. SGAS is not permitted to sell Notes in any offering to an account over which it exercises discretionary authority without the prior specific written approval of the account holder.

## **CERTAIN ERISA CONSIDERATIONS**

For a discussion of the benefit plan investor consequences related to the Notes, see “*Benefit Plan Investor Considerations*” in the Offering Memorandum.