

Base Prospectus dated 25 June 2012



**CITIGROUP INC.**  
(incorporated in Delaware)

and

**CITIGROUP FUNDING INC.**  
(incorporated in Delaware)

and

**CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.**  
(incorporated as a corporate partnership limited by Shares (*société en commandite par actions*) under Luxembourg law and registered with the Register of Trade and Companies of Luxembourg under number B169 199)

each an issuer under the  
**Citi U.S.\$30,000,000,000 Global Medium Term Note and Certificate Programme**

**Notes and Certificates issued by Citigroup Funding Inc. only will be unconditionally and irrevocably guaranteed by  
CITIGROUP INC.  
(incorporated in Delaware)**

Under the Global Medium Term Note and Certificate Programme (the **Programme**) described in this Base Prospectus, (i) each of Citigroup Inc. (**Citigroup Inc.**) and Citigroup Funding Inc. (**CFI**) may from time to time issue notes (the **Notes**) and certificates (the **Certificates** and, together with the Notes, the **Securities**) and (ii) Citigroup Global Markets Funding Luxembourg S.C.A. (**CGMFL** and, together with Citigroup Inc. and CFI, the **Issuers** and each an **Issuer**) may from time to time issue Notes (but not Certificates), in each case subject to compliance with all relevant laws, regulations and directives. References herein to the **relevant Issuer** shall be construed as whichever of Citigroup Inc., CFI or CGMFL is the issuer or proposed issuer of the relevant Notes, in the case of CGMFL, Citigroup Inc., or CFI, or Securities in the case of CFI and Citigroup Inc. The aggregate principal amount of Notes outstanding will not at any time exceed U.S.\$30,000,000,000 (or the equivalent in other currencies), subject to any increase described herein.

The payment and delivery of all amounts due in respect of Securities issued by CFI will be unconditionally and irrevocably guaranteed by Citigroup Inc. (in such capacity, the **CFI Guarantor**) pursuant to a deed of guarantee dated 25 June 2012 (such deed of guarantee as amended and/or supplemented and/or replaced from time to time, the **Deed of Guarantee**) executed by the CFI Guarantor. Notes issued by CGMFL will not be guaranteed by the CFI Guarantor or any other entity. Certificates may not be issued by CGMFL.

Each of the Issuers and the CFI Guarantor has a right of substitution as set out in the Terms and Conditions of the Securities set out herein.

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

Securities may be issued whose return (whether, in the case of Notes, in respect of any interest payable on such Notes and/or their redemption amount or, in the case of Certificates, in respect of any amount payable thereunder) is linked to one or more share indices (**Share Index Linked Notes** and **Index Linked Certificates**) or one or more inflation indices (**Inflation Index Linked Notes** and **Inflation Linked Certificates**) or one or more commodities (**Commodity Linked Notes** and **Commodity Linked Certificates**) or one or more shares (**Share Linked Notes** and **Share Linked Certificates**) or Notes may be issued whose return (whether in respect of any interest payable on such Notes and/or their redemption amount) is linked to one or more commodity indices (**Commodity Index Linked Notes**) or one or more depositary receipts (**Depositary Receipt Linked Notes**) or one or more exchange traded fund (ETF) shares (**ETF Linked Notes**) or one or more mutual funds (**Mutual Fund Linked Notes**) or one or more currency exchange rates (**FX Rate Linked Notes**) one or more warrants (**Warrant Linked Notes**), one or more proprietary indices (**Proprietary Index Linked Notes**) or one or more Dividend Futures Contracts (**Dividend Futures Contract Linked Notes**), together, **Underlying Linked Securities**, as more fully described herein. Securities may provide that settlement will be by way of cash settlement (**Cash Settled Notes** and **Cash Settled Certificates**) or physical delivery (**Physical Delivery Notes**, **Physical Delivery Certificates** and **Physical Delivery Securities**) as provided in the applicable Final Terms.

The relevant Issuer and the CFI Guarantor (where the relevant Issuer is CFI) may agree with any Dealer that Securities (or Notes only in the case of CGMFL) may be issued in a form not contemplated by the relevant Terms and Conditions set out herein, in which event, if the relevant Issuer is CFI or Citigroup Inc., a supplement to the Citigroup Inc. Base Prospectus (as defined below) or, if the relevant Issuer is CGMFL, a supplement to the CGMFL Base Prospectus (as defined below), if appropriate, which describes the effect of the agreement reached in relation to such Securities (or Notes only in the case of CGMFL), will be made available.

Each of the Citigroup Inc. Base Prospectus and the CGMFL Base Prospectus has been approved by the Luxembourg *Commission de Surveillance du Secteur Financier* (the **CSSF**), which is the Luxembourg competent authority (the **Competent Authority**) for the purpose of the Prospectus Directive (as defined below) and relevant implementing measures in Luxembourg, as a base prospectus issued in compliance with the Prospectus Directive and relevant implementing measures in Luxembourg for the purpose of giving information with regard to (i) in the case of CFI and Citigroup Inc. and the Citigroup Inc. Base Prospectus, the issue of Securities issued by CFI or Citigroup Inc. under the Programme and (ii) in the case of CGMFL and the CGMFL Base Prospectus, the issue of Notes issued by CGMFL under the Programme, in each case during the period of twelve months after the date hereof. The CSSF assumes no responsibility for the economic and financial soundness of the transactions contemplated by this Base Prospectus (including the Citigroup Inc. Base Prospectus and the CGMFL Base Prospectus) or the quality or solvency of any Issuer in accordance with Article 7(7) of the Prospectus Act 2005. Applications have been made for such Securities to be admitted during the period of twelve months after the date hereof to listing on the official list and to trading on the regulated market of the Luxembourg Stock Exchange. Application may be made for (1) Certificates issued by CFI or Citigroup Inc. under the Programme to be listed on the Italian Stock Exchange and admitted to trading on the electronic "Securitized Derivatives Market" organised and managed by Borsa Italiana S.p.A. (the **SeDeX**) and (2) Notes issued under the Programme to be listed on the Italian Stock

Exchange and admitted to trading on the electronic "Bond Market" organised and managed by Borsa Italiana S.p.A. (the **MoT**) or any other relevant market organised and managed by Borsa Italiana S.p.A., but there can be no assurance that any such listing will occur on or prior to the date of issue of any Certificates or Notes, as the case may be, or at all. Each Issuer may make applications for a certificate of approval to be issued by the CSSF to the competent authority in one or more Member States.

References in this Base Prospectus to Securities being listed (and all related references) shall mean that such Securities are intended to be admitted to trading on the Luxembourg Stock Exchange's regulated market and are intended to be listed on the Official List of the Luxembourg Stock Exchange and/or listed on the Italian Stock Exchange and admitted to trading on SeDeX or on the MoT or on any other relevant market organised and managed by Borsa Italiana S.p.A. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of Directive 2004/39/EC (the **Markets in Financial Instruments Directive**). As specified in the applicable Final Terms, an issue of Securities may or may not be listed or admitted to trading, as the case may be, on the Luxembourg Stock Exchange and/or the Italian Stock Exchange and/or any other stock exchange or market as may be agreed between the relevant Issuer, the CFI Guarantor (where the relevant Issuer is CFI) and the relevant Dealer.

Each of the respective forms of the Final Terms is set out herein and will specify with respect to the issue of Securities to which it relates, *inter alia*, the specific designation of the Securities, the aggregate principal amount or number and type of the Securities, the date of issue of the Securities, the issue price, in the case of Notes, the interest provisions, (if any) and the redemption amount and, in the case of Certificates, the exercise price (if any) and the exercise period or exercise date and, in all cases as relevant, the underlying asset, index or other item(s) (each an **Underlying**) to which the Securities relate and certain other terms relating to the offering and sale of such Securities. The applicable Final Terms supplements the Terms and Conditions of the relevant Securities and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Terms and Conditions of the relevant Securities, supplement, replace and/or modify such Terms and Conditions. In respect of Securities to be listed on the Luxembourg Stock Exchange, the Final Terms will be filed with the CSSF and will be published on the web-site of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

AN ISSUE OF SECURITIES MAY BE OF A SPECIALIST NATURE AND SHOULD ONLY BE BOUGHT AND TRADED BY INVESTORS WHO ARE PARTICULARLY KNOWLEDGEABLE IN INVESTMENT MATTERS.

Prospective purchasers of Securities should ensure that they understand the nature of the relevant Securities and the extent of their exposure to risks and that they consider the suitability of the relevant Securities as an investment in the light of their own circumstances and financial condition. Securities may involve a high degree of risk, including, in the case of Notes, the principal not being protected or, in the case of Certificates, the risk of their expiring worthless. Potential investors may sustain a total loss of the purchase price of their Securities. See "*Risk Factors*" set out herein.

Subject as provided below, Notes may be governed by English Law (**English Law Notes**) or governed by French Law (**French Law Notes**) or be Australian Domestic Notes (as defined below), in each case as specified in the applicable Final Terms. The terms and conditions of the Notes, other than French Law Notes, will be as set out in "*Terms and Conditions of the Notes other than French Law Notes*" and in the relevant Underlying Schedule(s) thereto and, in the case of Swedish Notes, Annex 1, and, in the case of Finnish Notes, Annex 2. The terms and conditions of the French Law Notes will be as set out in "*Terms and Conditions of the French Law Notes*" and in the Underlying Schedule(s) thereto.

Subject as provided below in the case of Australian Domestic Notes, Swedish Notes and Finnish Notes, each Tranche of English Law Notes in bearer form (**Bearer Notes**) will only be issued subject to such immobilisation conditions as are agreed by the relevant Issuer (such that the Notes are treated as issued in registered form for U.S. federal income tax purposes) and will initially be represented by a permanent global note in bearer form (a **permanent Global Note**) or as otherwise agreed with the relevant Issuer.

Any relevant permanent Global Note will: (i) if the relevant permanent Global Note is intended to be issued in new global note (**NGN**) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the relevant Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below) and (ii) if the relevant permanent Global Note is not intended to be issued in NGN form, be delivered on or prior to the original issue date of the relevant Tranche to a common depository for Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**) or as otherwise agreed between the relevant Issuer, the CFI Guarantor (where the relevant Issuer is CFI) and the relevant Dealer.

Interests in a permanent Global Note will be exchangeable for definitive Bearer Notes as described in "*Form of the Notes*" set out herein.

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

In addition, Notes may be accepted for settlement in Euroclear UK and Ireland (**CREST**) via the CREST Depository Interest (**CDI**) mechanism.

Notwithstanding the foregoing, Notes denominated in Australian dollars and issued in the domestic Australian capital markets (**Australian Domestic Notes**) will be issued in registered uncertificated (or inscribed) form. Australian Domestic Notes may or may not be listed on the stock exchange operated by ASX Limited (ABN 98 008 624 691) (**ASX**) and will be constituted by a Deed Poll to be executed by the relevant Issuer and governed by the laws of New South Wales, Australia (in relation to an issue of Australian Domestic Notes, the **Deed Poll**) and will take the form of entries on a register to be maintained by an Australian registrar to be appointed by the relevant Issuer and the CFI Guarantor (where the relevant Issuer is CFI) and specified in the applicable Final Terms (the **Australian Registrar**), all as more fully described in the applicable Final Terms.

Notwithstanding the foregoing, Notes issued in accordance with the Swedish Financial Instruments Accounts Act (*Sw. Lagen (1998:1479) on kontoföring av finansiella instrument*) (**SFIA Act**) (**Swedish Notes**) will be issued in uncertificated and dematerialised book-entry form in accordance with the SFIA Act, all as more fully described in the applicable Final Terms. No global or definitive bearer or registered Swedish Notes will be issued. The Swedish Notes will be transferable only in accordance with the provisions of the SFIA Act, other applicable Swedish legislation and the rules and regulations applicable to, and/or issued by, Euroclear Sweden AB (**Euroclear Sweden**).

Notwithstanding the foregoing, Notes issued in accordance with the Finnish Act on the Book-Entry System (*Fin. laki arvo-osuusjarjeselmasta (826/1991)*) and with the Finnish Act on the Book-Entry Account (*Fin. laki arvo-osuustileista (827/1991)*) (Finnish Notes) will be issued in uncertificated and dematerialised book-entry form in accordance with the Finnish Act on the Book-Entry System (*Fin. laki arvo-osuusjarjeselmasta*

(826/1991)) and with the Finnish Act on Book-Entry Account (*Fin. laki arvo-osuustileista (827/1991)*), all as more fully described in the applicable Final Terms. No global or definitive bearer or registered Notes will be issued. The Finnish Notes will be transferable only in accordance with the legislation, rules and regulations applicable to, and/or issued by, Euroclear Finland Ltd (**Euroclear Finland**).

French Law Notes will be issued, at the option of the relevant Issuer, in either bearer dematerialised form (*au porteur*), which will be inscribed in the books of Euroclear France (a subsidiary of Euroclear Bank S.A./N.V.) or in registered dematerialised form (*nominatif*) and, in such latter case, at the option of the relevant Noteholder in either administered registered form (*nominatif administré*) inscribed in the books of a Euroclear France Account Holder or in fully registered form (*nominatif pur*) inscribed in an account in the books of Euroclear France maintained by the relevant Issuer or by the Registration Agent designated in the applicable Final Terms, all as defined in the Terms and Conditions of the French Law Notes.

**None of the Securities, the Deeds of Guarantee and any Entitlement (as specified in the applicable Final Terms) to be delivered in respect of any Physical Delivery Securities has been nor will be registered under the United States Securities Act of 1933, as amended (the Securities Act), or with any securities regulatory authority of any state or other jurisdiction of the United States. Such Securities may include Bearer Notes that are subject to U.S. tax law requirements. Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act), unless the Notes are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available. Certificates may not be offered, sold or delivered within the United States or to U.S. persons. Hedging transactions involving Physical Delivery Securities, as the case may be, may not be conducted unless in compliance with the Securities Act. For a description of certain restrictions on offers and sales of Securities, see "*Subscription and sale and transfer and selling restrictions for Notes*" or "*Subscription and sale and transfer and selling restrictions for Certificates*", as applicable. Registered Notes may be offered or sold within the United States only to QIBs (as defined in the "*Form of Notes*") in transactions exempt from registration under the Securities Act (see "*U.S. Information*" below).**

The Certificates will be sold exclusively outside the United States in offshore transactions to persons that are not U.S. persons (as defined in Regulation S) and will be represented by a permanent global Certificate (a **Global Certificate**) which will be deposited with a common depository on behalf of Euroclear and Clearstream, Luxembourg. Definitive Certificates will not be issued.

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

Any person (an **Investor**) intending to acquire or acquiring any Securities from any person (an **Offeror**) should be aware that, in the context of an offer to the public as defined in the Prospectus Directive, the relevant Issuer may be responsible to the Investor for, where the relevant Issuer is Citigroup Inc. or CFI, the Citigroup Inc. Base Prospectus or, where the relevant Issuer is CGMFL, the CGMFL Base Prospectus, only if the relevant Issuer is acting in association with, or has authorised, that Offeror to make the offer to the Investor. Each Investor should therefore verify with the Offeror whether or not the Offeror is acting in association with, or is authorised by, the relevant Issuer. If the Offeror is not acting in association with, or authorised by, the relevant Issuer, the Investor should check with the Offeror whether anyone is responsible for, where the relevant Issuer is CFI or Citigroup Inc., the Citigroup Inc. Base Prospectus or, where the relevant Issuer is CGMFL, the CGMFL Base Prospectus for the purposes of Article 6 of the Prospectus Directive as implemented by the national legislation of each EEA Member State in the context of the offer to the public, and, if so, who that person is. If the Investor is in any doubt about whether it can rely on, where the relevant Issuer is CFI or Citigroup Inc., the Citigroup Inc. Base Prospectus or, where the relevant Issuer is CGMFL, the CGMFL Base Prospectus, and/or who is responsible for its contents, it should take legal advice.

Citigroup Inc. has a long term/short term senior debt rating of A-/A-2 by Standard & Poor's Financial Services LLC, Baa2/P-2 by Moody's Investors Service, Inc. and A/F1 by Fitch, Inc.. Citigroup Funding Inc. has a long term/short term senior debt rating of A-/A-2 by Standard & Poor's Financial Services LLC, Baa2/P-2 by Moody's Investors Service, Inc. and A/F1 by Fitch, Inc. based on the guarantee by Citigroup Inc.. As at the date hereof, CGMFL is not rated. Any rating of CGMFL (to the extent that CGMFL is, at any time in the future, rated) will be disclosed in the applicable Final Terms. The rating of certain Series of Notes to be issued under the Programme may be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**) will be disclosed in the Final Terms. See also "*Credit Ratings – Rating Agencies of the Issuers and the CFI Guarantor*" in the section "*Risk Factors*" below.

The Securities and the Deeds of Guarantee constitute unconditional liabilities of the respective issuers. None of the Securities and the Deeds of Guarantee is insured by the Federal Deposit Insurance Corporation (**FDIC**).

The Issuers are not banks which are authorised or regulated under the Banking Act 1959 of Australia. The Securities are not the obligations of the Australian Government or any other government and, in particular, are not guaranteed by the Commonwealth of Australia.

Arranger of the Programme

**Citigroup**

Dealers

**Citigroup**

## NOTICE TO NEW HAMPSHIRE RESIDENTS

**NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER CHAPTER 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.**

*This Base Prospectus (excluding the CGMFL Base Prospectus) comprises a base prospectus for the purpose of Article 5.4 of the Prospectus Directive in respect of Securities to be issued by Citigroup Inc. or CFI.*

*This Base Prospectus (excluding the Citigroup Inc. Base Prospectus) comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive in respect of Notes to be issued by CGMFL.*

***As at the date of this Base Prospectus, CFI is making public offers of Notes in Hungary and Spain. Any investor in any such public offer or in relation to an offer of Notes which are to be listed or admitted to trading on a regulated market should note that, if it has indicated acceptance of any such offer prior to the date of publication of this Base Prospectus, it has the right, within not less than two working days of the date of such publication, to withdraw such acceptance.***

*CFI and Citigroup Inc. accept responsibility for the information contained in this Base Prospectus (excluding the CGMFL Base Prospectus), subject as provided below. To the best of the knowledge of CFI and Citigroup Inc. (each having taken all reasonable care to ensure that such is the case), the information contained in this Base Prospectus (excluding the CGMFL Base Prospectus) is in accordance with the facts and does not omit anything likely to affect the import of such information. This paragraph should be read in conjunction with the fifth paragraph on page v.*

*CGMFL accepts responsibility for the information contained in this Base Prospectus (excluding the Citigroup Inc. Base Prospectus), subject as provided below. To the best of the knowledge of CGMFL (having taken all reasonable care to ensure that such is the case), the information contained in this Base Prospectus (excluding the Citigroup Inc. Base Prospectus) is in accordance with the facts and does not omit anything likely to affect the import of such information. This paragraph should be read in conjunction with the fifth paragraph on page v.*

*The applicable Final Terms will (if applicable) specify the nature of the responsibility taken by the relevant Issuer and the CFI Guarantor (where the relevant Issuer is CFI) for the information relating to the Underlying(s) to which the relevant Securities relate which is contained in such Final Terms. However, unless otherwise expressly stated in the applicable Final Terms, any information contained therein relating to the Underlying(s), will only consist of extracts from, or summaries of, information contained in financial and other information released publicly by the issuer, owner or sponsor, as the case may be, of such Underlying(s). Unless otherwise expressly stated in the applicable Final Terms, the relevant Issuer and the CFI Guarantor (where the relevant Issuer is CFI) accept(s) responsibility for accurately reproducing such extracts or summaries and, as far as the relevant Issuer and the CFI Guarantor (where the relevant Issuer is CFI) is/are aware and is/are able to ascertain from information published by the issuer, owner or sponsor,*

*as the case may be, of such Underlying(s), no facts have been omitted which would render the reproduced information inaccurate or misleading.*

*The Citigroup Inc. Base Prospectus should be read in conjunction with all documents which are deemed to be incorporated by reference therein (see "Documents Incorporated by Reference for the Citigroup Inc. Base Prospectus"). The Citigroup Inc. Base Prospectus shall be read and construed on the basis that such documents are incorporated into and form part of the Citigroup Inc. Base Prospectus.*

The Citigroup Inc. base prospectus (the **Citigroup Inc. Base Prospectus**) will comprise this Base Prospectus with the exception of:

- (a) the information in the sections entitled:
  - (i) in the Summary of the Programme: Description of CGMFL, Business of CGMFL;
  - (ii) Description of CGMFL; and
- (b) paragraphs 3, 6, 8 and 13 of the section entitled General Information.

The CGMFL base prospectus (the **CGMFL Base Prospectus**) will comprise this Base Prospectus with the exception of:

- (a) the information in the sections entitled:
  - (i) in the Summary of the Programme: Description of CFI, Business of CFI, Citigroup Inc., Description of Citigroup Inc., Business of Citigroup Inc., in Risk Factors, Certificate only provisions;
  - (ii) Risk Factors: Risks Relating to Certificates;
  - (iii) Documents Incorporated By Reference for the Citigroup Inc. Base Prospectus and all information incorporated therein by reference thereby;
  - (iv) Terms and Conditions of the Certificates (including the Annexes);
  - (v) Description of CFI;
  - (vi) Description of Citigroup Inc.;
  - (vii) Subscription and Sale and Transfer and Selling Restrictions for Certificates;
  - (viii) Pro Forma Final Terms for Issues of Certificates; and
  - (ix) Taxation of Certificates; and
- (b) paragraphs 2, 4, 5, 7 and 12 of the section entitled General Information.

*No person has been authorised to give any information or to make any representation other than those contained in this Base Prospectus in connection with the issue or sale of any Securities and, if given or made, such information or representation must not be relied upon as having been authorised by the relevant Issuer, the CFI Guarantor (where the relevant Issuer is CFI) or any of the Dealers. Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the relevant Issuer and/or, where applicable, the CFI Guarantor since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of any Issuer*



*and/or CFI Guarantor since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.*

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

*The distribution of this Base Prospectus and the offering or sale of Securities in certain jurisdictions may be restricted by law. None of the Issuers, the CFI Guarantor and the Dealers represents that this Base Prospectus may be lawfully distributed, or that any Securities may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. Accordingly, no Securities may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus comes are required by the Issuers, the CFI Guarantor and the Dealers to inform themselves about and to observe any such restriction.*

*Further restrictions on the offering, sale and distribution of Securities and this document are set out under the headings "Subscription and sale and transfer and selling restrictions for Notes" and "Subscription and sale and transfer and selling restrictions for Certificates" below.*

*The price and principal amount or number, as the case may be, of Securities to be issued under the Programme will be determined by the relevant Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.*

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

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

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

*In connection with any Series (as defined below) of Notes, one of the Dealers may act as a stabilising manager (the **Stabilising Manager**). The identity of the Stabilising Manager, if any, will be disclosed in the applicable Final Terms.*

*In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over allot Notes or effect transactions (outside Australia and on a market operated outside Australia) with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.*

*Certificates create options which are either exercisable by the relevant holder or, if not so exercised will be automatically exercised as provided herein. Except in the case of automatically exercised cash settled Certificates, there is no obligation upon either Citigroup Inc. or CFI as the Issuer to pay any amount or deliver any asset to any holder of a Certificate unless the relevant holder duly exercises such Certificate or such Certificates are automatically exercised and an Exercise Notice is duly delivered. The Certificates will be exercised or will be exercisable in the manner set forth herein and in the applicable Final Terms.*

*In any EEA Member State that has implemented the Prospectus Directive, this communication is only addressed to and is only directed at qualified investors in that Member State within the meaning of the Prospectus Directive, except to the extent sub-paragraph (ii) below may apply.*

*This Base Prospectus has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Securities in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Securities. Accordingly, any person making or intending to make an offer in that Relevant Member State of Securities which are the subject of a placement contemplated in this Base Prospectus as completed by the Final Terms in relation to the offer of those Securities may only do so (i) in circumstances in which no obligation arises for any Issuer, the CFI Guarantor or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance with the Prospectus Directive, PROVIDED THAT any such prospectus has subsequently been completed by final terms which specify that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State, such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or final terms, as applicable, and the relevant Issuer has consented in writing to its use for the purpose of such offer. Except to the extent sub-paragraph (ii) above may apply, none of the Issuers, the CFI Guarantor and any Dealer has authorised, nor does any of them authorise, the making of any offer of Securities in circumstances in which an obligation arises for any Issuer, the CFI Guarantor or any Dealer to publish or supplement a prospectus for such offer. The expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the relevant Member State), and includes any relevant implementing measure in the relevant Member State and the expression **2010 PD Amending Directive** means Directive 2010/73/EU.*

*Subject as provided in the relevant Final Terms, the only persons authorised to use this Base Prospectus in connection with an offer of Securities are the persons named in the applicable Final Terms as the relevant Dealer or the Managers and the persons named in or identifiable from the applicable Final Terms as the Financial Intermediaries, as the case may be.*

*An Investor intending to acquire or acquiring any Securities from an Offeror will do so, and offers and sales of the Securities to an Investor by an Offeror will be made, in accordance with any terms and other arrangements in place between such Offeror and such Investor including as to price, allocations and settlement arrangements. The relevant Issuer will not be a party to any such arrangements with Investors (other than the relevant Dealer or the Managers) in connection with the offer or sale of Securities and, accordingly, this Base Prospectus and any Final Terms will not contain such information. The Investor must look to the Offeror at the time of such offer for the provision of such information. The relevant Issuer has no responsibility to an Investor in respect of such information.*

*Except to the extent sub-paragraph (ii) above may apply, each person in a Relevant Member State other than, in the case of paragraph (a), persons receiving offers contemplated in this Base Prospectus in Luxembourg who receive any communication in respect of, or who acquire any Securities under, the offers contemplated in this Base Prospectus will be deemed to have represented, warranted agreed to and with each Dealer, the Issuers and the CFI Guarantor that:*

- (a) it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and*
- (b) in the case of any Securities acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the Securities acquired by it in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the relevant Dealers has been given to the offer or resale; or (ii) where Securities have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Securities to it is not treated under the Prospectus Directive as having been made to such persons.*

*For the purposes of this representation, the expression an "offer" in relation to any Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Securities, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.*

*In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to **Euro** or **euro** are to the single currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union, as amended (the **Treaty**), references to **U.S. dollars** and **U.S.\$** are to the currency of the United States of America, references to **Yen** are to the currency of Japan, references to **Sterling** are to the currency of the United Kingdom, and references to **A\$** and **Australian dollars** are to the currency of Australia.*

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

**None of the Issuers, the CFI Guarantor and any Dealer makes any representation to any investor in any Notes regarding the legality of its investment under any applicable laws. Any investor in any**

Notes should be able to bear the economic risk of an investment in such Notes for an indefinite period of time.

## U.S. INFORMATION

This Base Prospectus is being submitted in the United States to a limited number of QIBs only for informational use solely in connection with the consideration of the purchase of the Notes being offered hereby. Its use for any other purpose in the United States is not authorised. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

Registered Notes may be offered or sold within the United States only to QIBs in transactions exempt from registration under the Securities Act. Each U.S. purchaser of Registered Notes is hereby notified that the offer and sale of any Registered Notes to it may be being made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A under the Securities Act (Rule 144A) and one or more exemptions and/or exclusions from regulation under the United States Commodities Exchange Act, as amended.

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

## Circular 230 Notice

Any tax discussion herein was not written and is not intended to be used and cannot be used by any taxpayer for purposes of avoiding United States federal income tax penalties that may be imposed on the taxpayer. Any such tax discussion was written to support the promotion or marketing of the Notes to be issued pursuant to this Base Prospectus. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

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

## AVAILABLE INFORMATION

To permit compliance with Rule 144A in connection with any resales or other transfers of Notes that are "restricted securities" within the meaning of the Securities Act, each of Citigroup Inc. and CFI has undertaken in a deed poll dated 25 June 2012 (the Rule 144A Deed Poll) to furnish, upon the request of a holder of such Notes or any beneficial interest therein, to such holder or to a prospective purchaser designated by him, the information required to be delivered under Rule 144A(d)(4) under the

**Securities Act if, at the time of the request, it is neither a reporting company under Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended, (the Exchange Act) nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.**

#### **KINGDOM OF SAUDI ARABIA NOTICE**

This Base Prospectus may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority of the Kingdom of Saudi Arabia (the **Capital Market Authority**).

The Capital Market Authority does not make any representations as to the accuracy or completeness of this Base Prospectus and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Base Prospectus. Prospective purchasers of Securities issued under the Programme should conduct their own due diligence on the accuracy of the information relating to the Securities. If a prospective purchaser does not understand the contents of this Base Prospectus he or she should consult an authorised financial adviser. By accepting this Base Prospectus and other information relating to any offering of the Notes in the Kingdom of Saudi Arabia, each recipient represents that he is a "sophisticated investor" as set out in "Subscription and Sale and Transfer and Selling Restrictions for Notes – Kingdom of Saudi Arabia".

#### **NOTICE TO RESIDENTS IN THE KINGDOM OF BAHRAIN**

In relation to investors in the Kingdom of Bahrain, Notes issued in connection with the Base Prospectus and related offering documents may only be offered in registered form to existing account holders and accredited investors as defined by the Central Bank of Bahrain (**CBB**) in the Kingdom of Bahrain where such investors make a minimum investment of at least U.S.\$100,000.

Any offer contemplated by this Base Prospectus will not constitute an offer of securities in the Kingdom of Bahrain in terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (decree Law No. 64 of 2006). The Base Prospectus and related offering documents have not been and will not be registered as a prospectus with the CBB. Accordingly, no Notes may be offered, sold or made the subject of an invitation for subscription or purchase nor will this Base Prospectus or any other related document or material be used in connection with any offer, sale or invitation to subscribe or purchase Notes, whether directly or indirectly, to persons in the Kingdom of Bahrain.

The CBB has not reviewed or approved the Base Prospectus or related offering documents and it has not in any way considered the merits of the Notes to be offered for investment, whether in or outside the Kingdom of Bahrain. Therefore, the CBB assumes no responsibility for the accuracy and completeness of the statements and information contained in this document and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this document.

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## SUMMARY OF THE PROGRAMME

This summary must be read as an introduction to this Base Prospectus and is provided as an aid to investors when considering whether to invest in Securities but is not a substitute for the Base Prospectus. Any decision to invest in any Securities should be based on a consideration of the Base Prospectus as a whole, including any documents incorporated by reference. Following the implementation of the relevant provisions of the Prospectus Directive (Directive 2003/71/EC), as amended, in each Member State of the European Economic Area, no civil liability will attach to CFI, the Citigroup Inc. or CGMFL in any such Member State solely on the basis of this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus, including any information incorporated by reference. Where a claim relating to the information contained in this Base Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating this Base Prospectus before the legal proceedings are initiated.

*Words and expressions defined in "Terms and Conditions of the Notes other than French Law Notes", "Terms and Conditions of the French Law Notes" or in the Underlying Schedules thereto or in "Terms and Conditions of the Certificates" or in the Annexes thereto and in the applicable Final Terms shall have the same meanings herein.*

Issuers:	Each of Citigroup Funding Inc., Citigroup Inc. and Citigroup Global Markets Funding Luxembourg S.C.A. acting severally and, in relation to any Series, as specified in the applicable Final Terms.
Description of CFI:	Citigroup Funding Inc. (CFI) is a wholly-owned subsidiary of Citigroup Inc. (the <b>CFI Guarantor</b> ). It was incorporated as a Stock Company on 13 January 2005, and is organised under the laws of the State of Delaware with file number 3912224. Its principal executive offices are located at 399 Park Avenue, New York, NY 10043, and its telephone number is + 1 212 559-1000.
Business of CFI:	The business activities of CFI consist primarily of providing funds to the CFI Guarantor and its subsidiaries for general corporate purposes.
Description of CGMFL:	Citigroup Global Markets Funding Luxembourg S.C.A (CGMFL), a corporate partnership limited by Shares ( <i>société en commandite par actions</i> ) incorporated on 24 May 2012 under the Luxembourg law of 10 August 1915 on commercial companies, as amended from time to time, with its registered office at 31, Z.A. Bourmicht, L-8070 Bertrange, Grand Duchy of Luxembourg, telephone number +352 45141 4257/+ 352 2700 6201 and registered with the Register of Trade and Companies of Luxembourg under number B169 199.
Business of CGMFL:	The business activities of CGMFL consist primarily of granting loans or other forms of funding directly or indirectly in whatever form or means to Citigroup Global Markets Limited and any other entities belonging to the same group.
CFI Guarantor:	In respect of Securities issued by CFI only, the CFI Guarantor. Notes issued by CGMFL will not be guaranteed by the CFI Guarantor.
Description of Citigroup Inc.:	Citigroup Inc. is a holding company and services its obligations primarily with dividends and advances that it receives from subsidiaries.

The principal offices for Citigroup Inc. are located at 399 Park Avenue, New York, NY 10043, and its telephone number is + 1 212 559-1000. Citigroup Inc. was established as a corporation incorporated in Delaware on 8 March 1988 with perpetual duration pursuant to the Delaware General Corporation Law with file number 2154254.

Business of Citigroup Inc.:	Citigroup Inc. is a global diversified financial services holding company whose businesses provide consumers, corporations, governments and institutions with a broad range of financial products and services. Citigroup Inc. has approximately 200 million customer accounts and does business in more than 160 countries and jurisdictions. Citigroup Inc. currently operates, for management reporting purposes, via two primary business segments: Citicorp, consisting of Citigroup Inc.'s Global Consumer Banking businesses (which consists of Regional Consumer Banking in North America, Europe, the Middle East and Africa, Asia and Latin America) and the Institutional Clients Group (Securities and Banking, including the Private Bank, and Transaction Services); and Citi Holdings, which consists of Brokerage and Asset Management, Local Consumer Lending, and a Special Asset Pool. There is also a third segment, Corporate/Other.
Arranger:	Citigroup Global Markets Limited
Dealers:	Citigroup Global Markets Limited Citigroup Global Markets Inc.
Issuing and Fiscal Agent and principal paying agent:	Citibank, N.A., London branch
Swedish Notes Issuing and Paying Agent:	Nordea Bank AB (publ)
Finnish Notes Issuing and Paying Agent:	Nordea Bank Finland Plc
Risk Factors:	<p>The following paragraphs do not describe all the risks of an investment in any Securities. Prospective purchasers should consult their own financial and legal advisers about risks associated with investment in any Securities and the suitability of investing in any Securities in light of their particular circumstances.</p> <p>There are certain factors that may affect CFI's, CGMFL's or Citigroup Inc.'s ability to fulfil its obligations under any Securities issued by it and Citigroup Inc.'s ability as the CFI Guarantor, to fulfil its obligations under the Deed of Guarantee in respect thereof, including that such ability is dependent on the earnings of Citigroup Inc.'s subsidiaries, that Citigroup Inc. may be required to apply its available funds to support the financial position of its banking subsidiaries, rather than fulfil its obligations under the Securities, that Citigroup Inc.'s business may be affected by economic conditions, credit, market and market liquidity risk, by competition, country risk, operational risk, fiscal and monetary policies adopted by relevant regulatory authorities, reputational and legal risks and certain regulatory considerations.</p>



There are certain additional factors that may affect CGMFL's ability to fulfil its obligations under the Notes issued by it, including that such ability is dependent on the group entities to which it on-lends and funds raised through the issue of the Notes performing their obligations in respect of such funding in a timely manner. In addition, such ability is dependent on economic conditions, credit, market and market liquidity risk, by competition, country risk, operational risk, fiscal and monetary policies adopted by relevant regulatory authorities, reputational and legal risks and certain regulatory considerations.

The relevant Issuer will have the option to vary settlement in relation to certain Securities if so indicated in the applicable Final Terms.

An investment in Securities the payments and/or deliveries in respect of which is/are determined by reference to one or more values of currencies, commodities, interest rates, shares, depositary receipts, exchange traded funds, mutual funds, warrants, dividend futures contracts or other securities, intangibles, goods, articles, share indices, inflation indices, commodity indices, proprietary indices (which may be linked or referenced to one or more asset classes) or other bases of reference or formulae (the **Underlying(s)**), either directly or inversely, or which may be redeemable or exercisable for certain assets may entail significant risks and, in the case of Notes, risks that are not associated with an investment in a debt instrument with a fixed principal amount and which bears interest at either a fixed rate or at a floating rate determined by reference to published interest rate references. The risks of a particular Security will depend on the terms of such Security, but may include, without limitation, the possibility of significant changes in the prices of the relevant Underlying(s). Such risks generally depend on factors over which neither the relevant Issuer nor, where the relevant Issuer is CFI, the CFI Guarantor has control and which cannot readily be foreseen, such as economic and political events and the supply of and demand for the relevant Underlying(s). In recent years, currency exchange rates and prices for various Underlying(s) have been highly volatile, and such volatility may be expected in the future. Fluctuations in any such rates or prices that have occurred in the past are not necessarily indicative, however, of fluctuations that may occur during the term of any Security. The risk of loss as a result of the linkage to the relevant Underlying(s) can be substantial.

In relation to Certificates, there may be a time lag between exercise and valuation.

Investors should note that the Securities (including Notes which are principal protected and Certificates which have a minimum expiration value) are subject to the credit risk of the relevant Issuer and, where the Issuer is CFI, of the CFI Guarantor. Furthermore, the Securities may be sold, redeemed or repaid early, and if so, the price for which a Security may be sold, redeemed or repaid early may be less than the investor's initial investment.

**PROSPECTIVE INVESTORS MUST REVIEW THE APPLICABLE FINAL TERMS TO ASCERTAIN WHAT THE**

**RELEVANT UNDERLYING(S) ARE AND TO SEE HOW ANY AMOUNTS PAYABLE AND/OR DELIVERABLE ARE DETERMINED AND WHEN ANY SUCH AMOUNTS ARE PAYABLE AND/OR DELIVERABLE, AS THE CASE MAY BE, BEFORE MAKING ANY DECISION TO PURCHASE ANY SECURITIES. NOTES MAY NOT BE PRINCIPAL PROTECTED AND CERTIFICATES MAY EXPIRE WORTHLESS.**

*Note only provisions*

- Size: U.S.\$30,000,000,000 (or its equivalent).
- Type: Notes may (i) bear interest at a fixed rate or a floating rate; (ii) not bear interest; and (iii) bear interest and/or provide that the redemption amount is calculated by reference to one or more Underlying(s). In addition, Notes which have any combination of the foregoing features may also be issued.
- Interest periods, rates of interest and the terms of and/or amounts payable or deliverable in respect of the Notes will be specified in the applicable Final Terms.
- Maturities: Any maturity as specified in the applicable Final Terms.
- Denominations: Such denominations specified in the applicable Final Terms.
- Although there is no minimum denomination for Australian Domestic Notes, the minimum subscription price for Australian Domestic Notes will be A\$500,000 disregarding monies lent by the relevant Issuer or its associates to the purchaser.
- Form: Notes may be issued in bearer form or in registered form or in dematerialised and uncertificated book-entry form, all as described in "*Form of Notes*".
- Bearer Notes will only be issued subject to such immobilisation conditions as are agreed by the relevant Issuer (such that the Notes are treated as issued in registered form for U.S. federal income tax purposes) and will initially be represented by a permanent Global Note. Interests in a permanent Global Note will be exchangeable for interests in definitive Bearer Notes only as described under "Form of the Notes" below. Registered Notes will initially either be represented by a Global Registered Note Certificate, which, in the case of Registered Notes held in DTC, Euroclear and/or Clearstream, Luxembourg, will initially be registered in the name of a nominee for DTC, Euroclear and Clearstream, Luxembourg, or will be represented by definitive Registered Note Certificates.
- Interests in a Global Note held on behalf of one or more clearing systems and interests in a Global Registered Note Certificate registered in the name of a nominee for one or more clearing system(s) will be transferable through the relevant clearing system(s). Global Notes and Global Registered Note Certificates will be exchangeable for definitive Bearer Notes or definitive Registered Note Certificates as described

under "*Form of the Notes*" below. Registered Notes will not be exchangeable for Bearer Notes and *vice versa*.

In addition, Notes may be accepted for settlement in Euroclear UK and Ireland (**CREST**) via the CREST Depository Interest (CDI) mechanism.

Notwithstanding the foregoing, Australian Domestic Notes will take the form of entries on a register to be maintained by an Australian registrar and specified in the applicable Final Terms and will be eligible for lodgement into the Austraclear System operated by Austraclear Limited (ABN 94 002 060 773).

Notwithstanding the foregoing, Swedish Notes will be issued in dematerialised book-entry form in accordance with the SFIA Act, other applicable Swedish legislation and the rules and regulations applicable to, and/or issued by, Euroclear Sweden. No global or definitive Swedish Notes will be issued.

Notwithstanding the foregoing, Finnish Notes will be issued in uncertificated and dematerialised book-entry form and not be issued in global or definitive form and Finnish Notes of one Specified Denomination may not be changed for Finnish Notes of another Specified Denomination.

French Law Notes will be issued outside the United States in dematerialised form, either in bearer dematerialised form (*au porteur*) or in registered dematerialised form (*au nominatif*), all as described in "*Terms and Conditions of the French Law Notes – Form, Denomination and Title*". Unless otherwise specified in the applicable Final Terms, the relevant French Law Notes will constitute obligations within the meaning of Article L.213-5 of the French *Code monétaire et financier*.

**Withholding Tax:**

Payments will be made free and clear of withholding taxes of the United States in the case of CFI and Citigroup Inc., or Luxembourg in the case of CGMFL, subject to certain exceptions, all as described in "*Terms and Conditions of the Notes other than French Law Notes – Taxation*" or "*Term and Conditions of the French Law Notes – Taxation*", as the case may be.

**Redemption:**

The applicable Final Terms will specify the redemption amount or the basis for its calculation and will indicate whether the Notes can be redeemed prior to their stated maturity (other than Notes redeemable in instalments or following an Event of Default or on an illegality or for taxation reasons or, in the case of Notes, the payments and/or deliveries in respect of which is/are determined by reference to an Underlying, following an Early Redemption Event) or that such Notes will be redeemable prior to such stated maturity at the option of the relevant Issuer and/or the Noteholders upon giving notice on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as are indicated in the applicable Final Terms.

If "Mandatory Early Redemption Event" is specified as applicable in the applicable Final Terms, then the applicable Final Terms will specify what constitutes a "Mandatory Early Redemption Event" and, following

the occurrence of a Mandatory Early Redemption Event the Notes will be redeemed and the Mandatory Early Redemption Amount will become payable.

The applicable Final Terms may provide that Notes may be redeemed in two or more instalments of such amounts, on such dates and on such other terms as are indicated in such Final Terms.

Disrupted Days, Market  
Disruption Events and  
Adjustments:

In the case of Notes linked to one or more Underlying(s), the General Conditions and the Underlying Schedule(s) applicable to the relevant Underlying(s) contain provisions, as applicable, relating to events affecting the relevant Underlying(s), modification or cessation of the relevant Underlying(s), settlement disruption and market disruption provisions and provisions relating to subsequent corrections of the level of an Underlying (including, without limitation and where necessary, appropriate definitions of Disrupted Day, Market Disruption Event, Realisation Disruption Event, Adjustment Event, Early Redemption Event or equivalent provisions) and details of the consequences of such events. Such provisions may permit the relevant Issuer either to require the Calculation Agent to determine what adjustments should be made following the occurrence of the relevant event (which may include deferment of any required valuation or the substitution of another Underlying and/or, in the case of an increased cost of hedging, adjustments to pass onto Noteholders such increased cost of hedging (including, but not limited to, reducing any amounts payable or deliverable in respect of the Notes to reflect any such increased costs) and/or, in the case of Realisation Disruption, payment in the relevant local currency rather than in the relevant Specified Currency, deduction of or payment by Noteholder of amounts in respect of any applicable taxes, delay of payments or deliveries, determination of relevant exchange rates taking into consideration all available relevant information and/or (where legally permissible) procuring the physical delivery of any Underlying(s) in lieu of cash settlement (or vice versa) and/or, in the case of mutual fund interests, adjustments to 'monetise' the mutual fund interest affected by the relevant Adjustment Event and adjust amounts payable under the Notes to account for such monetisation) or to cancel the Notes and to pay an amount determined as provided in "Illegality" below.

*Certificate only provisions*

Certificates may only be issued by Citigroup Inc. or CFI and references to relevant Issuer in this "*Certificates only provisions*" section must be construed as references to whichever of CFI or Citigroup Inc. is the relevant Issuer.

Type:

Any kind including, but not limited to, Index Linked, Inflation Linked, Commodity Linked or Share Linked.

The Cash Settlement Amount payable or the Entitlement deliverable on exercise will be determined by reference to an index or formula, to changes in the prices or levels of one or more Underlying(s) or to such other factors as specified in the applicable Final Terms.

Form:

Certificates will be sold exclusively outside the United States to persons that are not U.S. persons. Certificates will be represented by Global

Certificates, which will be in registered form, will be held by a common depository for Euroclear and Clearstream, Luxembourg and will be registered in its name. Payments in respect of the Certificates represented thereby will be made by or on behalf of the Issuer to the Common Depository as registered holder. Any such payments will discharge the Issuer's obligations in respect thereof. Certificates will be transferable through accounts in Euroclear and/or Clearstream, Luxembourg or such other additional or alternative clearing system specified in the applicable Final Terms. Definitive Certificates will not be issued.

Exercise Style:

Certificates will either be exercisable on any Business Day during a specified period (**American Style**), on a specific date (**European Style**) or on such other date or dates, in each case, as specified in the applicable Final Terms.

Certificates will be exercised automatically if they are in-the-money or will expire worthless. There is no obligation upon the relevant Issuer to pay any amount (in respect of American Style Certificates other than American Style Certificates which are automatically exercised on the relevant Expiration Date) or procure the delivery of any asset (in respect of Physical Delivery Certificates) unless the holder duly exercises such Certificate or such Certificate is automatically exercised and an Exercise Notice is duly delivered.

No Exercise Notice will be required to be delivered in respect of Cash Settled European Style Certificates or Cash Settled American Style Certificates automatically exercised on the Expiration Date.

In relation to Certificates listed on the Italian Stock Exchange which are automatically exercised, a Certificateholder may renounce automatic exercise by delivering a duly completed Renouncement Notice to the clearing systems, copied to the Principal Certificate Agent.

If "Mandatory Early Repayment Event" is specified as applicable in the applicable Final Terms, then the applicable Final Terms will specify what constitutes a "Mandatory Early Repayment Event" and, following the occurrence of a "Mandatory Early Repayment Event" the Certificates will become cancellable and the Mandatory Early Repayment Amount will become payable.

Minimum or Maximum Exercise Number:

The number of Certificates exercisable on any Actual Exercise Date or the Exercise Date, as the case may be, must not be less than any Minimum Exercise Number specified in the applicable Final Terms.

In relation to American Style Certificates, if the number of Certificates being exercised on any Actual Exercise Date exceeds the Maximum Exercise Number the number of Certificates Exercised in excess of such Maximum Exercise Number may be deemed by the relevant Issuer to be exercised on the succeeding Business Days until all such Certificates have been attributed with an Actual Exercise Date up to and including the Expiration Date.

Exercise Expenses and Taxation:

A Certificateholder shall pay all Exercise Expenses.

Neither the relevant Issuer nor the CFI Guarantor (where the relevant Issuer is CFI) shall be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, exercise or enforcement of any Certificate by any person and all payments and/or deliveries made by the relevant Issuer or the CFI Guarantor (where the relevant Issuer is CFI) shall be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

Disrupted Days, Market Disruption Events and Adjustments:

In the case of Index Linked Certificates, Inflation Linked Certificates, Commodity Linked Certificates and Share Linked Certificates, the applicable Final Terms will specify the applicable Annex to the General Conditions of such Certificates which contains provisions relating to events affecting the relevant Underlying(s), modification or cessation of the relevant Underlying(s), settlement disruption and market disruption provisions and provisions relating to subsequent corrections of the level of an Underlying (including, without limitation and where necessary, appropriate definitions of Index Adjustment Event, Market Disruption Event, Adjustment Event, Additional Disruption Event or equivalent provisions) and details of the consequences of such events. Such provisions may permit the relevant Issuer either to require the Calculation Agent to determine what adjustments should be made following the occurrence of the relevant event (which may include deferment of any required valuation or the substitution of another Underlying) or to cancel the Certificates and to pay an amount determined as provided in "Illegality" below.

Application of Section 871(m) of the Code:

If amounts paid with respect to the Certificates or any underlying hedging arrangements of the Issuer in respect of the Certificates will be subject to U.S. withholding tax pursuant to Section 871(m) of the U.S. Internal Revenue Code of 1986, as amended, the Issuer may cancel the Certificates and, if and to the extent permitted by applicable law, will pay, in respect of each Certificate, an amount determined as provided in "Illegality" below.

Certificates listed on the Italian Stock Exchange:

Only European Style Cash Settled Certificates will be listed on the Italian Stock Exchange.

*Note and Certificate Provisions*

Issue Price:

Such Issue Price as specified in the applicable Final Terms.

Underlying Linked Securities:

To the extent specified in the applicable Final Terms, payments will be calculated by reference to one or more Underlying(s) and/or formulae as specified in the applicable Final Terms.

Physical Delivery Securities:

To the extent specified in the applicable Final Terms, settlement may be by way of physical delivery of certain assets by an Intermediary as specified in the applicable Final Terms.

In the case of Physical Delivery, if a Settlement Disruption Event occurs or exists on any due date for delivery of such assets, settlement will be postponed until the next Settlement Business Day in respect of which

there is no Settlement Disruption Event. The relevant Intermediary in these circumstances may elect to deliver the relevant Entitlement using such other commercially reasonable manner as it may select or may pay the Disruption Cash Redemption Amount (in respect of Notes) or the Disruption Cash Settlement Price (in respect of Certificates) *in lieu* of delivering the Entitlement.

If "Failure to Deliver due to Illiquidity" is specified as applying in the applicable Final Terms and, at the relevant time, it is impossible or impracticable to deliver, when due, some or all of the assets otherwise due to be delivered, where such failure to deliver is due to illiquidity in the market for such assets, the relevant Intermediary may pay the Failure to Deliver Redemption Amount (in respect of Notes) or the Failure to Deliver Settlement Price (in respect of Certificates) *in lieu* of delivering some or all of such assets so affected.

In respect of Physical Delivery Notes, the relevant Intermediary may, if the Calculation Agent determines that an Underlying comprises securities which are not freely tradeable, elect to substitute a substitute asset for the Underlying or not to deliver or procure the delivery of the relevant Underlying or the relevant substitute asset, but in lieu thereof to make a cash payment to the Noteholders equal to the fair market value of such Underlying or substitute asset not delivered.

Illegality:

If the relevant Issuer determines that performance of its obligations of an issue of Securities or, where the relevant Issuer is CFI, the CFI Guarantor determines that the performance of its obligations under the relevant Deed of Guarantee in respect of such Securities or that any arrangements made to hedge the relevant Issuer's and/or, where the Issuer is CFI, the CFI Guarantor's obligations under the Securities and/or the relevant Deed of Guarantee, as the case may be, has or will become illegal in whole or in part for any reason the relevant Issuer may terminate the Securities early and, if and to the extent permitted by applicable law, will pay, in respect of each Security, an amount equal to (1) where the Securities are Underlying Linked Notes or Certificates, the fair market value of such Security notwithstanding such illegality less (except in the case of Certificates listed on the Italian Stock Exchange) the cost to the relevant Issuer and/or its affiliates of unwinding any underlying related hedging arrangements or (2) in respect of Notes other than Underlying Linked Notes, an amount calculated pursuant to the relevant Condition or as specified in the applicable Final Terms.

Status of Securities:

Securities (or Notes only in the case of CGMFL) will constitute unsubordinated and unsecured obligations of the relevant Issuer.

Guarantee:

Securities issued by CFI only will be unconditionally and irrevocably guaranteed by the CFI Guarantor pursuant to the Deed of Guarantee and the Deed of Guarantee will constitute direct, unconditional, unsubordinated and unsecured obligations of the CFI Guarantor and will rank *pari passu* (subject to mandatorily preferred debts under applicable laws) with all other outstanding, unsecured and unsubordinated obligations of the CFI Guarantor.

Notes issued by CGMFL will not be guaranteed by the CFI Guarantor.

- Events of Default: Notes will contain certain events of default relating to, *inter alia*, non-payment, non-performance and certain insolvency events relating to the relevant Issuer and/or, where the Issuer is CFI, the CFI Guarantor. Certificates will contain no events of default.
- Substitution: In relation to any Securities (or Notes only in the case of CGMFL), any relevant Issuer and, where the Issuer is CFI, the CFI Guarantor may, without consent of the holders but subject to certain conditions, substitute for itself in respect of such Securities or Notes, as the case may be, or the relevant Deed of Guarantee any company which is, on the date of such substitution, in the opinion of the relevant Issuer or the CFI Guarantor, as the case may be, of at least equivalent standing and creditworthiness to it unless otherwise specified in the applicable Final Terms in relation to Certificates listed on the Italian Stock Exchange.
- Clearing Systems: Euroclear, Clearstream, Luxembourg, Euroclear Sweden, Euroclear Finland and/or Euroclear France. In addition, the relevant Issuer may make an application for any Notes in registered form to be accepted for clearing in book-entry form by DTC. The Notes may clear through any additional or alternative clearing system, as specified in the applicable Final Terms.
- Governing Law: For English Law Notes, English law, except that (i) Australian Domestic Notes will be governed by, and construed in accordance with, the laws of New South Wales, Australia, (ii) the registration of Swedish Notes in Euroclear Sweden's system for the registration of financial instruments will be governed by, and construed in accordance with, Swedish law and (iii) the registration of Finnish Notes in Euroclear Finland's system for the registration of financial instruments will be governed by, and construed in accordance with, Finnish Law.
- For French Law Notes, French law.
- With regard to CGMFL and for the avoidance of doubt, Articles 86 to 94–8 of the Luxembourg law dated 10 August 1915 on commercial companies, as amended from time to time, are hereby excluded.
- Passporting, Listing and Trading: Applications have been made for Securities to be admitted during the period of twelve months after the date hereof to listing on the official list and to trading on the regulated market of the Luxembourg Stock Exchange. Application may be made for (1) Certificates issued under the Programme to be listed on the Italian Stock Exchange and admitted to trading on the electronic "Securitized Derivatives Market" organised and managed by Borsa Italiana S.p.A., and (2) Notes issued under the Programme to be listed on the Italian Stock Exchange and admitted to trading on the electronic "Bond Market" organised and managed by Borsa Italiana S.p.A. or any other relevant market organised and managed by Borsa Italiana S.p.A., but there can be no assurance that any such listing will occur on the date of issue of any Notes or at all.
- Each Issuer may make applications for a certificate of approval under Article 18 of the Prospectus Directive as implemented in Luxembourg to be issued by the CSSF to the competent authority in one or more



Member States.

Securities (or Notes only in the case of CGMFL) may also be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as the relevant Issuer decides.

Australian Domestic Notes may be listed and admitted to trading on the ASX.

Swedish Notes may be listed and admitted to trading on NASDAQ OMX Stockholm.

Finnish Notes may be listed and admitted to trading on NASDAQ OMX Helsinki Ltd.

French Notes may be listed and admitted to trading on Euronext Paris.

In relation to any Certificates which are listed on a stock exchange, market or quotation system, CFI or Citigroup Inc. as the relevant Issuer shall use all reasonable endeavours to maintain such listing PROVIDED THAT if it becomes impracticable, unduly burdensome or unduly onerous to maintain such listing, then the relevant Issuer may apply to de-list such Certificates PROVIDED THAT it shall use all reasonable endeavours to obtain as soon as practicable after such de-listing, an alternative admission to listing, trading and/or quotation by a stock exchange, market or quotation system within or outside the European Union, as it may decide. If such an alternative admission is not available or is, in the relevant Issuer's opinion, impracticable or unduly burdensome, an alternative admission will not be obtained.

Selling Restrictions:

In relation to Notes: United States, European Economic Area, United Kingdom, Australia, the Kingdom of Bahrain, Brazil, Republic of Cyprus, Denmark, Dubai International Financial Centre, France, Hong Kong Special Administrative Region, Hungary, Ireland, Israel, Italy, Japan, Kuwait, The Grand Duchy of Luxembourg, Mexico, Oman, Peru, Poland, Portugal, Qatar, Russian Federation, Kingdom of Saudi Arabia, Singapore, Switzerland, Taiwan, Republic of Turkey, United Arab Emirates and Uruguay. See "*Subscription and sale and transfer and selling restrictions for Notes*".

In relation to Certificates: United States, European Economic Area, United Kingdom and Italy. See "*Subscription and sale and transfer and selling restrictions for Certificates*".

## GENERAL DESCRIPTION OF THE PROGRAMME

Under the Programme, each Issuer may from time to time issue Securities (or Notes only in the case of CGMFL) denominated or payable in any currency, subject as set out herein. A summary of the terms and conditions of the Securities is set out in "*Summary of the Programme*" above. The applicable terms of any Securities (or Notes only in the case of CGMFL) will be agreed between the relevant Issuer and, where applicable, the relevant Dealer prior to the issue of the Securities and will be set out in the Terms and Conditions of the Securities endorsed on, scheduled to, or incorporated by reference into, the Securities, as modified by Part A of the applicable Final Terms attached to, or endorsed on, such Securities.

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed U.S.\$30,000,000,000 or its equivalent in other currencies. For the purpose of calculating the U.S. dollar equivalent of the aggregate principal amount of Notes issued under the Programme from time to time:

- (a) the U.S. dollar equivalent of Notes denominated in another currency shall be determined as of the date of agreement to issue such Notes (the **Agreement Date**) on the basis of the forward rate for the sale of the U.S. dollar against the purchase of such currency in the London foreign exchange market quoted by any leading bank selected by the relevant Issuer on the Agreement Date;
- (b) the U.S. dollar equivalent of Dual Currency Notes, Partly Paid Notes and Underlying Linked Notes shall be calculated in the manner specified above by reference to the original principal amount of such Notes; and

the principal amount of Zero Coupon Notes and other Notes issued at a discount or a premium shall be deemed to be the net proceeds received by the relevant Issuer for the relevant issue of Notes.

## RISK FACTORS

***EACH OF CITIGROUP INC., CFI AND CGMFL BELIEVES THAT THE FOLLOWING FACTORS MAY AFFECT ITS ABILITY TO FULFIL ITS OBLIGATIONS UNDER (1) IN THE CASE OF CFI AND CITIGROUP INC. SECURITIES ISSUED BY CFI OR CITIGROUP INC. UNDER THE PROGRAMME OR (2) IN THE CASE OF CGMFL, NOTES ISSUED BY CGMFL UNDER THE PROGRAMME. ALL THESE FACTORS ARE CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND NONE OF CITIGROUP INC., CFI AND CGMFL IS IN A POSITION TO EXPRESS A VIEW ON THE LIKELIHOOD OF ANY SUCH CONTINGENCY OCCURRING. INVESTORS MAY LOSE THEIR ENTIRE INVESTMENT OR PART OF IT AS THE CASE MAY BE. NONE OF CITIGROUP INC., CFI AND CGMFL REPRESENTS THAT THE LIST BELOW IS COMPREHENSIVE. PROSPECTIVE INVESTORS SHOULD READ THIS BASE PROSPECTUS IN ITS ENTIRETY AND FORM THEIR OWN CONCLUSIONS REGARDING THE RELEVANT ISSUER AND, WHERE THE RELEVANT ISSUER IS CFI, THE CFI GUARANTOR.***

### **RISKS RELATING TO CITIGROUP INC., CFI AND CGMFL**

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

***The ability of each of CFI, Citigroup Inc. and CGMFL to fulfil its obligations under the Securities issued by CFI, Citigroup Inc. or CGMFL, as the case may be, is dependent on the earnings of Citigroup Inc.'s subsidiaries.***

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

In addition, the ability of CGMFL to fulfil its obligations under any Notes issued by it (which Notes will not have the benefit of any guarantee of Citigroup Inc. or any other person) will be dependent on the group entities to which it on-lends the funds raised through the issue of such Notes performing their obligations in respect of such funding in a timely manner. Accordingly, investors in these Notes should consider the risk factors applicable to Citigroup Inc. and its subsidiaries as set out elsewhere in these Risk Factors.

***Under U.S. banking law, Citigroup Inc. may be required to apply its available funds to support the financial position of its banking subsidiaries, rather than to fulfil its obligations under the Securities.***

Under longstanding policy of The Board of Governors of the U.S. Federal Reserve System, a bank holding company (such as Citigroup Inc.) is expected to act as a source of financial strength for its subsidiary banks and to

commit resources to support such banks. As a result of that policy, Citigroup Inc. may be required to commit resources (in the form of investments or loans) to its subsidiary banks in amounts or at times that could adversely affect its ability to also fulfil its obligations under the Securities.

***A reduction of the relevant Issuer's and/or, where the Issuer is CFI, the CFI Guarantor's ratings may reduce the market value and liquidity of the relevant Securities (or Notes in the case of CGMFL).***

Each rating agency may reduce or withdraw its ratings of an Issuer and/or the CFI Guarantor at any time in the future if, in its judgment, circumstances warrant a change. No rating agency is obligated to maintain its ratings at their current levels. If a rating agency reduces or withdraws its rating of an Issuer and/or, where the Issuer is CFI, the CFI Guarantor, the liquidity and market value of the Securities (or Notes in the case of CGMFL) of the relevant Issuer are likely to be adversely affected.

#### ***Credit Ratings - Rating Agencies of the Issuers and the CFI Guarantor***

Standard & Poor's Financial Services LLC (**S&P**) is not established in the European Union and has not applied for registration under Regulation (EU) No. 1060/2009 (as amended) (the **CRA Regulation**). The S&P ratings have been endorsed by Standard & Poor's Credit Market Services Europe Ltd. Standard & Poor's Credit Market Services Europe Ltd. is established in the European Union and registered under the CRA Regulation. As such, Standard & Poor's Credit Market Services Europe Ltd. is included in the list of credit rating agencies published by the European Securities Market Authority (**ESMA**) on its website in accordance with the CRA Regulation. ESMA has indicated that ratings issued in the United States of America which have been endorsed by Standard & Poor's Credit Market Services Europe Ltd. may be used in the European Union by the relevant market participants.

Moody's Investors Service, Inc. (**Moody's**) is not established in the European Union and has not applied for registration under the CRA Regulation. The Moody's ratings have been endorsed by Moody's Investors Service Ltd. in accordance with the CRA Regulation. Moody's Investors Service Ltd. is established in the European Union and registered under the CRA Regulation. As such, Moody's Investors Service Ltd. is included in the list of credit rating agencies published by ESMA on its website in accordance with the CRA Regulation. ESMA has indicated that ratings issued in the United States of America which have been endorsed by Moody's Investors Service Ltd. may be used in the European Union by the relevant market participants.

Fitch, Inc. (**Fitch**) is not established in the European Union and has not applied for registration under the CRA Regulation. The Fitch ratings have been endorsed by Fitch Ratings Limited in accordance with the CRA Regulation. Fitch Ratings Limited is established in the European Union and registered under the CRA Regulation. As such, Fitch Ratings Limited is included in the list of credit rating agencies published by ESMA on its website in accordance with the CRA Regulation. ESMA has indicated that ratings issued in the United States of America which have been endorsed by Fitch Ratings Limited may be used in the European Union by the relevant market participants.

**The following risk factors have been extracted from the "Risk Factors" section of the Annual Report on Form 10-K filed by Citigroup Inc. with the SEC on 24 February 2012 for the fiscal year ended 31 December 2011 and reproduced without material amendment and references therein to "Citigroup" and "Citi" are to "Citigroup Inc. and its Consolidated Subsidiaries" and other terms used but not defined therein are as defined in such Annual Report.**

***Citi faces significant regulatory changes around the world which could negatively impact its businesses, especially given the unfavorable environment facing financial institutions and the lack of international coordination.***

As discussed in more detail throughout this section, Citi continues to be subject to a significant number of new regulatory requirements and changes from numerous sources, both in the U.S. and internationally, which could negatively impact its businesses, revenues and earnings. These reforms and proposals are occurring largely simultaneously and generally not on a coordinated basis. In addition, as a result of the financial crisis in the U.S., as well as the continuing adverse economic climate globally, Citi, as well as other financial institutions, is subject to an increased level of distrust, scrutiny and skepticism from numerous constituencies, including the public, state, federal and foreign regulators, the media and within the political arena. This environment, in which the U.S. and international regulatory initiatives are being debated and implemented, engenders not only a bias towards more regulation, but towards the most prescriptive regulation for financial institutions. As a result of this ongoing negative environment, there could be additional regulatory requirements beyond those already proposed, adopted or even currently contemplated by U.S. or international regulators. It is not clear what the cumulative impact of all of this regulatory reform will be.

***The ongoing implementation of the Dodd-Frank Act, as well as international regulatory reforms, continues to create much uncertainty for Citi, including with respect to the management of its businesses, the amount and timing of the resulting increased costs and its ability to compete.***

Despite enactment in July 2010, the complete scope and ultimate form of a number of provisions of The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (**Dodd-Frank Act**), such as the heightened prudential standards applicable to large financial companies, the so-called "Volcker Rule" and the regulation of derivatives markets, are still in developmental stages and significant rulemaking and interpretation remains. Moreover, agencies and offices created by the Dodd-Frank Act, such as the Bureau of Consumer Financial Protection, are in their early stages and the extent and timing of regulatory efforts by these bodies remains to be seen.

This uncertainty is further compounded by the numerous regulatory efforts underway outside the U.S. Certain of these efforts overlap with the substantive provisions of the Dodd-Frank Act, while others, such as proposals for financial transaction and/or bank taxes in particular countries or regions, do not. In addition, even where these U.S. and international regulatory efforts overlap, these efforts generally have not been undertaken on a coordinated basis. Areas where divergence between U.S. regulators and their international counterparts exists or has begun to develop (whether with respect to scope, interpretation, timing, approach or otherwise) includes trading, clearing and reporting requirements for derivatives transactions, higher U.S. capital and margin requirements relating to uncleared derivatives transactions, and capital and liquidity requirements that may result in mandatory "ring-fencing" of capital or liquidity in certain jurisdictions, among others.

Regulatory uncertainty makes future planning with respect to the management of Citi's businesses more difficult. For example, the cumulative effect of the new derivative rules and sequencing of implementation requirements will have a significant impact on how Citi chooses to structure its derivatives business and its selection of legal entities in which to conduct this business. Until these rules are final and interpretive questions are answered, management's business planning and proposed pricing for this business necessarily include assumptions based on proposed rules. Incorrect assumptions could impede Citi's ability to effectively implement and comply with the final requirements in a timely manner. Management's planning is further complicated by the continual need to review and evaluate the impact to the business of an ongoing flow of rule proposals and interpretations from numerous regulatory bodies, all within compressed timeframes.

In addition, the operational and technological costs associated with implementation of, as well as the ongoing compliance costs associated with, all of these regulations will likely be substantial. Given the continued uncertainty, the ultimate amount and timing of such costs going forward are difficult to predict. In 2011, Citi invested approximately \$1 billion in order to meet various regulatory requirements, and this amount did not include many of the costs likely to be incurred pursuant to the implementation of the Dodd-Frank Act or other regulatory initiatives. For example, the proposed Volcker Rule contemplates a comprehensive internal controls system as well as extensive data collection and reporting duties with respect to "proprietary trading",

and rules for registered swap dealers impose extensive recordkeeping requirements and business conduct rules for dealing with customers. All of these costs negatively impact Citi's earnings. Given Citi's global footprint, its implementation and compliance risks and costs are more complex and could be more substantial than its competitors. Ongoing compliance with inconsistent, conflicting or duplicative regulations across U.S. and international jurisdictions, or failure to implement or comply with these new regulations on a timely basis, could further increase costs or harm Citi's reputation generally.

Citi could also be subject to more stringent regulation because of its global footprint. In accordance with the Dodd-Frank Act, in December 2011 the Federal Reserve Board proposed a set of heightened prudential standards that will be applicable to large financial companies such as Citi. The proposal dictates requirements for aggregate counterparty exposure limits and enhanced risk management processes and oversight, among other things. Compliance with these standards could result in restrictions on Citi's activities. Moreover, other financial institutions, including so-called "shadow banking" financial intermediaries, providing many of the same or similar services or products that Citi makes available to its customers, may not be regulated on the same basis or to the same extent as Citi and consequently may also have certain competitive advantages.

Finally, uncertainty persists as to the extent to which Citi will be subject to more stringent regulations than its foreign competitors with respect to several of the regulatory initiatives, particularly in its non-U.S. operations, including certain aspects of the proposed restrictions under the Volcker Rule and derivatives clearing and margin requirements. Differences in substance or severity of regulations across jurisdictions could significantly reduce Citi's ability to compete with foreign competitors, in a variety of businesses and geographic areas, and thus further negatively impact Citi's earnings.

***Citi's prospective regulatory capital requirements remain uncertain and will likely be higher than many of its competitors. There is a risk that Citi will be unable to meet these new standards in the timeframe expected by the market or regulators.***

Citi's prospective regulatory capital requirements continue to be subject to extensive rulemaking and interpretation. Ongoing areas of rulemaking include, among others, (i) the final Basel III rules applicable to U.S. financial institutions, including Citi, (ii) capital surcharges for global systemically important banks (G-SIBs), including the extent of the surcharge to be initially imposed on Citi, and (iii) implementation of the Dodd-Frank Act, including imposition of enhanced prudential capital requirements on financial institutions that are deemed to pose a systemic risk to market-wide financial stability as well as provisions requiring the elimination of credit ratings from capital regulations and the Collins Amendment.

It is clear that final U.S. rules implementing Basel III, the G-SIB surcharge and the capital-related provisions of the Dodd-Frank Act will significantly increase Citi's regulatory capital requirements, including the amount of capital required to be in the form of common equity. However, the various regulatory capital levels Citi must maintain, the types of capital that will meet these requirements and the specific capital requirements associated with Citi's assets remain uncertain. For example, Citi may be required to replace certain of its existing regulatory capital in a compressed timeframe or in unfavorable markets in order to comply with final rules implementing Basel III and the Collins Amendment, which eliminated trust preferred securities from the definition of Tier 1 Capital. In addition, the alternative approaches proposed to replace the use of credit ratings in accordance with the Dodd-Frank Act and final rules implementing Basel II.5 could require Citi to hold more capital against certain of its assets than it must currently.

The lack of final regulatory capital requirements impedes long-term capital planning by Citi's management. Citi is not able to accurately forecast its capital requirements for particular exposures which complicates its ability to assess the future viability of, and appropriate pricing for, certain of its products. In addition, while management may desire to take certain actions to optimize Citi's regulatory capital profile, such as the reduction of certain investments in unconsolidated financial entities, without clarity as to the final standards, there is risk in management either taking actions based on assumed or proposed rules or waiting to take action until final rules that are implemented in compressed timeframes.

Citi's projected ability to comply with the new capital requirements as they are implemented, or earlier, is also based on certain assumptions specific to Citi's businesses, including its future earnings in Citicorp, the continued wind-down of Citi Holdings and the monetization of Citi's deferred tax assets. If management's assumptions with respect to certain aspects of Citi's businesses prove to be incorrect, it could negatively impact Citi's ability to comply with the future regulatory capital requirements in a timely manner or in a manner consistent with market or regulator expectations.

Citi's regulatory capital requirements will also likely be higher than many of its competitors. Citi's strategic focus on emerging markets, for example, will likely result in higher risk-weighted assets and thus potentially higher capital requirements than its less global or less emerging-markets-focused competitors. In addition, within the U.S., Citi will likely face higher regulatory capital requirements than most of its U.S.-based competitors that are not subject to the G-SIB surcharge (or the same level of surcharge) or the heightened prudential capital requirements to be imposed on systemically important financial institutions. Internationally, there have already been instances of Basel III not being consistently adopted or applied across countries or regions. Any lack of a level playing field with respect to capital requirements for Citi as compared to peers or less regulated financial intermediaries, both in the U.S. and internationally, could put Citi at a competitive disadvantage.

***As proposed, changes in regulation of derivatives required under the Dodd-Frank Act will require significant and costly restructuring of Citi's derivatives businesses in order to meet the new market structures and could affect the competitive position of these businesses.***

Once fully implemented, the provisions of the Dodd-Frank Act relating to the regulation of derivatives will result in comprehensive reform of the derivatives markets. Reforms will include requiring a wide range of over-the-counter derivatives to be cleared through recognized clearing facilities and traded on exchanges or exchange-like facilities, the collection and segregation of collateral for most uncleared derivatives, extensive public transaction reporting and business conduct requirements, and significantly broadened restrictions on the size of positions that may be maintained in specified commodity derivatives. While some of the regulations have been finalized, the rulemaking process is still not complete, and the timing for the effectiveness of many of these requirements is not yet clear.

The proposed rules implementing the derivatives provisions of the Dodd-Frank Act will necessitate costly and resource-intensive changes to certain areas of Citi's derivatives business structures and practices. Those changes will include restructuring the legal entities through which those businesses are conducted and the successful and timely installation of extensive technological and operational systems and compliance infrastructure, among others. Effective legal entity restructuring will also be dependent on clients and regulators, and so may be subject to delays or disruptions not fully under Citi's control. Moreover, new derivatives-related systems and infrastructure will likely become the basis on which institutions such as Citi compete for clients and, to the extent that Citi's connectivity or services for clients in these businesses is deficient, Citi could be at a competitive disadvantage. More generally, the contemplated reforms will make trading in many derivatives products more costly and may significantly reduce the liquidity of certain derivatives markets and diminish customer demand for covered derivatives. These changes could negatively impact Citi's earnings from these businesses.

Reforms similar to the derivatives provisions and proposed regulations under the Dodd-Frank Act are also contemplated in the European Union and certain other jurisdictions. These reforms appear likely to take effect after the provisions of the Dodd-Frank Act and, as a result, it is uncertain whether they will be similar to those in the U.S. or will impose different or additional requirements on Citi's derivative activities. Complications due to the sequencing of the effectiveness of derivatives reform, both among different components of the Dodd-Frank Act and between the U.S. and other jurisdictions, could give rise to further disruptions and competitive dislocations.

The proposed regulations implementing the derivatives provisions of the Dodd-Frank Act, if adopted without modification, would also adversely affect the competitiveness of Citi's non-U.S. operations. For example, the

proposed regulations would require some of Citi's non-U.S. operations to collect more margin from its non-U.S. derivatives customers than Citi's foreign bank competitors may be required to collect. The Dodd-Frank Act also contains a so-called "push-out" provision that will prevent FDIC-insured depository institutions from dealing in certain equity, commodity and credit-related derivatives. Citi conducts a substantial portion of its derivatives-dealing activities through its insured depository institution and, to the extent that certain of Citi's competitors already conduct such activities outside of FDIC-insured depository institutions, Citi would be disproportionately impacted by any restructuring of its business for push-out purposes. Moreover, the extent to which Citi's non-U.S. operations will be impacted by the push-out provision and other derivative provisions remains unclear, and it is possible that Citi could lose market share or profitability in its derivatives business or client relationships in jurisdictions where foreign bank competitors can operate without the same constraints.

***The proposed restrictions imposed on proprietary trading and funds-related activities under the "Volcker Rule" provisions of the Dodd-Frank Act could adversely impact Citi's market-making activities and may cause Citi to dispose of certain of its investments at less than fair value.***

The "Volcker Rule" provisions of the Dodd-Frank Act are intended to restrict the proprietary trading activities of institutions such as Citi, as well as such institutions' sponsorship and investment in hedge funds and private equity funds. In October 2011, the Federal Reserve Board, OCC, FDIC and SEC proposed regulations that would implement these restrictions and the CFTC followed with its proposed regulations in January 2012.

The proposed regulations contain narrow exceptions for market-making, underwriting, risk-mitigating hedging, certain transactions on behalf of customers and activities in certain asset classes, and require that certain of these activities be designed not to encourage or reward "proprietary risk taking". Because the regulations are not yet final, the degree to which Citi's activities in these areas will be permitted to continue in their current form remains uncertain. Moreover, if adopted as proposed, the rules would require an extensive compliance regime around these "permitted" activities, and Citi could incur significant ongoing compliance and monitoring costs, including with respect to the frequent reporting of extensive metrics and risk analytics, to the regulatory agencies. In addition, the proposed rules and any restrictions imposed by final regulations in this area will also likely affect Citi's trading activities globally, and thus will impact it disproportionately in comparison to foreign financial institutions that will not be subject to the Volcker Rule with respect to their activities outside of the U.S.

In addition, under the funds-related provisions of the Volcker Rule, bank regulators have the flexibility to provide firms with extensions allowing them to hold their otherwise restricted investments in private equity and hedge funds for some time beyond the statutory divestment period. If the regulators elect not to grant such extensions, Citi could be forced to divest certain of its investments in illiquid funds in the secondary market on an untimely basis. Based on the illiquid nature of the investments and the prospect that other industry participants subject to similar requirements would likely be divesting similar assets at the same time, such sales could be at substantial discounts to their fair value.

***The establishment of the new Consumer Financial Protection Bureau, as well as other provisions of the Dodd-Frank Act and ensuing regulations, could affect Citi's practices and operations with respect to a number of its U.S. Consumer businesses and increase its costs.***

The Dodd-Frank Act established the Consumer Financial Protection Bureau (CFPB). Among other things, the CFPB was given rulemaking authority over most providers of consumer financial services in the U.S., examination and enforcement authority over the consumer operations of large banks, as well as interpretive authority with respect to numerous existing consumer financial services regulations. The CFPB began exercising these oversight authorities over the largest banks, including Citibank, N.A., during 2011.

Because this is an entirely new agency, the impact on Citi, including its retail banking, mortgages and cards businesses, is largely uncertain. However, any new regulatory requirements, or modified interpretations of



existing regulations, will affect Citi's U.S. Consumer business practices and operations, potentially resulting in increased compliance costs. Furthermore, the CFPB represents an additional source of potential enforcement or litigation against Citi and, as an entirely new agency with a focus on consumer protection, the CFPB may have new or different enforcement or litigation strategies than those typically utilized by other regulatory agencies. Such actions could further increase Citi's costs.

In addition, the provisions of the Dodd-Frank Act relating to the doctrine of "federal pre-emption" may allow a broader application of state consumer financial laws to federally chartered institutions such as Citibank, N.A. Moreover, the Dodd-Frank Act eliminated federal preemption protection for operating subsidiaries of federally chartered institutions. The Dodd-Frank Act also codified existing case law which allowed state authorities to bring certain types of enforcement actions against national banks under applicable state law and granted states the ability to bring enforcement actions and to secure remedies against national banks for violation of CFPB regulations as well. This potential exposure to state lawsuits and enforcement actions, which could be extensive, could also subject Citi to increased litigation and regulatory enforcement actions, further increasing costs.

The Dodd-Frank Act also provides authority to the SEC to determine fiduciary duty standards applicable to brokers for retail customers. Any new such standards or related SEC rulemakings could also affect Citi's business practices with retail investment customers and have indirect additional effects on standards applicable to its business practices with certain institutional customers. Such standards could also likely entail additional compliance costs and result in potential incremental liability.

***Regulatory requirements in the U.S. and other jurisdictions aimed at facilitating the future orderly resolution of large financial institutions could result in Citi having to change its business structures, activities and practices in ways that negatively impact its operations.***

The Dodd-Frank Act requires Citi to prepare a plan for the rapid and orderly resolution of Citigroup, the bank holding company, under the Bankruptcy Code in the event of future material financial distress or failure. Citi is also required to prepare a resolution plan for its insured depository institution subsidiary, Citibank, N.A., and to demonstrate how it is adequately protected from the risks presented by non-bank affiliates. These plans must include information on resolution strategy, major counterparties and "interdependencies", among other things, and will require substantial effort, time and cost. These resolution plans will be subject to review by the Federal Reserve Board and the FDIC.

Based on regulator review of these plans, Citi may have to restructure or reorganize businesses, legal entities, or operational systems and intracompany transactions in ways that negatively impact its operations, or be subject to restrictions on growth. For example, Citi could be required to create new subsidiaries instead of branches in foreign jurisdictions, or create subsidiaries to conduct particular businesses or operations (so-called "subsidiarization"), which would, among other things, increase Citi's legal, regulatory and managerial costs, negatively impact Citi's global capital and liquidity management and potentially impede its global strategy. Citi could also eventually be subjected to more stringent capital, leverage or liquidity requirements, or be required to divest certain assets or operations, if both regulators determine that Citi's resolution plans do not meet statutory requirements and Citi does not remedy the deficiencies within required time periods.

In addition, other jurisdictions, such as the United Kingdom, have requested or are expected to request resolution plans from financial institutions, including Citi, and the requirements and timing relating to these plans are different from the U.S. requirements and each other. Responding to these additional requests will require additional effort, time and cost, and regulatory review and requirements in these jurisdictions could be in addition to, or conflict with, changes requested by Citi's regulators in the U.S.

***Citi could be harmed competitively if it is unable to hire or retain highly qualified employees as a result of regulatory requirements regarding compensation practices or otherwise.***

Citi's performance and competitive standing is heavily dependent on the talents and efforts of the highly skilled individuals that it is able to attract and retain. Competition for highly qualified individuals within the financial services industry has been, and will likely continue to be, intense. Compensation is a key element of attracting and retaining highly qualified employees. Banking and other regulators in the U.S., European Union and elsewhere are in the process of developing principles, regulations and other guidance governing what are deemed to be sound compensation practices and policies. However, the steps that will be required to implement any new requirements, and the consequences of implementation, remain uncertain. In addition, compensation may continue to be a legislative focus both in Europe and in the U.S. as there has been significant legislation in Europe and the U.S. in recent years regarding compensation for certain employees of financial institutions, including provisions of the Dodd-Frank Act.

Changes required to be made to Citi's compensation policies and practices may hinder Citi's ability to compete in or manage its businesses effectively, to expand into or maintain its presence in certain businesses and regions, or to remain competitive in offering new financial products and services. This is particularly the case in emerging markets, where Citi is often competing for qualified employees with financial institutions that are not subject to the same regulatory regimes as Citi and that are also seeking to expand in these markets. Moreover, new disclosure requirements or other legislation or regulation may result from the worldwide regulatory processes described above. If this were to occur, Citi could be required to make additional disclosures relating to the compensation of its employees or to restrict or modify its compensation policies, any of which could hurt its ability to hire, retain and motivate its key employees and thus harm it competitively, particularly in respect of companies not subject to these requirements.

***Provisions of the Dodd-Frank Act and other regulations relating to securitizations will impose additional costs on securitization transactions, increase Citi's potential liability in respect of securitizations and may prohibit Citi from performing certain roles in securitizations, each of which could make it impractical to execute certain types of transactions and may have an overall negative effect on the recovery of the securitization markets.***

Citi plays a variety of roles in asset securitization transactions, including acting as underwriter of asset-backed securities, depositor of the underlying assets into securitization vehicles, trustee to securitization vehicles and counterparty to securitization vehicles under derivative contracts. The Dodd-Frank Act contains a number of provisions that affect securitizations. Among other provisions, these include a requirement that securitizers retain un-hedged exposure to at least 5% of the economic risk of certain assets they securitize, a prohibition on securitization participants engaging in transactions that would involve a conflict with investors in the securitization, and extensive additional requirements for review and disclosure of the characteristics of the assets underlying the securitizations. The SEC has also proposed additional extensive regulation of both publicly and privately offered securitization transactions (so-called "Reg AB II").

The cumulative effect of these extensive regulatory changes, many of which have not been finalized, as well as other potential future regulatory changes, such as GSE reform, on securitization markets, the nature and profitability of securitization transactions, and Citi's participation therein, cannot currently be assessed. It is likely, however, that these various measures will increase the costs of executing securitization transactions, and could effectively limit Citi's overall volume of, and the role Citi may play in, securitizations, expose Citi to additional potential liability for securitization transactions and make it impractical for Citi to execute certain types of securitization transactions it previously executed. In addition, certain sectors of the securitization markets, particularly residential mortgage-backed securitizations, have been inactive or experienced dramatically diminished transaction volumes since the financial crisis. The impact of various regulatory reform measures could negatively delay or restrict any future recovery of these sectors of the securitization markets, and thus the opportunities for Citi to participate in securitization transactions in such sectors.

***The Financial Accounting Standards Board (FASB) is currently reviewing or proposing changes to several key financial accounting and reporting standards utilized by Citi which, if adopted as proposed,***

***could have a material impact on how Citi records and reports its financial condition and results of operations.***

The FASB is currently reviewing or proposing changes to several of the financial accounting and reporting standards that govern key aspects of Citi's financial statements. While the outcome of these reviews and proposed changes is uncertain and difficult to predict, certain of these changes could have a material impact on how Citi records and reports its financial condition and results of operations, and could hinder understanding or cause confusion across comparative financial statement periods. For example, the FASB's financial instruments project could, among other things, significantly change how Citi determines the impairment on those assets and accounts for hedges. In addition, the FASB's leasing project could eliminate most operating leases and instead capitalize them, which would result in a gross-up of Citi's balance sheet and a change in the timing of income and expense recognition patterns for leases.

Moreover, the FASB continues its convergence project with the International Accounting Standards Board (IASB) pursuant to which U.S. GAAP and International Financial Reporting Standards (IFRS) are to be converged. The FASB and IASB continue to have significant disagreements on the convergence of certain key standards affecting financial reporting, including accounting for financial instruments and hedging. In addition, the SEC has not yet determined whether, when or how U.S. companies will be required to adopt IFRS. There can be no assurance that the transition to IFRS, if and when required to be adopted by Citi, will not have a material impact on how Citi reports its financial results, or that Citi will be able to meet any required transition timeline.

#### ***MARKET AND ECONOMIC RISKS***

***The ongoing Eurozone debt crisis could have significant adverse effects on Citi's business, results of operations, financial condition and liquidity, particularly if it leads to any sovereign debt defaults, significant bank failures or defaults and/or the exit of one or more countries from the European Monetary Union.***

The ongoing Eurozone debt crisis has caused, and is likely to continue to cause, disruption in global financial markets, particularly if it leads to any future sovereign debt defaults and/or significant bank failures or defaults in the Eurozone. In spite of a number of stabilization measures taken since spring 2010, yields on government bonds of certain Eurozone countries, including Greece, Ireland, Italy, Portugal and Spain, have remained volatile. In addition, some European banks and insurers have experienced a widening of credit spreads (and the resulting decreased availability and increased costs of funding) as a result of uncertainty regarding the exposure of such European financial institutions to these countries. This widening of credit spreads and increased cost of funding has also affected Citi due to concerns about its Eurozone exposure.

The market disruptions in the Eurozone could intensify or spread further, particularly if ongoing stabilization efforts prove insufficient. Concerns have been raised as to the financial, political and legal ineffectiveness of measures taken to date. Continued economic turmoil in the Eurozone could have a significant negative impact on Citi, both directly through its own exposures and indirectly due to a decline in general global economic conditions, which could particularly impact Citi given its global footprint and strategy. There can be no assurance that the various steps Citi has taken to protect its businesses, results of operations and financial condition against the results of the Eurozone crisis will be sufficient.

The effects of the Eurozone debt crisis could be even more significant if they lead to a partial or complete break-up of the European Monetary Union (EMU). The partial or full break-up of the EMU would be unprecedented and its impact highly uncertain. The exit of one or more countries from the EMU or the dissolution of the EMU could lead to redenomination of obligations of obligors in exiting countries. Any such exit and redenomination would cause significant uncertainty with respect to outstanding obligations of counterparties and debtors in any exiting country, whether sovereign or otherwise, and lead to complex, lengthy litigation. The resulting uncertainty and market stress could also cause, among other things, severe disruption to equity markets, significant increases in bond yields generally, potential failure or default of

financial institutions, including those of systemic importance, a significant decrease in global liquidity, a freeze-up of global credit markets and worldwide recession. Any combination of such events would negatively impact Citi's businesses, earnings and financial condition, particularly given Citi's global strategy. In addition, exit and redenomination could be accompanied by imposition of capital, exchange and similar controls, which could further negatively impact Citi's cross-border risk, other aspects of its businesses and its earnings.

***The continued uncertainty relating to the sustainability and pace of economic recovery and market volatility has adversely affected, and may continue to adversely affect, certain of Citi's businesses, particularly S&B and the U.S. mortgage businesses within Citi Holdings – Local Consumer Lending.***

The financial services industry and the capital markets have been and will likely continue to be adversely affected by the slow pace of economic recovery and continued disruptions in the global financial markets. This continued uncertainty and disruption have adversely affected, and may continue to adversely affect, certain of Citi's businesses, particularly its S&B business and its *Local Consumer Lending* business within *Citi Holdings*.

In particular, the corporate and sovereign bond markets, equity and derivatives markets, debt and equity underwriting and other elements of the financial markets have been and could continue to be subject to wide swings and volatility relating to issues emanating from Eurozone and U.S. economic issues. As a result of this uncertainty and volatility, clients have remained and may continue to remain on the sidelines or cut back on trading and other business activities and, accordingly, the results of operations of Citi's S&B businesses have been and could continue to be volatile and negatively impacted.

Moreover, the continued economic uncertainty in the U.S., accompanied by continued high levels of unemployment and depressed values of residential real estate, will continue to negatively impact Citi's U.S. Consumer mortgage businesses, particularly its residential real estate and home equity loans in *Citi Holdings – LCL*. Given the continued decline in Citi's ability to sell delinquent residential first mortgages, the decreased inventory of such loans for modification and re-defaults of previously modified mortgages, Citi began to experience increased delinquencies in this portfolio during the latter part of 2011. As a result, Citi could also experience increasing net credit losses in this portfolio going forward. Moreover, given the lack of markets in which to sell delinquent home equity loans, as well as the relatively fewer home equity loan modifications and modification programs, Citi's ability to offset increased delinquencies and net credit losses in its home equity loan portfolio in Citi Holdings has been, and will continue to be, more limited as compared to residential first mortgages.

***Concerns about the level of U.S. government debt and downgrade, or concerns about a potential downgrade, of the U.S. government credit rating could have a material adverse effect on Citi's businesses, results of operations, capital, funding and liquidity.***

In August 2011, Standard & Poor's lowered its long-term sovereign credit rating on the U.S. government from AAA to AA+ and in the second half of 2011, Moody's Investors Services and Fitch both placed the U.S. rating on negative outlook. According to the credit rating agencies, these actions resulted from the high level of U.S. government debt and the continued inability of Congress to reach an agreement to ensure payment of U.S. government debt and reduce the U.S. debt level. If the credit rating of the U.S. government is further downgraded, the ratings and perceived creditworthiness of instruments issued, insured or guaranteed by institutions, agencies or instrumentalities directly linked to the U.S. government could also be correspondingly affected. A future downgrade of U.S. debt obligations or U.S. government-related obligations by one or more credit rating agencies, or heightened concern that such a downgrade might occur, could negatively affect Citi's ability to obtain funding collateralized by such obligations as well as the pricing of such funding. Such a downgrade could also negatively impact the pricing or availability of Citi's funding as a U.S. financial institution. In addition, such a downgrade could affect financial markets and economic conditions generally and the market value of the U.S. debt obligations held by Citi. As a result, such a

downgrade could lead to a downgrade of Citi debt obligations and could have a material adverse effect on Citi's business, results of operations, capital, funding and liquidity.

***Citi's extensive global network, particularly its operations in the world's emerging markets, subject it to emerging market and sovereign volatility and further increases its compliance and regulatory risks and costs.***

Citi believes its extensive and diverse global network—which includes a physical presence in approximately 100 countries and services offered in over 160 countries and jurisdictions—provides it with a unique competitive advantage in servicing the broad financial services needs of large multinational clients and customers around the world, including in many emerging markets. International revenues have recently been the largest and fastest-growing component of Citicorp, driven by emerging markets.

However, this global footprint also subjects Citi to a number of risks associated with international and emerging markets, including exchange controls, limitations on foreign investment, socio-political instability, nationalization, closure of branches or subsidiaries, confiscation of assets and sovereign volatility, among others. For example, there have been recent instances of political turmoil and violent revolutionary uprisings in some of the countries in which Citi operates, including in the Middle East, to which Citi has responded by transferring assets and relocating staff members to more stable jurisdictions. While these previous incidents have not been material to Citi, such disruptions could place Citi's staff and operations in danger and may result in financial losses, some significant, including nationalization of Citi's assets.

Further, Citi's extensive global operations increase its compliance and regulatory risks and costs. For example, Citi's operations in emerging markets subject it to higher compliance risks under U.S. regulations primarily focused on various aspects of global corporate activities, such as anti-money-laundering regulations and the Foreign Corrupt Practices Act, which can be more acute in less developed markets and thus require substantial investment in order to comply. Any failure by Citi to remain in compliance with applicable U.S. regulations, as well as the regulations in the countries and markets in which it operates as a result of its global footprint, could result in fines, penalties, injunctions or other similar restrictions, any of which could negatively impact Citi's earnings and its general reputation. In addition, complying with inconsistent, conflicting or duplicative regulations requires extensive time and effort and further increases Citi's compliance, regulatory and other costs.

It is uncertain how the ongoing Eurozone debt crisis will affect emerging markets. A recession in the Eurozone could cause a ripple effect in emerging markets, particularly if banks in developed economies decrease or cease lending to emerging markets, as is currently occurring in some cases. This impact could be disproportionate in the case of Citi in light of the emphasis on emerging markets in its global strategy. Decreased, low or negative growth in emerging market economies could make execution of Citi's global strategy more challenging and could adversely affect Citi's revenues, profits and operations.

***The maintenance of adequate liquidity depends on numerous factors outside of Citi's control, including without limitation market disruptions and increases in Citi's credit spreads.***

Adequate liquidity and sources of funding are essential to Citi's businesses. Citi's liquidity and sources of funding can be significantly and negatively impacted by factors it cannot control, such as general disruptions in the financial markets or negative perceptions about the financial services industry in general, or negative investor perceptions of Citi's liquidity, financial position or credit worthiness in particular. Market perception of sovereign default risks, such as issues in the Eurozone as well as other complexities regarding the current European debt crisis, can also lead to ineffective money markets and capital markets, which could further impact Citi's availability of funding.

In addition, Citi's cost and ability to obtain deposits, secured funding and long-term unsecured funding from the capital markets are directly related to its credit spreads. Changes in credit spreads constantly occur and are market-driven, including both external market factors as well as factors specific to Citi, and can be highly

volatile. Citi's credit spreads may also be influenced by movements in the costs to purchasers of credit default swaps referenced to Citi's long-term debt, which are also impacted by these external and Citi-specific factors. Moreover, Citi's ability to obtain funding may be impaired if other market participants are seeking to access the markets at the same time, or if market appetite is reduced, as is likely to occur in a liquidity or other market crisis. In addition, clearing organizations, regulators, clients and financial institutions with which Citi interacts may exercise the right to require additional collateral based on these market perceptions or market conditions, which could further impair Citi's access to funding.

***The credit rating agencies continuously review the ratings of Citi and its subsidiaries, and reductions in Citi's and its subsidiaries' credit ratings could have a significant and immediate impact on Citi's funding and liquidity through cash obligations, reduced funding capacity and additional margin requirements.***

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

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

## ***BUSINESS RISKS***

***Citi is subject to extensive litigation, investigations and inquiries pertaining to a myriad of U.S. mortgage-related activities that could take significant time to resolve and may subject Citi to extensive liability, including in the form of penalties and other equitable remedies, that could negatively impact Citi's future results of operations.***

Virtually every aspect of mortgage-related activity in the U.S. is being challenged across the financial services industry in private and public litigation and by regulators, governmental agencies and state attorneys general, among others. Examples of the activities being challenged include the accuracy of offering documents for residential mortgage-backed securities, potential breaches of representations and warranties in the placement of mortgage loans into securitization trusts, mortgage servicing practices, the legitimacy of the securitization of mortgage loans and the Mortgage Electronic Registration System's role in tracking mortgages, holding title and participating in the mortgage foreclosure process, fair lending, compliance with the Servicemembers Civil Relief Act, and False Claim Act violations alleged in "qui tam" cases, among others.

Sorting out which of the many claims being asserted has legal merit as well as which financial institutions may be subject to liability with respect to their actual practices is a complex process that is highly uncertain and will take time to resolve. All of these inquiries, actions and investigations have resulted in, and will likely continue to result in, significant time, expense and diversion of management's attention, and could result in significant liability as well as negative reputational and other costs to Citi.

Citi is currently party to numerous actions relating to claims of misrepresentations or omissions in offering documents of residential mortgage-backed securities sponsored or serviced by Citi affiliates. This litigation has been brought by a number of institutional investors, including the Federal Housing Finance Agency. The cases are all in early stages, making it difficult to predict how they will develop, and Citi believes that such

litigation will continue for several years. In addition, because the statute of limitations will soon expire for these types of disclosure-based claims, Citi could experience an increase in filed claims in the near term.

Citi is exposed to representation and warranty (i.e., mortgage repurchase) liability through its U.S. Consumer mortgage businesses and, to a lesser extent, through legacy private-label residential mortgage securitizations sponsored by its S&B business. With respect to its Consumer businesses, during 2011, Citi increased its repurchase reserve from approximately \$969 million to \$1.2 billion at December 31, 2011. To date, the majority of repurchase demands have come from the GSEs. The level of repurchase demands by GSEs has been trending upwards and Citi currently expects it to remain elevated for some time. To a lesser extent, Citi has received repurchase demands from private investors, although these claims have been volatile and could increase in the future.

With regard to legacy S&B private-label mortgage securitizations, while S&B has to date received actual claims for breaches of representations and warranties relating to only a small percentage of the mortgages included in its securitization transactions, the pace of claims remains volatile and has recently increased, Citi has also experienced an increase in the level of inquiries, assertions and requests for loan files, among other matters, relating to such securitization transactions from trustees of securitization trusts and others. These inquiries could lead to actual claims for breaches of representations and warranties, or to litigation relating to such breaches or other matters.

For further discussion of the matters above, see Note 29 to the Consolidated Financial Statements.

***Citi will not be able to wind down Citi Holdings at the same pace as it has in the past three years. As a result, the remaining assets in Citi Holdings will likely continue to have a negative impact on Citi's results of operations and its ability to utilize the capital supporting the remaining assets in Citi Holdings for more productive purposes.***

Citi will not be able to dispose of or wind down the businesses or assets that are part of Citi Holdings at the same level or pace as in the past three years. As of December 31, 2011, assuming the transfer to Citicorp of the substantial majority of retail partner cards, effective in the first quarter of 2012, LCL constituted approximately 70% of Citi Holdings. As of such date, over half of the remaining assets in LCL consisted of legacy U.S. mortgages which will likely be subject to run-off over an extended period of time. Besides mortgages, the remaining assets in LCL include the One Main Financial business, as well as student, commercial real estate and credit card loans in North America, and consumer lending businesses in Europe and Asia.

BAM primarily consists of the MSSB JV. Morgan Stanley has call rights on Citi's ownership interest in the venture over a three-year period beginning in 2012, which it is not required to exercise. Of the remaining assets in SAP, interest-earning assets have become a smaller portion of the assets, causing negative net interest revenues in the business as the remaining non-interest earning assets, which require funding, represent a larger portion of the total asset pool. In addition, as of December 31, 2011, approximately 25% of the remaining assets in SAP were held-to-maturity securities.

As a result, the remaining assets within Citi Holdings will likely continue to have a negative impact on Citi's overall results of operations for the foreseeable future, particularly after the transfer of retail partner cards to Citicorp. In addition, as of December 31, 2011 and as adjusted to reflect the transfer of retail partner cards, roughly 21% of Citi's risk-weighted assets were in Citi Holdings, and were supported by approximately \$24 billion of Citi's regulatory capital. Accordingly, Citi's ability to release the capital supporting these businesses and thus use such capital for more productive purposes will depend on the ultimate pace and level of Citi Holdings divestitures, portfolio run-offs and asset sales.

***Citi's ability to increase its common stock dividend or initiate a share repurchase program is subject to regulatory and government approval.***

Since the second quarter of 2011, Citi has paid a quarterly common stock dividend of \$0.01 per share. In addition to Board of Directors' approval, any decision by Citi to increase its common stock dividend, including the amount thereof, or initiate a share repurchase program is subject to regulatory approval, including the results of the Comprehensive Capital Analysis and Review (CCAR) process required by the Federal Reserve Board. Restrictions on Citi's ability to increase the amounts of its common stock dividend or engage in share repurchase programs could negatively impact market perceptions of Citi, including the price of its common stock.

In addition, pursuant to its agreements with certain U.S. government entities, dated June 9, 2009, executed in connection with Citi's exchange offers consummated in July and September 2009, Citi remains subject to dividend and share repurchase restrictions for as long as the U.S. government continues to hold any Citi trust preferred securities acquired in connection with the exchange offers. While these restrictions may be waived, they generally prohibit Citi from paying regular cash dividends in excess of \$0.01 per share of common stock per quarter or from redeeming or repurchasing any Citi equity securities, which includes its common stock, or trust preferred securities. As of December 31, 2011, approximately \$3.025 billion of trust preferred securities issued to the FDIC remained outstanding (of which approximately \$800 million is being held for the benefit of the U.S. Treasury).

***Citi may be unable to maintain or reduce its level of expenses as it expects, and investments in its businesses may not be productive.***

Citi continues to pursue a disciplined expense-management strategy, including re-engineering, restructuring operations and improving the efficiency of functions, such as call centers and collections, to achieve a targeted percentage expense savings annually. However, there is no guarantee that Citi will be able to maintain or reduce its level of expenses in the future, particularly as expenses incurred in Citi's foreign entities are subject to foreign exchange volatility, and regulatory compliance and legal and related costs are difficult to predict or control, particularly given the current regulatory and litigation environment. Moreover, Citi has incurred, and will likely continue to incur, costs of investing in its businesses. These investments may not be as productive as Citi expects or at all. Furthermore, as the wind down of Citi Holdings slows, Citi's ability to continue to reduce its expenses as a result of this wind down will also decline.

***The value of Citi's deferred tax assets (DTAs) could be reduced if corporate tax rates in the U.S. or certain state or foreign jurisdictions are decreased or as a result of other potential significant changes in the U.S. corporate tax system.***

There have been discussions in Congress and by the Obama Administration regarding potentially decreasing the U.S. corporate tax rate. Similar discussions have taken place in certain state and foreign jurisdictions. While Citi may benefit in some respects from any decreases in these corporate tax rates, any reduction in the U.S., state or foreign corporate tax rates would result in a decrease to the value of Citi's DTAs, which could be significant. There have also been recent discussions of more sweeping changes to the U.S. tax system, including changes to the tax treatment of foreign business income. It is uncertain whether or when any such tax reform proposals will be enacted into law, and whether or how they will affect Citi's ability to make effective use of its DTAs.

***The expiration of a provision of the U.S. tax law that allows Citi to defer U.S. taxes on certain active financing income could significantly increase Citi's tax expense.***

Citi's tax provision has historically been reduced because active financing income earned and indefinitely reinvested outside the U.S. is taxed at the lower local tax rate rather than at the higher U.S. tax rate. Such reduction has been dependent upon a provision of the U.S. tax law that defers the imposition of U.S. taxes on certain active financing income until that income is repatriated to the U.S. as a dividend. This "active financing exception" expired on December 31, 2011 with respect to taxable years beginning after such date. While the exception has been scheduled to expire on numerous prior occasions, Congress has extended it each time, including retroactively to the start of the tax year. Congress could still take action to retroactively



extend the active financing exception to the beginning of 2012. However, there can be no assurance that it will do so. If the exception is not extended, the U.S. tax imposed on Citi's active financing income earned outside the U.S. would increase, which could further result in Citi's tax expense increasing significantly, particularly beginning in 2013.

***Citi's operational systems and networks have been, and will continue to be, vulnerable to an increasing risk of continually evolving cybersecurity or other technological risks which could result in the disclosure of confidential client or customer information, damage to Citi's reputation, additional costs to Citi, regulatory penalties and financial losses.***

A significant portion of Citi's operations relies heavily on the secure processing, storage and transmission of confidential and other information as well as the monitoring of a large number of complex transactions on a minute-by-minute basis. For example, through its global consumer banking, credit card and Transaction Services businesses, Citi obtains and stores an extensive amount of personal and client-specific information for its retail, corporate and governmental customers and clients and must accurately record and reflect their extensive account transactions. These activities have been, and will continue to be, subject to an increasing risk of cyber attacks, the nature of which is continually evolving.

Citi's computer systems, software and networks have been and will continue to be vulnerable to unauthorized access, loss or destruction of data (including confidential client information), account takeovers, unavailability of service, computer viruses or other malicious code, cyber attacks and other events. These threats may derive from human error, fraud or malice on the part of employees or third parties, or may result from accidental technological failure. If one or more of these events occurs, it could result in the disclosure of confidential client information, damage to Citi's reputation with its clients and the market, additional costs to Citi (such as repairing systems or adding new personnel or protection technologies), regulatory penalties and financial losses, to both Citi and its clients and customers. Such events could also cause interruptions or malfunctions in the operations of Citi (such as the lack of availability of Citi's online banking system), as well as the operations of its clients, customers or other third parties. Given the high volume of transactions at Citi, certain errors or actions may be repeated or compounded before they are discovered and rectified, which would further increase these costs and consequences.

Citi has recently been subject to intentional cyber incidents from external sources, including (i) data breaches, which resulted in unauthorized access to customer account data and interruptions of services to customers; (ii) malicious software attacks on client systems, which in turn allowed unauthorized entrance to Citi's systems under the guise of a client and the extraction of client data; and (iii) denial of service attacks, which attempted to interrupt service to clients and customers. While Citi was able to detect these prior incidents before they became significant, they still resulted in losses as well as increases in expenditures to monitor against the threat of similar future cyber incidents. There can be no assurance that such incidents, or other cyber incidents, will not occur again, and they could occur more frequently and on a more significant scale.

In addition, third parties with which Citi does business may also be sources of cybersecurity or other technological risks. Citi outsources certain functions, such as processing of customer credit card transactions, which results in the storage and processing of customer information by third parties. While Citi engages in certain actions to reduce the exposure resulting from outsourcing, such as limiting third-party access to the least privileged level necessary to perform job functions and restricting third-party processing to systems stored within Citi's data centers, unauthorized access, loss or destruction of data or other cyber incidents could occur, resulting in similar costs and consequences to Citi as those discussed above. Furthermore, because financial institutions are becoming increasingly interconnected with central agents, exchanges and clearing houses, including through the derivatives provisions of the Dodd-Frank Act, Citi has increased exposure to operational failure or cyber attacks through third parties.

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

***Citi's financial statements are based in part on assumptions and estimates, which, if wrong, could cause unexpected losses in the future, sometimes significant.***

Pursuant to U.S. GAAP, Citi is required to use certain assumptions and estimates in preparing its financial statements, including in determining credit loss reserves, reserves related to litigation and regulatory exposures, mortgage representation and warranty claims and the fair value of certain assets and liabilities, among other items. If the assumptions or estimates underlying Citi's financial statements are incorrect, Citi may experience significant losses.

***Citi is subject to a significant number of legal and regulatory proceedings that are often highly complex, slow to develop and are thus difficult to predict or estimate.***

At any given time, Citi is defending a significant number of legal and regulatory proceedings. The volume of claims and the amount of damages and penalties claimed in litigation, arbitration and regulatory proceedings against financial institutions remain high, and could further increase in the future. See, for example, "—Citi is subject to extensive litigation, investigations and inquiries pertaining to a myriad of mortgage-related activities that could take significant time to resolve and may subject Citi to extensive liability, including in the form of penalties and other equitable remedies, that could negatively impact Citi's future results of operations."

Proceedings brought against Citi may result in judgments, settlements, fines, penalties, disgorgement, injunctions, business improvement orders or other results adverse to it, which could materially and negatively affect Citi's businesses, financial condition or results of operations, require material changes in Citi's operations, or cause Citi reputational harm. Moreover, the many large claims asserted against Citi are highly complex and slow to develop, and they may involve novel or untested legal theories. The outcome of such proceedings may thus be difficult to predict or estimate until late in the proceedings, which may last several years. In addition, certain settlements are subject to court approval and may not be approved. Although Citi establishes accruals for its litigation and regulatory matters according to accounting requirements, the amount of loss ultimately incurred in relation to those matters may be substantially higher or lower than the amounts accrued.

In addition, while Citi takes numerous steps to prevent and detect employee misconduct, such as fraud, employee misconduct is not always possible to deter or prevent, and the extensive precautions Citi takes to prevent and detect this activity may not be effective in all cases, which could subject it to additional liability. Moreover, the "whistle-blower" provisions of the Dodd-Frank Act provide substantial financial incentives for persons to report alleged violations of law to the SEC and the CFTC. The final rules implementing these provisions for the SEC and CFTC became effective in August and October 2011, respectively. As such, there continues to be much uncertainty as to whether these new reporting provisions will incentivize and lead to an increase in the number of claims that Citi will have to investigate or against which Citi will have to defend itself, thus potentially further increasing Citi's legal liabilities.

***Failure to maintain the value of the Citi brand could harm Citi's global competitive advantage, results of operations and strategy.***

As Citi enters into its 200th year of operations in 2012, one of its most valuable assets is the Citi brand. Citi's ability to continue to leverage its extensive global footprint, and thus maintain one of its key competitive advantages, depends on the continued strength and recognition of the Citi brand, including in emerging markets as other financial institutions grow their operations in these markets and competition intensifies. As referenced above, as a result of the economic crisis in the U.S. as well as the continuing adverse economic climate globally, Citi, like other financial institutions, is subject to an increased level of distrust, scrutiny and

skepticism from numerous constituencies, including the general public. The Citi brand could be further harmed if its public image or reputation were to be tarnished by negative publicity, whether or not true, about Citi or the financial services industry in general, or by a negative perception of Citi's short-term or long-term financial prospects. Maintaining, promoting and positioning the Citi brand will depend largely on Citi's ability to provide consistent, high-quality financial services and products to its clients and customers around the world. Failure to maintain its brand could hurt Citi's competitive advantage, results of operations and strategy.

***Citi may incur significant losses if its risk management processes and strategies are ineffective, and concentration of risk increases the potential for such losses.***

Citi monitors and controls its risk exposure across businesses, regions and critical products through a risk and control framework encompassing a variety of separate but complementary financial, credit, operational, compliance and legal reporting systems, internal controls, management review processes and other mechanisms. While Citi employs a broad and diversified set of risk monitoring and risk mitigation techniques, those techniques and the judgments that accompany their application may not be effective and may not anticipate every economic and financial outcome in all market environments or the specifics and timing of such outcomes. Market conditions over the last several years have involved unprecedented dislocations and highlight the limitations inherent in using historical data to manage risk.

Concentration of risk increases the potential for significant losses. Because of concentration of risk, Citi may suffer losses even when economic and market conditions are generally favorable for Citi's competitors. These concentrations can limit, and have limited, the effectiveness of Citi's hedging strategies and have caused Citi to incur significant losses, and they may do so again in the future. In addition, Citi extends large commitments as part of its credit origination activities. If Citi is unable to reduce its credit risk by selling, syndicating or securitizing these positions, including during periods of market dislocation, Citi's results of operations could be negatively affected due to a decrease in the fair value of the positions, as well as the loss of revenues associated with selling such securities or loans.

Although Citi's activities expose it to the credit risk of many different entities and counterparties, Citi routinely executes a high volume of transactions with counterparties in the financial services sector, including banks, other financial institutions, insurance companies, investment banks and government and central banks. This has resulted in significant credit concentration with respect to this sector. To the extent regulatory or market developments lead to an increased centralization of trading activity through particular clearing houses, central agents or exchanges, this could increase Citi's concentration of risk in this sector.

## RISKS RELATING TO NOTES

*Each of Citigroup Inc., CFI and CGMFL believes that the following factors may affect its ability to fulfil its obligations under (1) in the case of CFI and Citigroup Inc. Notes issued by CFI or Citigroup Inc. under the Programme or (2) in the case of CGMFL, Notes issued by CGMFL under the Programme. All of these factors are contingencies which may or may not occur and none of Citigroup Inc., CFI and CGMFL is in a position to express a view on the likelihood of any such contingency occurring.*

*Factors which Citigroup Inc., CFI and CGMFL believe may be material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.*

*Each of the risks highlighted below could adversely affect the trading price of any Notes or the rights of investors under any Notes and, as a result, investors could lose some or all of their investment. Citigroup Inc., CFI and CGMFL believe that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the relevant Issuer or, where the Issuer is CFI, the CFI Guarantor may be unable to pay or deliver amounts on or in connection with any Notes for other reasons and none of Citigroup Inc., CFI and CGMFL represents that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.*

Prospective investors in Notes should determine whether an investment in Notes is appropriate in their particular circumstances and should consult with their legal, business and tax advisers to determine the consequences of an investment in Notes and to arrive at their own evaluation of the investment. In particular, Citigroup Inc., CFI and CGMFL recommend that investors take independent tax advice before committing to purchase any Notes. None of Citigroup Inc., CFI and CGMFL provides tax advice and therefore responsibility for any tax implications of investing in any Notes rests entirely with each investor. Investors should note that the tax treatment will differ from jurisdiction to jurisdiction. Investors will assume and be solely responsible for any and all taxes of any jurisdiction or governmental or regulatory authority, including (without limitation) any state or local taxes or other similar assessment or charge that may be applicable to any payment in respect of the Notes.

An investment in Notes is only suitable for investors who:

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

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

Inc., CFI, CGMFL, any Dealer or any of their affiliates or their respective officers or agents shall be deemed to be an assurance or guarantee as to the expected results of an investment in Notes.

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

### ***Risks related to the structure of a particular issue of Notes***

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

### **General risks and risks relating to Underlying(s)**

Notes linked to Underlying(s) involve a high degree of risk, which may include, among others, interest rate, foreign exchange, time value and political risks. Prospective purchasers of such Notes should recognise that their Notes, other than any Notes having a minimum redemption value, may be worthless on redemption. Purchasers should be prepared to sustain a total loss of the purchase price of their Notes, except, if so indicated in the applicable Final Terms, to the extent of any minimum redemption value attributable to such Notes. This risk reflects the nature of a Note as an asset which, other factors held constant, may tend to decline in value over time and which may become worthless when it expires (except to the extent of any minimum redemption value). See "*Certain factors affecting the value and trading price of Notes linked to Underlying(s)*" below. Prospective purchasers of such Notes should be experienced with respect to options and option transactions, should understand the risks of transactions involving the relevant Notes and should reach an investment decision only after careful consideration, with their advisers, of the suitability of such Notes in light of their particular financial circumstances, the information set forth herein and the information regarding the relevant Notes and the particular Underlying(s), as specified in the applicable Final Terms.

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

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

Fluctuations in the value or the yield (if applicable) or the relevant rates of exchange (if applicable) of the relevant Underlying(s) will affect the value of the relevant Notes. Purchasers of Notes risk losing their entire investment if the value of the relevant Underlying(s) does not move in the anticipated direction.

Any Issuer may issue several issues of Notes relating to particular Underlying(s). However, no assurance can be given that any Issuer will issue any Notes other than the Notes to which the applicable Final Terms relate. At any given time, the number of Notes outstanding may be substantial. Notes provide opportunities for investment and pose risks to investors as a result of fluctuations in the value of the Underlying(s). In

general, certain of the risks associated with Notes linked to Underlying(s) are similar to those generally applicable to options or warrants of private corporate issuers. Options or warrants on equities (including shares, depositary receipts, exchange traded fund shares and mutual funds) are priced primarily on the basis of the value of underlying securities whilst Notes linked to commodities and/or indices are priced primarily on the basis of present and expected values of the commodity (or basket of commodities) or the index (or basket of indices) specified in the applicable Final Terms.

All Notes will be unsecured and unsubordinated obligations of the relevant Issuer and all Notes issued by it will rank equally among themselves and with all other unsecured and unsubordinated obligations of the relevant Issuer. Similarly, the obligations of the CFI Guarantor under the Deed of Guarantee will be unsecured and unsubordinated and will rank *pari passu* with all other outstanding unsecured and unsubordinated obligations of the CFI Guarantor. The relevant Issuer's obligations under the Notes issued by it and the CFI Guarantor's obligations under the Deed of Guarantee represent general contractual obligations of each respective entity and of no other person. Only Securities issued by CFI will be guaranteed by the CFI Guarantor. Notes issued by CGMFL or Citigroup Inc. will not be guaranteed by the CFI Guarantor.

In particular, except as provided in the applicable Final Terms in relation to Physical Delivery Notes, a Note will not represent a claim against any Underlying and, in the event that the amount paid on redemption of the Notes is less than the nominal amount of the Notes, a Noteholder will not have recourse under any relevant Note to any share, security, commodity, contract or other asset which may comprise the relevant Underlying(s) in respect of such Notes. The exposure to the relevant Underlying(s) is notional and an investment in the Notes is not an investment in the relevant Underlying(s). Although the performance of the relevant Underlying(s) will have an effect on the Notes, the relevant Underlying(s) and the Notes are separate obligations of different legal entities. Investors will have no legal or beneficial interest in the relevant Underlying(s). In addition, any Issuer and/or the CFI Guarantor and/or any of their affiliates may enter into arrangements to hedge the relevant Issuer's and/or the CFI Guarantor's obligations under the Notes and/or the Deed of Guarantee but are not required to do so. If they do so, any Issuer and/or the CFI Guarantor and/or any such affiliate will have certain rights under such hedging arrangements and may pursue actions and take steps that they deem appropriate to protect their own interests under such hedging arrangements without regard to the consequences for Noteholders. A Noteholder will not have recourse to the applicable counterparty under any such hedging arrangements and any such hedging arrangements will not confer any rights or entitlements on any Noteholders and will constitute separate obligations of the relevant Issuer and/or the CFI Guarantor and/or any such affiliate.

The Notes will only be principal protected if the applicable Final Terms provide that the Redemption Amount per Calculation Amount of such Notes at maturity is an amount equivalent to at least the Calculation Amount of such Notes. However, investors should note that this is subject to the credit risk of the relevant Issuer and, where the relevant Issuer is CFI, of the CFI Guarantor. Furthermore, the Notes may be traded or redeemed early, and if so, the price for which a Note may be sold or redeemed early may be less than the denomination of such Note, offering no protection of principal.

Investors should note that, if the Notes provide that the Redemption Amount per Calculation Amount of such Notes at maturity may be less than such Calculation Amount, such Notes are not principal protected. If the Notes are not principal protected or the Notes are cancelled or repaid early in accordance with their terms, the amount received by the relevant holders may be less than the initial investment. Furthermore, any amount due to be paid or delivered is subject to the credit risk of the relevant Issuer and, where the relevant Issuer is CFI, the CFI Guarantor.

### **Certain factors affecting the value and trading price of Notes linked to Underlying(s)**

The Redemption Amount(s) to be paid (the **Cash Settlement Value**) (in the case of Cash Settled Notes) or the value of the Entitlements to be delivered in respect of an issue of Notes (the **Physical Settlement Value**) at any time prior to the relevant maturity date is typically expected to be less than the trading price of such Notes at that time. The difference between the trading price and the Cash Settlement Value or the Physical

Settlement Value, as the case may be, will reflect, among other things, the "time value" of the Notes. The "time value" of the Notes will depend partly upon the length of the period remaining to maturity and expectations concerning the value of the Underlying(s). Notes offer hedging and investment diversification opportunities but also pose some additional risks with regard to interim value. The interim value of Notes varies as the price or level of the Underlying(s) varies, as well as due to a number of other interrelated factors, including those specified herein.

Before selling Notes, Noteholders should carefully consider, among other things, (i) the trading price of the relevant Notes, (ii) the value and volatility of the Underlying(s), (iii) the time remaining to expiration, (iv) in the case of Cash Settled Notes, the probable range of any Redemption Amounts, (v) any change(s) in interim interest rates and dividend yields if applicable, (vi) any change(s) in currency exchange rates, (vii) the depth of the market or liquidity of the Underlying(s) and (viii) any related transaction costs.

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

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

The risks associated with a particular Note linked to Underlying(s) will generally depend on factors over which none of the Issuers and the CFI Guarantor has any control and which cannot readily be foreseen. These risks include:

- economic events;
- political events; and
- the supply of, and demand for, any relevant Underlying(s).

In recent years, prices for various Underlying(s) have been highly volatile. Such volatility may be expected in the future. Fluctuations in the rates, levels or prices that have occurred in the past are not necessarily indicative, however, of fluctuations that may occur during the term of any Notes linked to Underlying(s).

In addition, investors should be aware that the value of any relevant Underlying(s) may be determined or published by any Issuer and/or the CFI Guarantor or an affiliate thereof or determined or published by third parties or entities which are not subject to regulation under the laws of the United States or the European Economic Area.

The risk of loss as a result of linking principal and/or interest payments to Underlying(s) can be substantial and the payment of principal and/or interest may be contingent on the occurrence of certain events which may not occur. Each investor should consult their own financial and legal advisers as to the risks of an investment in Notes linked to Underlying(s).

### **Risks related to implementation of regulatory reform**

Implementation of recently-enacted U.S. federal financial reform legislation may affect the value of Underlying(s), which may ultimately affect the value, trading price and viability of Notes. For example, the Dodd-Frank Act would, upon implementation, impose limits on the maximum position that could be held by a single dealer in certain of the Underlying(s) and may subject certain transactions to new forms of regulation that could create barriers to some types of hedging activity by the relevant Issuer and/or any Hedging Party or any of their respective affiliates. Other provisions of the Dodd-Frank Act could require certain Underlying(s) or hedging transactions to be cleared, traded on a regulated exchange and reported to

regulators, central data repositories and, in some cases, the public. The Dodd-Frank Act will also expand entity registration requirements and impose business conduct requirements on persons active in the swaps market (including new capital and margin requirements), which may affect the value of Underlying(s) or value and/or cost of hedging transactions. Such regulation may consequently affect the value, trading price and viability of the Notes. The implementation of the Dodd-Frank Act and future rulemaking thereunder could potentially limit or completely restrict the ability of the relevant Issuer to hedge its exposure on Notes, increase the costs of hedging or make hedging strategies less effective, which may then constitute an Adjustment Event in respect of certain Notes.

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

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

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

These risks generally depend on factors over which none of Citigroup Inc., CFI and CGMFL has any control and which cannot be readily foreseen, such as:

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

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

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

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



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

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

Except as set forth below, if payment on a Note is required to be made in a Specified Currency and that currency is:

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

then, if the Specified Currency of a Note is officially redenominated, other than as a result of Economic and Monetary Union, such as by an official redenomination of any Specified Currency that is a composite currency, then the payment obligations of the relevant Issuer and/or, where the relevant Issuer is CFI, the CFI Guarantor on such Note will be the amount of redenominated currency that represents the amount of the relevant Issuer's and/or, where the relevant Issuer is CFI, the CFI Guarantor's obligations immediately before the redenomination. The Notes will not provide for any adjustment to any amount payable as a result of:

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

### **Certain considerations associated with Notes relating to share indices**

Investors in Notes relating to share indices should be familiar with investments in global capital markets and with indices generally. The level of a share index is generally based on the value of the component securities of that index although investors should note that the level of a share index at any time may not include the reinvestment of the yield on the component securities of such share index. Investors should understand that global economic, financial and political developments, among other things, may have a material effect on the value of the component securities of a share index and/or the performance of a share index.

The risks of a particular Note linked to a share index will depend on the terms of that Note. Such risks may include, but are not limited to, the possibility of significant changes in:

- the prices of the component securities of the relevant index or indices (**component securities**);
- other objective prices; and
- economic or other measures making up the relevant share index or indices.

Investors should note that dividends paid to holders of the component securities will not be paid to the relevant Issuer, the CFI Guarantor (where the relevant Issuer is CFI) or to the holders of Notes. The return on Notes will thus not reflect any dividends which would be paid to investors that have made a direct investment in any such component securities. Consequently, the return on Notes may be less than the return from a direct investment in any such component securities.

Market volatility reflects the degree of instability and expected instability of the performance of a share index and the component securities. The level of market volatility is largely determined by the prices for

financial instruments supposed to protect investors against such market volatility. The prices of these instruments are determined by forces of supply and demand in the options and derivative markets generally. These forces are, themselves, affected by factors such as actual market volatility, expected volatility, economic factors and speculation. In recent years, currency exchange rates and prices for component securities have been highly volatile. Such volatility may be expected in the future. Fluctuations in the rates or prices that have occurred in the past are not necessarily indicative, however, of fluctuations that may occur during the term of any Note relating to share indices.

In considering whether to purchase Notes relating to share indices, each investor should be aware that the calculation of amounts payable on Notes relating to share indices may involve reference to:

- an index determined by an affiliate of the relevant Issuer and/or the CFI Guarantor; or
- prices that are published solely by third parties or entities which are not regulated by the laws of the United States, European Economic Area or the jurisdiction of the particular investor.

*Disrupted Days, Adjustment Events and Early Redemption in relation to Notes linked to share indices*

As the terms and conditions of Notes relating to share indices include provisions dealing with the postponement of a Valuation Date due to the occurrence of a Disrupted Day, such postponement or any alternative provisions for valuation provided in the terms and conditions of such Notes may have an adverse effect on the value of such Notes.

If the Calculation Agent determines that an Adjustment Event occurs in respect of any share index (being (a) the occurrence at any time of a change in law affecting any underlying hedging position in relation to the Notes or materially increasing the relevant Issuer's costs in relation to performing its obligations in respect of the Notes, a Hedging Disruption or an Increased Cost of Hedging; (b) such share index (i) not being calculated and announced by or on behalf of the relevant index sponsor but instead being calculated and announced by or on behalf of a successor to the relevant index sponsor or (ii) being replaced by a successor index; or (c) any Additional Disruption Event specified in the applicable Final Terms), then the Calculation Agent shall make such adjustment(s) to the terms of the Notes as the Calculation Agent determines necessary to account for the effect of such Adjustment Event or the Calculation Agent may replace the share index the subject of the Adjustment Event with a new share index using, in the determination of the Calculation Agent, the same or a substantially similar formula and method of calculation as used in the calculation of the level of such share index or a share index selected by reference to such other criteria as specified in the applicable Final Terms. Any such adjustment may include, in the case of an Increased Cost of Hedging, adjustments to pass onto Noteholders any such Increased Cost of Hedging (including, but not limited to, reducing any amounts payable or deliverable in respect of the Notes to reflect any such increased costs). Any such adjustments may have an adverse effect on the value of such Notes and, if the Calculation Agent determines that no adjustment can reasonably so be made, such Adjustment Event shall be an Early Redemption Event.

If a Share Index Adjustment Event occurs (being, in respect of a share index, the relevant index sponsor announcing that it will make a material change to a relevant share index, the index sponsor permanently cancelling the index and no successor index existing or the index sponsor or any other person or entity acting on its behalf failing to calculate and announce the relevant index), then the Calculation Agent may determine whether such Share Index Adjustment Event has a material effect on the relevant Notes and, if so, shall either (A) calculate the relevant level of such share index in accordance with the formula for and method of calculating the relevant share index last in effect prior to the applicable change, cancellation or failure or (B) substitute the affected share index with a replacement index using, in the determination of the Calculation Agent, the same or a substantially similar formula and method of calculation as used in the calculation of the level of such share index or a share index selected by reference to such other criteria as specified in the applicable Final Terms and determine any adjustment necessary to the terms of the Notes to account for such substitution. Any such calculation, substitution and/or adjustment may have an adverse effect on the value

of such Notes and, if the Calculation Agent determines that no calculation or substitution can reasonably so be made, such Share Index Adjustment Event shall be an Early Redemption Event.

If an Early Redemption Event occurs (being circumstances in which the Calculation Agent determines that no adjustment or substitution can reasonably be made following an Adjustment Event or no calculation or substitution can be made following a Share Index Adjustment Event), the Notes will be redeemed as more fully set out in the terms and conditions of the relevant Notes. If the Notes are redeemed early, the relevant Issuer will pay to each Noteholder in respect of each Calculation Amount held by such holder an amount equal to the fair market value of such Calculation Amount less the cost to the relevant Issuer and/or its affiliates of unwinding any underlying and/or related hedging and funding arrangements, as determined by the Calculation Agent, or such other amount as is specified in the applicable Final Terms. There is no guarantee that the amount repaid to investors will be equal to or higher than the investor's initial investment in the relevant Notes and such amount may be substantially less than the investor's initial investment.

Investors in Notes relating to share indices should read "*Underlying Schedule 1 – Share Index Conditions*" starting at page 197 of this Base Prospectus and the applicable Final Terms in order to fully understand the provisions relating to such Notes.

### **Certain considerations associated with Notes relating to inflation indices**

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

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

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

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

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

#### *Adjustment Events and Early Redemption in relation to Notes linked to inflation indices*

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

If the Calculation Agent determines that an Adjustment Event occurs in respect of any inflation index (being (a) the occurrence at any time of a change in law affecting any underlying hedging position in relation to the Notes or materially increasing the relevant Issuer's costs in relation to performing its obligations in respect of the Notes, a Hedging Disruption or an Increased Cost of Hedging, or (b) the imposition of increased or unexpected fees and costs for the use of such index on the relevant Issuer and/or any of its affiliates by the relevant index sponsor which the Calculation Agent deems material), then the Calculation Agent shall make such adjustment(s) to the terms of the Notes as the Calculation Agent determines necessary to account for the effect of such Adjustment Event including, in the case of an Increased Cost of Hedging, adjustments to pass onto Noteholders any such Increased Cost of Hedging (including, but not limited to, reducing any amounts

payable or deliverable in respect of the Notes to reflect any such increased costs). Any such adjustments may have an adverse effect on the value of such Notes and, if the Calculation Agent determines that no adjustment can reasonably so be made, such Adjustment Event shall be an Early Redemption Event.

If "Revision" is specified as applicable for an inflation index in the applicable Final Terms, then any revision to an underlying closing level of an inflation index occurring before the relevant revision cut-off date shall be considered final and conclusive for the purpose of any determination made in respect of the Notes. If "No Revision" is specified as applicable in the applicable Final Terms (or if "Revision" is not specified as applicable) then the first publication and announcement of an underlying closing level for such inflation index shall be final and conclusive. Further, if the Calculation Agent determines that the index sponsor of an inflation index has corrected an underlying closing level for such index to correct a manifest error no later than the earlier to occur of the relevant manifest error cut-off date and thirty calendar days following the first publication and announcement of such level, then the Calculation Agent may use the corrected level of such inflation index for the purposes of any calculation in respect of the relevant payment date. In the event of inconsistency between a revision and a manifest error correction, the manifest error correction shall prevail. Any such adjustment (or absence of an adjustment, for the purpose of the Notes) to any level of an inflation index may have an adverse effect on the value of the Notes.

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

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

If an Early Redemption Event occurs (being circumstances in which the Calculation Agent determines that no adjustment can reasonably be made following an Adjustment Event or no successor index can be determined or no adjustment can reasonably be made following a material change to a relevant inflation index), the Notes will be redeemed as more fully set out in the terms and conditions of the relevant Notes. If the Notes are redeemed early, the relevant Issuer will pay to each Noteholder in respect of each Calculation Amount held by such holder an amount equal to the fair market value of such Calculation Amount less the cost to the relevant Issuer and/or its affiliates of unwinding any underlying and/or related hedging and funding arrangements, as determined by the Calculation Agent, or such other amount as is specified in the applicable Final Terms. There is no guarantee that the amount repaid to investors will be equal to or higher than the investor's initial investment in the relevant Notes and such amount may be substantially less than the investor's initial investment.

Investors in Notes relating to inflation indices should read "*Underlying Schedule 2 – Inflation Index Conditions*" starting at page 205 of this Base Prospectus and the applicable Final Terms in order to fully understand the provisions relating to such Notes.

### **Certain considerations associated with Notes relating to commodity indices**

Investors in Notes relating to commodity indices should be familiar with investments in global capital markets and with indices and commodities generally. The level of a commodity index is generally based on the value of the commodities and/or other securities comprised in that commodity index and, as such,

investors in Notes relating to commodity indices should also read "*certain considerations associated with Notes relating to commodities*" below. Investors should understand that global economic, financial and political developments, among other things, may have a material effect on the value of the commodities and/or futures contracts comprising a commodity index and/or the performance of such index.

The risks of a particular Note relating to a commodity index will depend on the terms of that Note. Such risks may include, but are not limited to, the possibility of significant changes in the prices of:

- the commodities and/or futures underlying the relevant index or indices;
- another objective price; and
- economic or other measures making up the relevant index or indices.

*Disrupted Days, Adjustment Events and Early Redemption in relation to Notes linked to commodity indices*

The terms and conditions of Notes relating to commodity indices include provisions dealing with the postponement of a Valuation Date or postponement of the valuation of a component of a commodity index due to the occurrence of a Disrupted Day, such postponement or any alternative provisions for valuation provided in the terms and conditions of such Notes may have an adverse effect on the value of such Notes.

If the Calculation Agent determines that an Adjustment Event occurs in respect of any commodity index (being (a) the occurrence at any time of a change in law affecting any underlying hedging position in relation to the Notes or materially increasing the relevant Issuer's costs in relation to performing its obligations in respect of the Notes, a Hedging Disruption or an Increased Cost of Hedging, (b) the substitution of a commodity index with a substitute commodity index due to the originally designated commodity index being either (i) not calculated and announced by or on behalf of the relevant index sponsor but instead being calculated and announced by or on behalf of a successor to the relevant index sponsor acceptable to the Calculation Agent or (ii) replaced by a successor index, (c) the imposition of increased or unexpected fees and costs for the use of such index on the relevant Issuer and/or any of its affiliates by the relevant index sponsor which the Calculation Agent deems material, or (d) the imposition of, change in or removal of any tax relating to any component of such commodity index or commodity relating to such component (if specified as applicable in the applicable Final Terms) which the Calculation Agent deems material), then the Calculation Agent shall make such adjustment(s) to the terms of the Notes as the Calculation Agent determines necessary to account for the effect of such Adjustment Event or the Calculation Agent may replace the commodity index the subject of the Adjustment Event with a new commodity index using, in the determination of the Calculation Agent, the same or a substantially similar formula and method of calculation as used in the calculation of the level of such commodity index or a commodity index selected by reference to such other criteria as specified in the applicable Final Terms. Any such adjustments may have an adverse effect on the value of such Notes and, if the Calculation Agent determines that no adjustment can reasonably so be made, such Adjustment Event shall be an Early Redemption Event.

If a Commodity Index Adjustment Event occurs (being, in respect of a commodity index, the relevant index sponsor announcing that it will make a material change to a relevant commodity index, the index sponsor permanently cancelling the index and no successor index existing or the index sponsor or any other person or entity on its behalf failing to calculate and announce the relevant index), then the Calculation Agent may determine whether such Commodity Index Adjustment Event has a material effect on the relevant Notes and, if so, shall calculate the relevant level of such commodity index in accordance with the formula for and method of calculating the relevant commodity index last in effect prior to the applicable change, cancellation or failure or may substitute the affected commodity index with a replacement index using, in the determination of the Calculation Agent, the same or a substantially similar formula and method of calculation as used in the calculation of the level of such commodity index or a commodity index selected by reference to such other criteria as specified in the applicable Final Terms and determine any adjustment necessary to the terms of the Notes to account for such substitution. Any such calculation, substitution

and/or adjustment may have an adverse effect on the value of such Notes and, if the Calculation Agent determines that no calculation or substitution can reasonably so be made, such Adjustment Event shall be an Early Redemption Event.

If an Early Redemption Event occurs (being circumstances in which the Calculation Agent determines that no adjustment or substitution can reasonably be made following an Adjustment Event or no calculation or substitution can reasonably be made following a Commodity Index Adjustment Event), the Notes will be redeemed as more fully set out in the terms and conditions of the relevant Notes. If the Notes are redeemed early, the relevant Issuer will pay to each Noteholder in respect of each Calculation Amount held by such holder an amount equal to the fair market value of such Calculation Amount less the cost to the relevant Issuer and/or its affiliates of unwinding any underlying and/or related hedging and funding arrangements, as determined by the Calculation Agent or such other amount as is specified in the applicable Final Terms. There is no guarantee that the amount repaid to investors will be equal to or higher than the investor's initial investment in the relevant Notes and such amount may be substantially less than the investor's initial investment.

Investors in Notes relating to commodity indices should read "*Underlying Schedule 3 – Commodity Index Conditions*" starting at page 210 of this Base Prospectus and the applicable Final Terms in order to fully understand the provisions relating to such Notes.

#### **Certain considerations associated with Notes linked to commodities**

Investors should note that the movements in the price of any relevant commodities may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices and the timing of changes in the relevant price of a commodity or commodities may affect the actual yield of the Notes, even if the average level is consistent with their expectations. In general, the earlier the change in the price or prices of the commodities, the greater the effect on yield of the Notes.

Commodity futures markets are highly volatile. Commodity markets are influenced by, among other things, changing supply and demand relationships, weather, governmental, agricultural, commercial and trade programmes and policies designed to influence commodity prices, world political and economic events, and changes in interest rates. Moreover, investments in futures and options contracts involve additional risks including, without limitation, leverage (margin is usually a percentage of the face value of the contract and exposure can be nearly unlimited). A holder of a futures position may find such position becomes illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent a holder from promptly liquidating unfavourable positions and subject it to substantial losses. Futures contract prices in various commodities occasionally have exceeded the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent the liquidation of unfavourable positions and subject an investor in a Note relating to commodities to such contract prices resulting in substantial losses.

#### *Risk related to the possible rolling mechanism of commodity futures contracts*

The yield on Notes relating to commodities may not perfectly correlate to the trend in the price of the underlying commodities as the use of such future commodity contracts generally involves a rolling mechanism. This means that the commodity futures contracts which expire prior to the relevant payment date under the relevant Notes are replaced with future commodity contracts that have a later expiry date. Investors may therefore only marginally benefit from any rise/fall in prices on such commodities.

Moreover, investors should consider that the commodity futures contracts could have a trend which differs significantly from that of the commodity spot markets. The trend in the price of a commodity futures contracts compared to the underlying commodity is closely linked to the present and future level of the production of the underlying commodity or to the level of estimated natural reserves, particularly in the case of energy commodities. In addition, the price of the relevant commodity futures contract may not be considered an accurate prediction of a market price, since it also includes the so-called "carrying costs" (such as, for example, warehouse costs, insurance covering the goods, transportation etc.), which also contribute toward the determination of the price of the commodity futures contracts. These factors which directly influence the commodities prices substantially explain the imperfect correlation between the commodity spot markets and the commodity futures contracts.

#### *Disrupted Days, Adjustment Events and Early Redemption in relation to Notes linked to commodities*

As the terms and conditions of Notes relating to commodities include alternative provisions for valuation and/or provisions dealing with the postponement of a Valuation Date due to the occurrence of a Disrupted Day, such alternative provisions for valuation or postponement may have an adverse effect on the value of such Notes.

If the Calculation Agent determines that an Adjustment Event occurs in respect of any commodity (being the occurrence at any time of a change in law affecting any underlying hedging position in relation to the Notes or materially increasing the relevant Issuer's costs in relation to performing its obligations in respect of the Notes, a Hedging Disruption or an Increased Cost of Hedging), then the Calculation Agent shall make such adjustment(s) to the terms of the Notes as the Calculation Agent determines necessary to account for the effect of such Adjustment Event including, in the case of an Increased Cost of Hedging, adjustments to pass onto Noteholders any such Increased Cost of Hedging (including, but not limited to, reducing any amounts payable or deliverable in respect of the Notes to reflect any such increased costs). Any such adjustments may have an adverse effect on the value of such Notes and, if the Calculation Agent determines that no adjustment can reasonably so be made, such Adjustment Event shall be an Early Redemption Event.

If an Early Redemption Event occurs (being circumstances in which the Calculation Agent determines that no adjustment can reasonably be made following an Adjustment Event or the occurrence of a disruption event and any relevant disruption fallbacks fail (or are deemed to fail) to provide a relevant price in respect of a commodity and a valuation date), the Notes will be redeemed as more fully set out in the terms and conditions of the relevant Notes. If the Notes are redeemed early, the relevant Issuer will pay to each Noteholder in respect of each Calculation Amount held by such holder an amount equal to the fair market value of such Calculation Amount less the cost to the relevant Issuer and/or its affiliates of unwinding any underlying and/or related hedging and funding arrangements, as determined by the Calculation Agent or such other amount as is specified in the applicable Final Terms. There is no guarantee that the amount repaid to investors will be equal to or higher than the investor's initial investment in the relevant Notes and such amount may be substantially less than the investor's initial investment.

Investors in Notes relating to commodities should read "*Underlying Schedule 4 – Commodity Conditions*" starting at page 217 of this Base Prospectus and the applicable Final Terms in order to fully understand the provisions relating to such Notes.

#### **Certain considerations associated with Notes relating to shares**

Investors in Notes relating to shares should be familiar with investments in global capital markets and with shares generally. Before purchasing Notes, investors should carefully consider, among other matters, the value and price volatility of shares by reference to which amounts payable or deliverable under the relevant Notes are calculated.

Notes will give rise to obligations of the relevant Issuer and will not give rise to any obligations of any share company. No offer is made by any share company and no offer is made of other securities supported by or convertible into shares or other securities of any share company.

No issuer of such shares will have participated in the preparation of the applicable Final Terms or in establishing the terms of the Notes and none of Citigroup Inc., CFI, CGMFL and any Dealer will make any investigation or enquiry in connection with such offering with respect to the information concerning any such issuer of shares contained in such Final Terms or in the documents from which such information was extracted. Consequently, there can be no assurance that all events occurring prior to the relevant issue date (including events that would affect the accuracy or completeness of the publicly available documents described in this paragraph or in any applicable Final Terms) that would affect the trading price of the share will have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning such an issuer of shares could affect the trading price of the shares and therefore the trading price of the relevant Notes.

Except as provided in the applicable Final Terms in relation to Physical Delivery Notes, Noteholders will not have voting rights or rights to receive dividends or distributions or any other rights with respect to the relevant shares to which such Notes relate notwithstanding that, if so specified in the applicable Final Terms, Noteholders may be entitled to receive payments calculated by reference to the amount of dividends, distributions or other payments that would be received by a holder of the relevant shares. The return on such Notes may thus not reflect any dividends or other distributions which would be paid to investors that have made a direct investment in the relevant shares. Consequently, the return on Notes linked to shares may be less than the return from a direct investment in the relevant shares.

The risks of a Note relating to shares will depend on the terms of that Note. Such risks may include, but are not limited to, the possibility of significant changes in the price(s) of the share or shares. The value of shares may go down as well as up and the value of any share on any date may not reflect its performance in any prior period. There can be no assurance as to the future value of any share or of the continued existence of any share or share company. In addition, in certain circumstances it may not be possible or practicable for the Calculation Agent to determine the value of the relevant shares – see "*Disrupted Days, Adjustment Events and Early Redemption in relation to Notes linked to shares*" below. Accordingly, before making an investment decision with respect to Notes, prospective investors should carefully consider whether an investment, the return on which will depend on the performance of shares, is suitable for them.

In considering whether to purchase Notes relating to shares, each investor should be aware that the calculation of amounts payable on such Notes may involve reference to the performance of one or more shares over a period of time and to shares, the issuer(s) of which are incorporated outside the United States and the European Economic Area.

#### *Disrupted Days, Adjustment Events and Early Redemption in relation to Notes linked to shares*

As the terms and conditions of the Notes include provisions dealing with the postponement of a Valuation Date due to the occurrence of a Disrupted Day, such postponement or any alternative provisions for valuation provided in the terms and conditions of such Notes may have an adverse effect on the value of such Notes.

If the Calculation Agent determines that an Adjustment Event occurs in respect of a share (being (a) the occurrence at any time of a change in law affecting any underlying hedging position in relation to the Notes or materially increasing the relevant Issuer's costs in relation to performing its obligations in respect of the Notes, a Hedging Disruption or an Increased Cost of Hedging or (b) a corporate action, de-listing, insolvency, merger event, nationalisation, tender offer and/or any Additional Disruption Event specified in the applicable Final Terms), then the Calculation Agent shall make such adjustment(s) to the terms of the Notes as the Calculation Agent determines necessary to account for the effect of such Adjustment Event or the Calculation Agent may replace the share the subject of the Adjustment Event with a new share selected



by the Calculation Agent from an applicable reference index or selected by reference to such other criteria as specified in the applicable Final Terms. Any such adjustment may include, in the case of an Increased Cost of Hedging, adjustments to pass onto Noteholders any such Increased Cost of Hedging (including, but not limited to, reducing any amounts payable or deliverable in respect of the Notes to reflect any such increased costs). Any such adjustment(s) or substitution may have an adverse effect on the value of such Notes and, if the Calculation Agent determines that no adjustment(s) or substitution can reasonably so be made, such Adjustment Event shall be an Early Redemption Event.

If an Early Redemption Event occurs (being circumstances where the Calculation Agent determines that no adjustment(s) or substitution can reasonably be made following an Adjustment Event), the Notes will be redeemed as more fully set out in the terms and conditions of the relevant Notes. If the Notes are redeemed early, the relevant Issuer will pay to each Noteholder in respect of each Calculation Amount held by such holder an amount equal to the fair market value of such Calculation Amount less the cost to the relevant Issuer and/or its affiliates of unwinding any underlying and/or related hedging and funding arrangements, as determined by the Calculation Agent or such other amount as is specified in the applicable Final Terms. There is no guarantee that the amount repaid to investors will be equal to or higher than the investor's initial investment in the relevant Notes and such amount may be substantially less than the investor's initial investment.

Investors in Notes relating to shares should read "*Underlying Schedule 5 – Share Conditions*" starting at page 223 of this Base Prospectus and the applicable Final Terms in order to fully understand the provisions relating to such Notes.

#### **Certain considerations associated with Notes relating to depositary receipts**

Investors in Notes relating to depositary receipts should be familiar with investments in global capital markets and with depositary receipts generally. Before purchasing Notes, investors should carefully consider, among other matters, the value and price volatility of depositary receipts and relevant underlying shares by reference to which amounts payable under the relevant Notes are calculated.

The Notes will give rise to obligations of the relevant Issuer and will not give rise to any obligations of any depositary or any underlying share company. No offer is made by any depositary or any underlying share company and no offer is made of other securities supported by or convertible into depositary receipts, underlying shares or other securities of any depositary or any underlying share company.

No issuer of such depositary receipts or any underlying shares related to such depositary receipts will have participated in the preparation of the applicable Final Terms or in establishing the terms of the Notes and none of Citigroup Inc., CFI, CGMFL and any Dealer will make any investigation or enquiry in connection with such offering with respect to the information concerning any depositary or any related underlying share company contained in such Final Terms or in the documents from which such information was extracted. Consequently, there can be no assurance that all events occurring prior to the relevant issue date (including events that would affect the accuracy or completeness of the publicly available documents described in this paragraph or in any applicable Final Terms) that would affect the trading price of the depositary receipt or the underlying share will have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning such depositary or underlying share company could affect the trading price of the depositary receipts and therefore the trading price of the relevant Notes.

Except as provided in the applicable Final Terms in relation to Physical Delivery Notes, Noteholders will not have voting rights or rights to receive dividends or distributions or any other rights with respect to the relevant depositary receipts and/or underlying shares to which such Notes relate notwithstanding that, if so specified in the applicable Final Terms, Noteholders may be entitled to receive payments calculated by reference to the amount of dividends, distributions or other payments that would be received by a holder of the relevant depositary receipts and/or underlying shares. The return on such Notes may thus not reflect any

dividends or other distributions which would be paid to investors that have made a direct investment in the relevant depositary receipts and/or underlying shares. Consequently, the return on Notes linked to depositary receipts may be less than the return from a direct investment in the relevant depositary receipts and/or underlying shares.

The risks of a Note relating to depositary receipts will depend on the terms of that Note. Such risks may include, but are not limited to, the possibility of significant changes in the price(s) of the depositary receipts. The value of depositary receipts may go down as well as up and the value of any depositary receipt on any date may not reflect its performance in any prior period. There can be no assurance as to the future value of any depositary receipts or of the continued existence of any depositary and/or underlying share company. In addition, in certain circumstances it may not be possible or practicable for the Calculation Agent to determine the value of the relevant depositary receipts – see "*Disrupted Days, Adjustment Events and Early Redemption in relation to Notes linked to depositary receipts*" below. Accordingly, before making an investment decision with respect to Notes, prospective investors should carefully consider whether an investment, the return on which will depend on the performance of the depositary receipts and the underlying shares related to such depositary receipts, is suitable for them.

In considering whether to purchase Notes relating to depositary receipts, each investor should be aware that the calculation of amounts payable on such Notes may involve reference to the performance of one or more depositary receipts and the related underlying shares over a period of time and to depositary receipts and/or underlying shares, the issuer(s) of which are incorporated outside the United States and the European Economic Area.

*Disrupted Days, Adjustment Events and Early Redemption in relation to Notes linked to depositary receipts*

As the terms and conditions of the Notes include provisions dealing with the postponement of a Valuation Date due to the occurrence of a Disrupted Day, such postponement or any alternative provisions for valuation provided in the terms and conditions of such Notes may have an adverse effect on the value of such Notes.

If the Calculation Agent determines that an Adjustment Event occurs in respect of a depositary receipt and/or an underlying share (being (a) the occurrence at any time of a change in law affecting any underlying hedging position in relation to the Notes or materially increasing the relevant Issuer's costs in relation to performing its obligations in respect of the Notes, a Hedging Disruption or an Increased Cost of Hedging or (b) a corporate action, delisting, insolvency, merger event, nationalisation, tender offer, written instructions being given by an underlying share company to the relevant depositary to withdraw or surrender underlying shares or the termination of a relevant deposit agreement and/or any Additional Disruption Event specified in the applicable Final Terms), then the Calculation Agent shall make such adjustment(s) to the terms of the Notes as the Calculation Agent determines necessary to account for the effect of such Adjustment Event or the Calculation Agent may replace the depositary receipt and/or the underlying share the subject of the Adjustment Event with a new depositary receipt and/or a new share selected by the Calculation Agent in accordance with the criteria (if any) specified in the applicable Final Terms. Any such adjustment may include, in the case of an Increased Cost of Hedging, adjustments to pass onto Noteholders any such Increased Cost of Hedging (including, but not limited to, reducing any amounts payable or deliverable in respect of the Notes to reflect any such increased costs). Any such adjustment(s) or substitution may have an adverse effect on the value of such Notes and, if the Calculation Agent determines that no adjustment(s) or substitution can reasonably so be made, such Adjustment Event shall be an Early Redemption Event.

If an Early Redemption Event occurs (being circumstances where the Calculation Agent determines that no adjustment(s) or substitution can reasonably be made following an Adjustment Event), the Notes will be redeemed as more fully set out in the terms and conditions of the relevant Notes. If the Notes are redeemed early, the relevant Issuer will pay to each Noteholder in respect of each Calculation Amount held by such holder an amount equal to the fair market value of such Calculation Amount less the cost to the relevant Issuer and/or its affiliates of unwinding any underlying and/or related hedging and funding

arrangements, as determined by the Calculation Agent or such other amount as is specified in the applicable Final Terms. There is no guarantee that the amount repaid to investors will be equal to or higher than the investor's initial investment in the relevant Notes and such amount may be substantially less than the investor's initial investment.

Investors in Notes relating to depositary receipts should read "*Underlying Schedule 6 – Depositary Receipt Conditions*" starting at page 230 of this Base Prospectus and the applicable Final Terms in order to fully understand the provisions relating to such Notes.

### **Certain considerations associated with Notes relating to ETF shares**

Investors in Notes relating to exchange traded fund shares (**ETF shares**) should be familiar with investments in global capital markets and with ETF shares generally. Before purchasing Notes, investors should carefully consider, among other matters, the value and price volatility of ETF shares by reference to which amounts payable under the relevant Notes are calculated.

The Notes will give rise to obligations of the relevant Issuer and will not give rise to any obligations of the issuer of any ETF shares. No offer is made by any issuer of ETF shares and no offer is made of other securities supported by or convertible into ETF shares or other securities of any fund or other issuer of securities.

No issuer of ETF shares will have participated in the preparation of the applicable Final Terms or in establishing the terms of the Notes and none of Citigroup Inc., CFI, CGMFL and any Dealer will make any investigation or enquiry in connection with such offering with respect to the information concerning any such issuer of ETF shares contained in such Final Terms or in the documents from which such information was extracted. Consequently, there can be no assurance that all events occurring prior to the relevant issue date (including events that would affect the accuracy or completeness of the publicly available documents described in this paragraph or in any applicable Final Terms) that would affect the trading price of the ETF share will have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning such an issuer of ETF shares could affect the trading price of the ETF share and therefore the trading price of the relevant Notes.

Investors should note that whilst ETF shares are traded on an exchange and are therefore valued in a similar manner as a share traded on an exchange, the Adjustment Events in relation to Notes linked to ETF shares include certain adjustments which would be applicable to Notes linked to an underlying fund.

Except as provided in the applicable Final Terms in relation to Physical Delivery Notes, Noteholders will not have voting rights or rights to receive dividends or distributions or any other rights with respect to the relevant ETF shares to which such Notes relate notwithstanding that, if so specified in the applicable Final Terms, Noteholders may be entitled to receive payments calculated by reference to the amount of dividends, distributions or other payments that would be received by a holder of the relevant ETF shares. The return on such Notes may thus not reflect any dividends or other distributions which would be paid to investors that have made a direct investment in relevant ETF shares. Consequently, the return on Notes linked to ETF shares may be less than the return from a direct investment in the relevant ETF shares.

The risks of a Note relating to ETF shares will depend on the terms of that Note. Such risks may include, but are not limited to, the possibility of significant changes in the price(s) of the ETF shares. The value of ETF shares may go down as well as up and the value of any ETF share on any date may not reflect its performance in any prior period. There can be no assurance as to the future value of any ETF share or of the continued existence of any ETF share or the issuer of such ETF share. In addition, in certain circumstances it may not be possible or practicable for the Calculation Agent to determine the value of the relevant ETF shares – see "*Disrupted Days, Adjustment Events and Early Redemption in relation to Notes linked to ETF shares*" below. Accordingly, before making an investment decision with respect to Notes, prospective

investors should carefully consider whether an investment, the return on which will depend on the performance of ETF shares, is suitable for them.

In considering whether to purchase Notes relating to ETF shares, each investor should be aware that the calculation of amounts payable on such Notes may involve reference to the performance of one or more ETF shares over a period of time and to ETF shares, the issuer(s) of which are established outside the United States and the European Economic Area.

*Disrupted Days, Adjustment Events and Early Redemption in relation to Notes linked to ETF shares*

As the terms and conditions of the Notes include provisions dealing with the postponement of a Valuation Date due to the occurrence of a Disrupted Day, such postponement or any alternative provisions for valuation provided in the terms and conditions of such Notes may have an adverse effect on the value of such Notes.

If the Calculation Agent determines that an Adjustment Event occurs in respect of an ETF share (being (a) the occurrence at any time of a change in law affecting any underlying hedging position in relation to the Notes or materially increasing the relevant Issuer's costs in relation to performing its obligations in respect of the Notes, a Hedging Disruption or an Increased Cost of Hedging; (b) a corporate action, de-listing, insolvency, merger event, nationalisation, tender offer, fund modification, strategy breach, regulatory action, cross-contamination and/or any Additional Disruption Event specified in the applicable Final Terms), then the Calculation Agent shall make such adjustment(s) to the terms of the Notes as the Calculation Agent determines necessary to account for the effect of such Adjustment Event or the Calculation Agent may replace the ETF share the subject of the Adjustment Event with a new exchange traded fund share selected by the Calculation Agent in accordance with the criteria (if any) specified in the applicable Final Terms. Any such adjustment may include, in the case of an Increased Cost of Hedging, adjustments to pass onto Noteholders any such Increased Cost of Hedging (including, but not limited to, reducing any amounts payable or deliverable in respect of the Notes to reflect any such increased costs). Any such adjustment(s) or substitution may have an adverse effect on the value of such Notes and, if the Calculation Agent determines that no adjustment(s) or substitution can reasonably so be made, such Adjustment Event shall be an Early Redemption Event.

If an Early Redemption Event occurs (being circumstances where the Calculation Agent determines that no adjustment(s) or substitution can reasonably be made following an Adjustment Event), the Notes will be redeemed as more fully set out in the terms and conditions of the relevant Notes. If the Notes are redeemed early, the relevant Issuer will pay to each Noteholder in respect of each Calculation Amount held by such holder an amount equal to the fair market value of such Calculation Amount less the cost to the relevant Issuer and/or its affiliates of unwinding any underlying and/or related hedging and funding arrangements, as determined by the Calculation Agent or such other amount as is specified in the applicable Final Terms. There is no guarantee that the amount repaid to investors will be equal to or higher than the investor's initial investment in the relevant Notes and such amount may be substantially less than the investor's initial investment.

Investors in Notes relating to ETF Shares should read "*Underlying Schedule 7 – Exchange-Traded Fund (ETF) Share Conditions*" starting at page 240 of this Base Prospectus and the applicable Final Terms in order to fully understand the provisions relating to such Notes.

**Certain considerations associated with Notes relating to mutual fund interests**

Investors in Notes relating to mutual fund interests should be familiar with investments in global capital markets and with mutual funds generally. Before purchasing Notes, investors should carefully consider, among other matters, the value and price volatility of mutual fund interests by reference to which amounts payable under the relevant Notes are calculated.

The Notes will give rise to obligations of the relevant Issuer and will not give rise to any obligations of any mutual fund administrator, adviser or manager in respect of a mutual fund. No offer is made by any mutual fund administrator, adviser or manager in respect of a mutual fund and no offer is made of other mutual fund interests or any securities, investments or other assets in which any relevant mutual fund may trade or invest.

No mutual fund administrator, adviser or manager in respect of a mutual fund will have participated in the preparation of the applicable Final Terms or in establishing the terms of the Notes and none of Citigroup Inc., CFI, CGMFL and any Dealer will make any investigation or enquiry in connection with such offering with respect to the information concerning any such mutual fund contained in such Final Terms or in the documents from which such information was extracted. Consequently, there can be no assurance that all events occurring prior to the relevant issue date (including events that would affect the accuracy or completeness of the publicly available documents described in this paragraph or in any applicable Final Terms) that would affect the value of the mutual fund interest will have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning such mutual fund could affect the value of the mutual fund interest and therefore the trading price of the Notes.

Mutual funds may trade and invest in a broad range of investments such as debt and equity securities, commodities and foreign exchange and may enter into derivative transactions, including, without limitation, futures and options. Mutual fund interests may be illiquid and may only be traded on an infrequent basis. Investors should review the applicable Final Terms to ascertain the characteristics of any relevant mutual fund interest. The trading strategies of mutual funds are often opaque. Mutual funds, as well as the markets and instruments in which they invest, are often not subject to review by governmental authorities, self-regulatory organisations or other supervisory authorities.

For all the above reasons, investing directly or indirectly in mutual funds is generally considered to be risky. If the underlying mutual fund does not perform sufficiently well, the value of the Notes will fall, and may in certain circumstances be zero.

The value of mutual fund interests may be affected by the performance of the relevant fund service providers and in particular the relevant fund adviser.

Except as provided in the applicable Final Terms in relation to Physical Delivery Notes, Noteholders will not have voting rights or rights to receive dividends or distributions or any other rights with respect to the relevant mutual fund interests to which such Notes relate notwithstanding that, if so specified in the applicable Final Terms, Noteholders may be entitled to receive payments calculated by reference to the amount of dividends, distributions or other payments that would be received by a holder of the mutual fund interests. The return on such Notes may thus not reflect any dividends or other distributions which would be paid to investors that have made a direct investment in relevant mutual fund interests. Consequently, the return on Notes linked to mutual fund interests may be less than the return from a direct investment in the relevant mutual fund interests.

The risks of a Note relating to mutual fund interests will depend on the terms of that Note. Such risks may include, but are not limited to, the possibility of significant changes in the value(s) of the mutual fund interests. The value of mutual fund interests may go down as well as up and the value of any mutual fund interest on any date may not reflect its performance in any prior period. There can be no assurance as to the future value of any mutual fund interest or of the continued existence of any mutual fund interest or the issuer of such mutual fund interest. In addition, in certain circumstances it may not be possible or practicable for the Calculation Agent to determine the value of the relevant mutual fund interest – see "*Disrupted Days, Adjustment Events and Early Redemption in relation to Notes linked to mutual fund interests*" below. Accordingly, before making an investment decision with respect to Notes, prospective investors should carefully consider whether an investment, the return on which will depend on the performance of mutual fund interests, is suitable for them.

In considering whether to purchase Notes relating to mutual fund interests, each investor should be aware that the calculation of amounts payable on such Notes may involve reference to the performance of one or more mutual fund interests over a period of time and to mutual fund interests, the issuer(s) of which are established outside the United States and the European Economic Area.

*Disrupted Days, Adjustment Events and Early Redemption in relation to Notes linked to mutual fund interests*

As the terms and conditions of the Notes include provisions dealing with the postponement of a Valuation Date due to the occurrence of a Disrupted Day, such postponement or any alternative provisions for valuation provided in the terms and conditions of such Notes may have an adverse effect on the value of such Notes.

If the Calculation Agent determines that an Adjustment Event occurs in respect of a mutual fund interest (being (a) the occurrence at any time of a change in law affecting any underlying hedging position in relation to the Notes or materially increasing the relevant Issuer's costs in relation to performing its obligations in respect of the Notes, a Hedging Disruption or an Increased Cost of Hedging or (b) a corporate action, insolvency, merger event, nationalisation, adviser resignation event, fund modification, strategy breach, regulatory action, reporting disruption, cross-contamination, failure by a fund service provider and/or any Additional Disruption Event specified in the applicable Final Terms), then the Calculation Agent shall make such adjustment(s) to the terms of the Notes as the Calculation Agent determines necessary to account for the effect of such Adjustment Event or the Calculation Agent may replace the mutual fund interest the subject of the Adjustment Event with a new mutual fund share or unit selected by the Calculation Agent in accordance with the criteria (if any) specified in the applicable Final Terms. Any such adjustment may include, in the case of an Increased Cost of Hedging, adjustments to pass onto Noteholders any such Increased Cost of Hedging (including, but not limited to, reducing any amounts payable or deliverable in respect of the Notes to reflect any such increased costs). Any such adjustment may also include a monetisation whereby the Calculation Agent shall determine the value of the Mutual Fund Interest affected by the relevant Adjustment Event on a date selected by the Calculation Agent and shall make such adjustments to the terms of the Notes so that the Notes reference such value (and interest thereon) rather than such Mutual Fund Interest. Any such adjustment(s) or substitution may have an adverse effect on the value of such Notes and, if the Calculation Agent determines that no adjustment(s) or substitution can reasonably so be made, such Adjustment Event shall be an Early Redemption Event.

If an Early Redemption Event occurs (being circumstances where the Calculation Agent determines that no adjustment(s) or substitution can reasonably be made following an Adjustment Event), the Notes will be redeemed as more fully set out in the terms and conditions of the relevant Notes. If the Notes are redeemed early, the relevant Issuer will pay to each Noteholder in respect of each Calculation Amount held by such holder an amount equal to the fair market value of such Calculation Amount less the cost to the relevant Issuer and/or its affiliates of unwinding any underlying and/or related hedging and funding arrangements, as determined by the Calculation Agent or such other amount as is specified in the applicable Final Terms. There is no guarantee that the amount repaid to investors will be equal to or higher than the investor's initial investment in the relevant Notes and such amount may be substantially less than the investor's initial investment.

Investors in Notes relating to mutual fund interests should read "*Underlying Schedule 8 – Mutual Fund Conditions*" starting at page 248 of this Base Prospectus and the applicable Final Terms in order to fully understand the provisions relating to such Notes.

**Certain considerations associated with Notes relating to currency exchange rates**

Investors in Notes relating to currency exchange rates should be familiar with investments in global capital markets and with currency exchange rates generally. An investment in Notes linked to currency exchange

rates may bear similar market risks to a direct investment in foreign exchange and investors should take advice accordingly.

Movements in currency exchange rates may be subject to significant fluctuations that may not correlate with changes in interest rates or other indices and the timing of changes in the currency exchange rates may affect the actual yield to investors, even if the average level is consistent with their expectations. In addition, Notes linked to currency exchange rates may be linked to emerging market currencies and, as such, may experience greater volatility and less certainty as to future levels or as against other currencies. Emerging market currencies are highly exposed to the risk of a currency crisis happening in the future and this could result in the occurrence of a Disrupted Day – see "*Disrupted Days*" below.

Fluctuations in exchange rates and implied volatility of the relevant currency (or basket of currencies) will affect the value of the relevant Notes. Currency values may be affected by complex political and economic factors, including governmental action to fix or support the value of a currency/currencies, regardless of other market forces (see "*Changes in exchange rates and exchange controls could result in a loss of the value of the Notes and payments in respect thereof in relation to the currency of the jurisdiction of an investor*" above).

*Disrupted Days, Adjustment Events and Early Redemption in relation to Notes linked to currency exchange rates*

As the terms and conditions of the Notes include provisions dealing with the postponement of a Valuation Date due to the occurrence of a Disrupted Day, such postponement or any alternative provisions for valuation provided in the terms and conditions of the Notes may have an adverse effect on the value of such Notes.

If the Calculation Agent determines that an Adjustment Event occurs in respect of a currency exchange rates (being (a) the occurrence at any time of a change in law affecting any underlying hedging position in relation to the Notes or materially increasing the relevant Issuer's costs in relation to performing its obligations in respect of the Notes, a Hedging Disruption or an Increased Cost of Hedging or (b) a relevant country has lawfully converted or exchanged its currency for a successor currency), then the Calculation Agent shall make such adjustment(s) to the terms of the Notes as the Calculation Agent determines necessary to account for the effect of such Adjustment Event including, in the case of an Increased Cost of Hedging, adjustments to pass onto Noteholders any such Increased Cost of Hedging (including, but not limited to, reducing any amounts payable or deliverable in respect of the Notes to reflect any such increased costs). Any such adjustment(s) or substitution may have an adverse effect on the value of such Notes and, if the Calculation Agent determines that no adjustment(s) can reasonably so be made, such Adjustment Event shall be an Early Redemption Event.

If an Early Redemption Event occurs (being circumstances where the Calculation Agent determines that no adjustment(s) can reasonably be made following an Adjustment Event), the Notes will be redeemed as more fully set out in the terms and conditions of the relevant Notes. If the Notes are redeemed early, the relevant Issuer will pay to each Noteholder in respect of each Calculation Amount held by such holder an amount equal to the fair market value of such Calculation Amount less the cost to the relevant Issuer and/or its affiliates of unwinding any underlying and/or related hedging and funding arrangements, as determined by the Calculation Agent or such other amount as is specified in the applicable Final Terms. There is no guarantee that the amount repaid to investors will be equal to or higher than the investor's initial investment in the relevant Notes and such amount may be substantially less than the investor's initial investment.

Investors in Notes relating to currency exchange rates should read "*Underlying Schedule 9 – FX Rate Conditions*" starting at page 256 of this Base Prospectus and the applicable Final Terms in order to fully understand the provisions relating to such Notes.

### *Settlement Disruption*

If, in the opinion of the Calculation Agent, payment of any amount due in respect of the Notes cannot be made by it in the Specified Currency on any date on which payment is scheduled to be made under the Notes due to the occurrence of a Currency Settlement Disruption Event (being the imposition of restrictions on the transferability, purchase and holding of the Specified Currency or its non-acceptance by a clearing system or its disuse), then the relevant Issuer shall be entitled to satisfy its obligations to the Holders by either (i) delaying any such payment until after the Currency Settlement Disruption Event ceases to exist or (ii) making such payment in United States dollars on, or as soon as reasonably practicable after, the relevant payment date. Any such delayed payment or payment in United States dollars will not constitute a default and Holders shall not be entitled to further interest or any other payment in respect of such delay.

Investors in Notes relating to currency exchange rates should read "*Underlying Schedule 9 – FX Rate Conditions*" starting at page 256 of this Base Prospectus and the applicable Final Terms in order to fully understand the provisions relating to such Notes.

### **Certain considerations associated with Notes relating to warrants**

Investors in Notes relating to warrants should be familiar with investments in global capital markets and with warrants generally. Before purchasing Notes, investors should carefully consider, among other matters, the value and price volatility of warrants by reference to which amounts payable or deliverable under the relevant Notes are calculated.

Notes will give rise to obligations of the relevant Issuer and will not give rise to any obligations of the issuer of any warrant. No offer is made by the issuer of any warrant and no offer is made of other securities or other assets into which the warrants may be convertible.

No issuer of such warrants will have participated in the preparation of the applicable Final Terms or in establishing the terms of the Notes and none of Citigroup Inc., CFI, CGMFL and any Dealer will make any investigation or enquiry in connection with the offering of the Notes with respect to the information concerning any such issuer of warrants or the assets, indices or other item(s) to which the warrants relate contained in such Final Terms or in the documents from which such information was extracted. Consequently, there can be no assurance that all events occurring prior to the relevant issue date (including events that would affect the accuracy or completeness of the publicly available documents described in this paragraph or in any applicable Final Terms) that would affect the trading price of the warrants will have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning such an issuer of warrants or such assets, indices or other item(s) could affect the trading price of the warrants and therefore the trading price of the relevant Notes.

Except as provided in the applicable Final Terms in relation to Physical Delivery Notes, Noteholders will not have rights to receive distributions or any other rights with respect to the relevant warrants to which such Notes relate notwithstanding that, if so specified in the applicable Final Terms, Noteholders may be entitled to receive payments calculated by reference to the amount of distributions or other payments that would be received by a holder of the relevant warrants. The return on such Notes may thus not reflect any distributions which would be paid to investors that have made a direct investment in the relevant warrants. Consequently, the return on Notes linked to warrants may be less than the return from a direct investment in the relevant warrants.

The risks of a Note relating to warrants will depend on the terms of that Note and payments in respect of a Note relating to warrants will depend upon the value of the relevant warrants which will be dependent on the reference item or items underlying such warrant. Such risks may include, but are not limited to, the possibility of significant changes in the price(s) of the warrants. The value of warrants may go down as well as up and the value of any warrant on any date may not reflect its performance in any prior period. There can be no assurance as to the future value of any warrant or of the continued existence of any warrant or the



issuer of the warrants or the creditworthiness of the warrant issuer. Accordingly, before making an investment decision with respect to Notes, prospective investors should carefully consider whether an investment, the return on which will depend on the performance of warrants, is suitable for them.

In considering whether to purchase Notes relating to warrants, each investor should be aware that the calculation of amounts payable on such Notes may involve reference to the performance of one or more warrants over a period of time and to warrants, the issuer(s) of which are incorporated outside the United States and the European Economic Area.

Payments in respect of the relevant warrants will be determined by reference to one or more indices, shares, depositary receipts, mutual fund interests, currencies, commodities, gilts or other reference items specified in the terms of the relevant warrants. In considering whether to purchase the Notes, each investor should review carefully the terms of the warrants and understand fully such reference item or items and how amounts payable in respect of the warrants are determined.

#### *Early Redemption in relation to Notes linked to warrants*

If an Early Redemption Event occurs (being the cancellation or termination of a relevant warrant for any reason other than by reason of its scheduled exercise), the Notes will be redeemed as more fully set out in the terms and conditions of the relevant Notes. If the Notes are redeemed early, the relevant Issuer will pay to each Noteholder in respect of each Calculation Amount held by such holder an amount determined as set out in the applicable Final Terms. There is no guarantee that the amount repaid to investors will be equal to or higher than the investor's initial investment in the relevant Notes and such amount may be substantially less than the investor's initial investment.

Investors in Notes relating to warrants should read "*Underlying Schedule 10 – Warrant Conditions*" starting at page 261 of this Base Prospectus and the applicable Final Terms in order to fully understand the provisions relating to such Notes.

#### **Certain considerations associated with Notes relating to Citi proprietary indices**

Investors in Notes relating to Citi proprietary indices should be familiar with investments in global capital markets and with indices generally. The level of a Citi proprietary index is generally based on the value of the components of that index, which may be securities, commodities, indices or other types of assets or any combination thereof, as described in the relevant index conditions and/or methodology and, as such, investors in Notes relating to Citi proprietary indices should also read the sub-sections set out in this risk factors section which relate to Notes linked directly to such components. Investors should understand that global economic, financial and political developments, among other things, may have a material effect on the value of the components of a Citi proprietary index and/or the performance of a Citi proprietary index.

The risks of a particular Note linked to a Citi proprietary index will depend on the terms of that Note and the index conditions and/or methodology. Such risks may include, but are not limited to, the possibility of significant changes in:

- the prices of the components of the relevant Citi proprietary index or indices (**component securities**) and the weighting of each component within the relevant Citi proprietary index;
- other objective prices; and
- economic or other measures making up the relevant Citi proprietary index or indices.

Market volatility reflects the degree of instability and expected instability of the performance of a Citi proprietary index and its component. The level of market volatility is largely determined by the prices for financial instruments supposed to protect investors against such market volatility. The prices of these

instruments are determined by forces of supply and demand in the options and derivative markets generally. These forces are, themselves, affected by factors such as actual market volatility, expected volatility, economic factors and speculation. In recent years, currency exchange rates and prices for components have been highly volatile. Such volatility may be expected in the future. Fluctuations in the rates or prices that have occurred in the past are not necessarily indicative, however, of fluctuations that may occur during the term of any Note relating to Citi proprietary indices. Investors should also note that the strategy that Citi proprietary indices are developed to reflect may not be successful and other strategies using the same components may perform better than the relevant Citi proprietary index. Investors should review the applicable index conditions to determine the strategy that the relevant Citi proprietary index has been developed to reflect.

In considering whether to purchase Notes relating to Citi proprietary indices, each investor should be aware that the calculation of amounts payable on Notes relating to Citi proprietary indices involve reference to an index or indices determined by an affiliate of the relevant Issuer and/or the CFI Guarantor, the level of which may not be widely published or available.

A Citi proprietary index will reflect the performance of notional investment positions in its components. There will be no actual portfolio of assets in respect of such Citi proprietary index to which any person is entitled or in which any person has any ownership interest and no Citi proprietary index creates any obligation of any person connected with any component. A Citi proprietary index merely identifies certain hypothetical investment positions, the performance of which will be used as a reference point for the purpose of calculating the level of the relevant Citi proprietary index. The result of any actual investment in relevant components may be different from the performance of the Citi proprietary index. In particular, any notional fees or costs deducted in the calculation of the level of the relevant Citi proprietary index and any proportionate amount included in such level of any dividend, distribution or payment in respect of any component may be different from those arising in respect of any actual investment in any constituent or any combination of constituents.

*Disruption of a component of a Citi proprietary index and determination of the level of such Citi proprietary index*

The conditions and/or methodology of a Citi proprietary index will set out the frequency of publication of the level of the relevant Citi proprietary index. In the event that the level of any component included in a Citi proprietary index is not available for any reason, the index calculation agent of the Citi proprietary index may calculate the level of such Citi proprietary index for the relevant day by taking a value for the affected component from a different day or may delay the calculation of the level of the relevant Citi proprietary index. Investors should review the conditions and/or methodology of the relevant index to determine how the level of such Citi proprietary index is calculated.

If "Component Valuation" is specified as applicable in the applicable Final Terms and the level of a Citi proprietary index has been published for a particular day, if such day is not a day on which valuations of a component are scheduled to be observed or is a disrupted day for a component of such Citi proprietary index (each, howsoever defined in the conditions and/or methodology of the relevant Citi proprietary index), then any level of such Citi proprietary index calculated and published by the relevant index calculation agent for such day may be disregarded by the Calculation Agent and the Calculation Agent may itself calculate the level of such Citi proprietary index for such day in accordance with the then-current methodology of such Citi proprietary index but may do so by reference to the price, level or value of the components of such Citi proprietary index determined on subsequent days. This may result in a level of the index for such day being calculated by the Calculation Agent which is different to the published level of the index and may have an adverse effect on the value of the Notes.

*Disrupted Days, Adjustment Events and Early Redemption in relation to Notes linked to Citi proprietary indices*

As the terms and conditions of Notes relating to proprietary indices include provisions dealing with the postponement of a Valuation Date due to the occurrence of a Disrupted Day, such postponement or any alternative provisions for valuation provided in the terms and conditions of such Notes may have an adverse effect on the value of such Notes.

If the Calculation Agent determines that an Adjustment Event occurs in respect of any Citi proprietary index (being (a) the occurrence at any time of a change in law affecting any underlying hedging position in relation to the Notes or materially increasing the relevant Issuer's costs in relation to performing its obligations in respect of the Notes, a Hedging Disruption or an Increased Cost of Hedging, (b) any Additional Disruption Event specified in the applicable Final Terms, (c) the substitution of a Citi proprietary index with a substitute index due to the originally designated Citi proprietary index being either (i) not calculated and announced by or on behalf of the relevant index sponsor but instead being calculated and announced by or on behalf of a successor to the relevant index sponsor acceptable to the Calculation Agent or (ii) replaced by a successor index or (d) the imposition of, change in or removal of any tax relating to any component of such Citi proprietary index or other asset relating to such component (if specified as applicable in the applicable Final Terms), then the Calculation Agent shall make such adjustment(s) to the terms of the Notes as the Calculation Agent determines necessary to account for the effect of such Adjustment Event or the Calculation Agent may replace the proprietary index the subject of the Adjustment Event with a new proprietary index using, in the determination of the Calculation Agent, the same or a substantially similar formula and method of calculation as used in the calculation of the level of such proprietary index or proprietary index selected by reference to such other criteria as specified in the applicable Final Terms. Any such adjustment may include, in the case of an Increased Cost of Hedging, adjustments to pass onto Noteholders any such Increased Cost of Hedging (including, but not limited to, reducing any amounts payable or deliverable in respect of the Notes to reflect any such increased costs). Any such adjustments may have an adverse effect on the value of such Notes and, if the Calculation Agent determines that no adjustment can reasonably so be made, such Adjustment Event shall be an Early Redemption Event.

If a Proprietary Index Adjustment Event occurs (being, in respect of a Citi proprietary index, the relevant index sponsor announcing that it will make a material change to a relevant Citi proprietary index, the index sponsor permanently cancelling the index and no successor index existing or the index sponsor or any other person or entity on its behalf failing to calculate and announce the relevant Citi proprietary index), then the Calculation Agent may determine whether such Proprietary Index Adjustment Event has a material effect on the relevant Notes and, if so, shall either (A) calculate the relevant level of such Citi proprietary index in accordance with the formula for and method of calculating the relevant Citi proprietary index last in effect prior to the applicable change, cancellation or failure or (B) substitute the affected Citi proprietary index with a replacement index using, in the determination of the Calculation Agent, the same or a substantially similar formula and method of calculation as used in the calculation of the level of such proprietary index or a replacement index, selected in accordance with other criteria as specified in the applicable Final Terms and determine any adjustment necessary to account for such substitution. Any such calculation, substitution and/or adjustment may have an adverse effect on the value of such Notes and, if the Calculation Agent determines that no calculation or substitution can reasonably so be made, such Adjustment Event shall be an Early Redemption Event.

If an Early Redemption Event occurs (being circumstances in which the Calculation Agent determines that no adjustment or substitution can reasonably be made following an Adjustment Event or no calculation or substitution can reasonably be made following a Proprietary Index Adjustment Event), the Notes will be redeemed as more fully set out in the terms and conditions of the relevant Notes. If the Notes are redeemed early, the relevant Issuer will pay to each Noteholder in respect of each Calculation Amount held by such holder an amount equal to the fair market value of such Calculation Amount less the cost to the relevant Issuer and/or its affiliates of unwinding any underlying and/or related hedging and funding arrangements, as determined by the Calculation Agent or such other amount as is specified in the applicable Final Terms.

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

Investors in Notes relating to Citi proprietary indices should read "*Underlying Schedule 11 – Proprietary Index Conditions*" starting at page 263 of this Base Prospectus and the applicable Final Terms in order to fully understand the provisions relating to such Notes.

### **Certain considerations associated with Notes relating to dividend futures contracts**

Investors in Notes relating to dividend futures contracts should be familiar with investments in global capital markets and with equity index dividends derivatives generally. The value of a dividend futures contract will generally track the dividends paid by the companies (each a **Relevant Company**) comprised in the equity index (the **Relevant Index**) relating to the relevant dividend futures contract from time to time during one calendar year. Investors should understand that global economic, financial and political developments, among other things, may have a material effect on the performance of such Relevant Companies and therefore on the value of the dividends paid by such Relevant Companies and the value of the relevant dividend futures contract. Before purchasing Notes relating to dividend futures contracts, investors should carefully consider, among other matters, the value and price volatility of dividend futures contracts and the performance of the Relevant Companies comprised in the Relevant Index by reference to which amounts payable under the relevant Notes are calculated.

Notes relating to dividend futures contracts will give rise to obligations of the relevant Issuer and will not give rise to any obligations under the relevant dividend futures contract or any obligations of any Relevant Company. No offer is made by the sponsor of the relevant dividend futures contract or any Relevant Company. No sponsor of the relevant dividend futures contract will have participated in the preparation of the applicable Final Terms or in establishing the terms of the Notes.

Not all types of dividends paid by a Relevant Company may be relevant for the purpose of determining the price of a dividend futures contract (for example, in general, ordinary dividends declared by a Relevant Company (paid in cash or shares) are considered as realised dividends, which, if so provided in the contract specifications for the relevant dividend futures contract, are relevant for the purpose of determining the price of dividend futures contracts, whereas special or extraordinary dividends are not generally considered as realised dividends and therefore, if so provided in the contract specifications for the relevant dividend futures contract will not be relevant for the purpose of determining the price of such dividend futures contract). Further, the Relevant Companies may change from time to time in accordance with the rules of the Relevant Index and such a change in Relevant Companies may have an adverse effect on the price of the dividend futures contract and amounts payable in respect of the Notes. Investors should refer to the contract specifications for the dividend futures contract and the index rules relating to the Relevant Index for details regarding the calculation methodologies (including which dividends will be included in the calculation of the dividend futures contract) and adjustments which may be made thereto (including to the Relevant Companies to be included in the Relevant Index). Investors should note that the performance of similar dividend futures contracts in respect of prior contract periods will not necessarily be indicative of the performance of the relevant dividend futures contract to which the Notes relate.

The market value of the Notes may, at any time, be affected by certain factors relating to dividend futures contracts which may include, but are not limited to, the possibility of significant changes in:

- the Relevant Companies comprised in the Relevant Index and expectations relating to the dividends to be announced in relation thereto;
- market interest and yield rates;
- the time remaining to the final settlement date of the relevant dividend futures contract; and

- economic, political and macro-economic factors.

Investors should understand that the value of the dividends paid by the Relevant Companies may be influenced by many factors, including the earnings and dividend policy of each such Relevant Company, changes in applicable laws and regulations, global economic, financial and political developments and structural supply and demand factors. Relevant Companies may pay reduced dividends or no dividends in respect of the relevant contract period. The amount of dividends paid by Relevant Companies in respect of similar periods may bear no relation to dividends paid during the relevant contract period. Any such changes may have an adverse effect on the amount of relevant dividends paid by Relevant Companies and, in turn, the price of the relevant dividend futures contract and amounts payable in respect of the Notes.

*Adjustments to Valuation Dates, Adjustment Events and Early Redemption in relation to Notes linked to dividend futures contracts*

As the terms and conditions of Notes relating to dividend futures contracts may include provisions dealing with (x) the postponement of a Valuation Date due to the occurrence of a Disrupted Day or (y) the variation of a Valuation Date following the announcement by the relevant dividend futures contract sponsor that the expiry date of a dividend futures contract will occur on an alternative date to that originally contemplated, such postponement, variation or any alternative provisions for valuation provided in the terms and conditions of such Notes may have an adverse effect on the value of such Notes.

If the Calculation Agent determines that an Adjustment Event occurs in respect of any dividend futures contract (being (a) the occurrence at any time of a change in law affecting any underlying hedging position in relation to the Notes or materially increasing the relevant Issuer's costs in relation to performing its obligations in respect of the Notes, a Hedging Disruption or an Increased Cost of Hedging; (b) such dividend futures contract (i) not being calculated and announced by or on behalf of the relevant dividend futures contract sponsor but instead being calculated and announced by or on behalf of a successor to the relevant dividend futures contract sponsor or (ii) being replaced by a successor dividend futures contract; or (c) any Additional Disruption Event specified in the applicable Final Terms), then the Calculation Agent shall make such adjustment(s) to the terms of the Notes as the Calculation Agent determines necessary to account for the effect of such Adjustment Event including, in the case of an Increased Cost of Hedging, adjustments to pass onto Noteholders any such Increased Cost of Hedging (including, but not limited to, reducing any amounts payable or deliverable in respect of the Notes to reflect any such increased costs). Any such adjustments may have an adverse effect on the value of the Notes and, if the Calculation Agent determines that no adjustment can reasonably so be made, such Adjustment Event shall be an Early Redemption Event.

If a Dividend Futures Contract Adjustment Event occurs (being, in respect of a dividend futures contract, (i) the relevant exchange and/or dividend futures contract sponsor, as the case may be, announcing that it will make a material change or modification to a relevant dividend futures contract, (ii) the relevant exchange and/or the dividend futures contract sponsor, as the case may be, permanently cancelling or discontinuing the dividend futures contract or there otherwise being a permanent discontinuation in trading or trading never commencing in such dividend futures contract and no successor dividend futures contract existing, or (iii) any "final settlement price" not being displayed or published on the relevant electronic page or by the exchange at the relevant valuation time), then the Calculation Agent may determine whether such Dividend Futures Contract Adjustment Event has a material effect on the Notes and, if so, shall either (A) calculate the "final settlement price" of such dividend futures contract by calculating the value of the relevant dividends for the applicable contract period for such dividend futures contract by reference to the formula for and the method of calculation last in effect of any related dividend point index or such other sources as it deems appropriate and/or (B) make such adjustments to the terms of the Notes as it determines necessary or appropriate to account for the effect of the relevant Dividend Futures Contract Adjustment Event and/or (C) in the case of (iii) above only, substitute such dividend futures contract with a replacement dividend futures contract and determine any adjustment necessary to account for such substitution. Any such calculation, substitution and/or adjustment may have an adverse effect on the value of the Notes and, if the Calculation

Agent determines that no calculation, adjustment or substitution can reasonably so be made, such Dividend Futures Contract Adjustment Event shall be an Early Redemption Event.

If an Early Redemption Event occurs (being circumstances in which the Calculation Agent determines that no adjustment or substitution can reasonably be made following an Adjustment Event or no calculation, substitution or adjustment can reasonably be made following a Dividend Futures Contract Adjustment Event), the Notes will be redeemed as more fully set out in the terms and conditions of the Notes. If the Notes are redeemed early, the relevant Issuer will pay to each Noteholder in respect of each Note an amount equal to the fair market value of such Note less the cost to the relevant Issuer and/or its affiliates of unwinding any underlying and/or related hedging and funding arrangements, as determined by the Calculation Agent or such other amount as is specified in the applicable Final Terms. There is no guarantee that the amount repaid to investors will be equal to or higher than the investor's initial investment in the Notes and such amount may be substantially less than the investor's initial investment.

Investors in Notes relating to dividend futures contracts should read "*Underlying Schedule 12 – Dividend Futures Contract Conditions*" starting at page 268 of the Base Prospectus and the applicable Final Terms in order to fully understand the provisions relating to such Notes.

### **Mandatory early redemption of Notes**

If "Mandatory Early Redemption Provisions" are specified as applicable in the applicable Final Terms relating to an issue of Notes, then such Final Terms will specify what constitutes a "Mandatory Early Redemption Event" and, following the occurrence of a Mandatory Early Redemption Event, the Notes will be redeemed on the relevant Mandatory Early Redemption Date and the relevant Mandatory Early Redemption Amount specified in the applicable Final Terms will become payable and no further amount shall be payable in respect of such Notes. In this case, investors are subject to a reinvestment risk, as they may not be able to replace their investment in such Notes with an investment that has a similar profile of chances and risks as the relevant Notes.

If any Notes are redeemed early in accordance with the above, the amount received by the relevant holders will be limited to the Mandatory Early Redemption Amount irrespective of the price of the relevant Underlying(s) or any other reference factor(s) applicable to such Underlying(s). Furthermore, investors will not benefit from any movement in the price of relevant Underlying(s) that may occur during the period between the relevant date of early redemption and the maturity date.

### **Settlement disruption event and failure to deliver**

In the case of Physical Delivery Notes, if a Settlement Disruption Event occurs or exists on any date specified for the delivery of the relevant Entitlement, redemption will be postponed until the next Settlement Business Day in respect of which there is no Settlement Disruption Event. The relevant Intermediary in these circumstances may select to deliver the relevant Entitlement using such other commercially reasonable manner as it may select or it may pay the Disruption Cash Redemption Amount *in lieu* of delivering the Entitlement.

If, in relation to Physical Delivery Notes, "Failure to Deliver due to Illiquidity" is specified as applying in the applicable Final Terms and it is impossible or impracticable, in the opinion of the Intermediary, to deliver, when due, some or all of the Relevant Assets where such failure to deliver is due to illiquidity in the market for such Relevant Assets or Substitute Assets, the relevant Intermediary has the right to pay the Failure to Deliver Redemption Amount *in lieu* of delivering some or all of such Relevant Assets which are affected by such illiquidity.

If "Aggregation of Entitlements" is specified as applicable in the applicable Final Terms, Physical Delivery Notes which are held by the same Noteholder will be aggregated for the purpose of determining the aggregate Entitlements in respect of such Notes and such aggregate Entitlements will be rounded down to the

nearest Tradeable Amount of the Relevant Asset(s), in such manner as the relevant Intermediary shall determine. If "Aggregation of Entitlements" is not specified as applicable in the applicable Final Terms, the Entitlement in respect of each Calculation Amount will be rounded down to the nearest whole multiple of the Tradeable Amount of the Relevant Asset(s) in such manner as the relevant Intermediary shall determine. Amounts of the Relevant Asset less than the Tradeable Amount shall not be delivered and no cash or other adjustment will be made in respect thereof unless "Cash Adjustment" is specified as applying in the applicable Final Terms, in which case, the relevant Intermediary shall pay to the relevant Noteholder a cash amount equal to the value of any such lesser amount.

### **Realisation Disruption**

If "Realisation Disruption" is specified as applicable in the applicable Final Terms and a Realisation Disruption Event occurs (being, in summary, either (i) an event which imposes restrictions or taxes, charges or deductions in respect of the Notes and/or on hedging arrangements in respect of the Notes which would materially restrict, or materially increase the cost of, the relevant Issuer's obligations under the Notes or materially restrict, or materially increase the cost of, any Hedging Party's obligations under any such hedging arrangements or (ii) the occurrence or existence of any event which either materially restricts the exchange, delivery or transfer of the currency of payment of the Notes or of any hedging arrangements in respect of the Notes or restricts the determination of any exchange rate in relation to any such currency), then either (a) the terms of the Notes (including any payment or delivery obligations) may be adjusted in order to reflect the economic effect of the particular Realisation Disruption Event or (b) the relevant Issuer may redeem the Notes.

Investors should note that any such adjustments by the Calculation Agent may include (but are not limited to): (i) payments under the Notes being made in a different currency to the previously specified payment currency of the Notes; (ii) deduction of applicable taxes, charges or deductions from payments due in respect of the Notes resulting in reduced amounts paid in respect of the Notes or delivery of any Entitlement being subject to payment by the relevant Noteholder of an amount equal to a pro rata portion of any such tax, charge or deduction; (iii) delay of payments or deliveries in respect of the Notes until the relevant restrictions are lifted; (iv) determination of relevant exchange rates by the Calculation Agent taking into consideration all available information that it deems relevant, which may result in a different rate to that which would have applied had the Realisation Disruption Event not occurred and (v) (where legally permissible) in lieu of paying any cash amounts in respect of the Notes, procuring the physical delivery of any Underlying(s) (or vice versa). All the above could produce a materially different redemption to that originally anticipated in respect of the Notes.

If the Notes are redeemed early pursuant to (b) of the first paragraph above, the relevant Issuer will pay to each Noteholder in respect of each Calculation Amount held by such holder an amount equal to the fair market value of such Calculation Amount less the cost to the relevant Issuer and/or its affiliates of unwinding any underlying related hedging arrangements, as determined by the Calculation Agent or such other amount as is specified in the applicable Final Terms. There is no guarantee that the amount repaid to investors will be equal to or higher than the investor's initial investment in the relevant Notes and such amount may be substantially less than the investor's initial investment.

### **Certain considerations regarding hedging**

Prospective purchasers intending to purchase Notes to hedge against the market risk associated with investing in the particular Underlying(s) should recognise the complexities of utilising Notes in this manner. For example, the value of the relevant Notes may not exactly correlate with the value of the relevant Underlying(s). Due to fluctuating supply and demand for Notes, there is no assurance that their value will correlate with movements of the Underlying(s). For these reasons, among others, it may not be possible to purchase or liquidate securities in a portfolio at the prices used to calculate the value of any relevant index, share or basket.

## **Leveraging Risk**

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

## **Variation of settlement**

If the applicable Final Terms in respect of any Notes indicate that the relevant Issuer has an option to vary settlement in respect of such Notes, the relevant Issuer may elect not to pay the relevant Noteholders the relevant Redemption Amount or to deliver or procure delivery of the relevant Entitlement, as the case may be, but, in lieu thereof to deliver or procure delivery of the relevant Entitlement or make payment of the Redemption Amount on the Maturity Date to the relevant Noteholders, as the case may be.

## **Issuer's option to substitute assets or to pay the alternate cash redemption amount**

If the Notes are Physical Delivery Notes, the relevant Intermediary may, if such Intermediary determines that the Relevant Asset or Relevant Assets, as the case may be, comprises shares which are not freely tradeable, elect either (i) to substitute a Substitute Asset or Substitute Assets, as the case may be, for the Relevant Asset or Relevant Assets, or (ii) not to deliver or procure the delivery of the relevant Entitlement or the relevant Substitute Asset or Substitute Assets, as the case may be, to the relevant Noteholders, but in lieu thereof to make payment to the relevant Noteholders on the maturity date of the Alternate Cash Redemption Amount.

## **Expenses**

All Expenses arising from the delivery of the Entitlement in respect of Physical Delivery Notes shall be for the account of the relevant Noteholder.

Expenses in respect of Physical Delivery Notes shall be deducted by the relevant Intermediary from any cash amount owing to such Noteholder and paid by the relevant Intermediary on behalf of the Noteholder or paid by the relevant Intermediary on behalf of such Noteholder by converting such amount of the Relevant Asset(s) due to be delivered as necessary to pay the Expenses, as specified by the Noteholder in the relevant Asset Transfer Notice. If any Expenses are not so paid, the relevant Noteholder shall be deemed to authorise the relevant Intermediary to convert and the relevant Intermediary may convert such amount of the Relevant Asset(s) into cash sufficient to cover the Expenses in respect of the relevant Note from which the relevant Intermediary shall deduct such Expenses.

## **Illegality in relation to Notes**

If the relevant Issuer determines that the performance of its obligations under an issue of Notes or, where the relevant Issuer is CFI, the CFI Guarantor determines that the performance of its obligations under the Deed of Guarantee in respect of such Notes or that any arrangements made to hedge the relevant Issuer's and/or, where the relevant Issuer is CFI, the CFI Guarantor's obligations under such Notes and/or, where the relevant Issuer is CFI, the Deed of Guarantee, as the case may be, has become illegal in whole or in part for any reason, the relevant Issuer may redeem the Notes early and, if and to the extent permitted by applicable law, will pay to each Noteholder (i) in respect of Underlying Linked Notes in respect of each Calculation Amount held by such holder, an amount equal to the fair market value of each such Calculation Amount notwithstanding such illegality less the cost to the relevant Issuer and/or its affiliates of unwinding any underlying related hedging arrangements or such other amount as is specified in the applicable Final Terms and (ii) in respect of Notes other than Underlying Linked Notes, an amount calculated pursuant to the relevant Condition or as specified in the applicable Final Terms. There is no guarantee that the amount repaid to investors will be equal to or higher than the investor's initial investment in the relevant Notes and such amount may be substantially less than the investor's initial investment.



## **Section 871(m) Event**

It is possible, under regulations recently proposed by the United States Treasury Department, that Section 871(m) of the U.S. Internal Revenue Code of 1986, as amended (**Section 871(m)**) could apply to Notes relating to Underlying(s). While significant aspects of the application of these regulations to the Notes are uncertain, the relevant Issuer or any Paying Agent may be required to withhold (at a rate of 30 per cent., subject to reduction under an applicable income tax treaty) on certain amounts paid with respect to the Notes in the event that any payment on the Notes is treated as contingent upon or determined by reference to a dividend under these rules.

If withholding is required pursuant to Section 871(m), the relevant Issuer will not be required to pay any additional amounts with respect to amounts so withheld and, in circumstances that constitute a "Section 871(m) Event" (being the occurrence at any time of circumstances in which the Issuer and/or where the Issuer is CFI, the CFI Guarantor and/or any Hedging Party is (or, in the determination of the Calculation Agent, there is a reasonable likelihood that, within the next 30 Scheduled Trading Days, the Issuer and/or where the Issuer is CFI, the CFI Guarantor and/or any Hedging Party will become) subject to any withholding or reporting obligations pursuant to Section 871(m) with respect to the relevant Notes and/or any underlying Hedging Positions), an Early Redemption Event shall occur and the relevant Notes will be redeemed as more fully set out in the terms and conditions of such Notes.

If the Notes are so redeemed early, the relevant Issuer will pay to each Noteholder in respect of each Calculation Amount held by such holder an amount equal to the fair market value of such Calculation Amount less the cost to the relevant Issuer and/or its affiliates of unwinding any underlying, related hedging arrangements, or such other amount as is specified in the applicable Final Terms. There is no guarantee that the amount repaid to investors will be equal to or higher than the investor's initial investment in the relevant Notes and such amount may be substantially less than the investor's initial investment.

## **Meetings of Noteholders and Modifications**

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

The Terms and Conditions of the English Law Notes also provide that the relevant Issuer and, where the relevant Issuer is CFI, the CFI Guarantor may make, without the consent of the Noteholders, (i) any modification to the Notes, the Receipts, the Coupons, the Talons, the Fiscal Agency Agreement, the Deed Poll, the Deeds of Covenant, the Registry Services Agreement and/or the Deed of Guarantee which is not prejudicial to the interests of the Noteholders or (ii) any modification to the Notes, the Receipts, the Coupons, the Talons, the Fiscal Agency Agreement, the Deed Poll, the Deeds of Covenant, the Registry Services Agreement and/or the Deed of Guarantee which is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of the law.

## **Substitution**

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

## **Determinations**

The terms of the Notes confer on the Calculation Agent some discretion in making determinations and calculations in relation to, *inter alia*, Underlying(s) and the occurrence of various events. Whilst the Calculation Agent will act in good faith and in its sole and absolute discretion (unless otherwise specified in the applicable Final Terms), there can be no assurance that the exercise of any such discretion will not affect the value of the Notes or the occurrence of an early repayment.

## **Change of law**

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

## **Notes subject to optional redemption by the relevant Issuer**

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

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

Investors should note, *inter alia*, the circumstances, in Condition 5 of Terms and Conditions of the Notes other than French Law Notes and Condition 4 of the French Law Notes when the relevant Issuer is entitled to redeem the relevant Notes and also any other circumstances set out in the applicable Final Terms.

## **Partly-paid Notes**

The relevant Issuer may issue Notes, except for within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S or in regulations adopted under the CEA), where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of his investment.

## **Notes with a multiplier or other leverage factor can be volatile investments and Noteholders may not receive returns that directly correlate to the performance of the relevant Underlying(s)**

Notes with variable interest rates and/or redemption amounts can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features, their market values may be even more volatile than those for securities that do not include those features.

Furthermore, the amounts payable under such Notes may not directly correlate to the rise and/or fall in price or level of an Underlying. For example, Notes may provide that any positive performance of any Underlying is subject to:

- (a) a percentage participation factor that is less than 100 per cent. of a price or level of such Underlying;
- (b) a cap or maximum amount; and/or
- (c) a negative spread or percentage deduction to a relevant price or level of such Underlying,

which, in each case, would mean that the positive performance (if any) of such Underlying is not fully accounted for in any relevant payment(s) made under the Notes.

### **Inverse Floating Rate Notes**

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

### **Fixed Rate Notes**

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

### **Fixed/Floating Rate Notes**

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate or from a floating rate to a fixed rate. Where the relevant Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes, since the relevant Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the relevant Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other floating rate Notes issued by the relevant Issuer. If the relevant Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than the prevailing rates on its other fixed rate Notes.

### **Risks in investing in the form of certificateless depository interests in CREST**

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

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

The rights of the CDI Holders will be governed by the arrangements between CREST, Euroclear, Clearstream, Luxembourg and the relevant Issuer, including the CREST Deed Poll. Potential investors should note that the provisions of the CREST Deed Poll, the CREST Manual and the CREST Rules contain indemnities, warranties, representations and undertakings to be given by CDI Holders and limitations on the liability of the CREST Depository. CDI Holders are bound by such provisions and may incur liabilities resulting from a breach of any such indemnities, warranties, representations and undertakings in excess of

the amounts originally invested by them. As a result, the rights of and returns received by CDI Holders may differ from those of holders of Notes which are not represented by CDIs.

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

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

### ***Risks related to the market generally***

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

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

#### **Certain considerations relating to public offers of Notes**

As described in the applicable Final Terms, Notes may be distributed by means of a public offer made during an offer period specified in the applicable Final Terms. During such offer period, the relevant Issuer and/or any other person specified in the applicable Final Terms may reserve the right to cancel such offer and/or to scale back applications for such offer in the event of over-subscription. In such circumstances, an applicant investor may not be issued any Notes or may be issued a number of Notes which is less than the amount for which such applicant investor applied. Any payments made by an applicant investor or, in the case of public offers in Italy any amount segregated by a distributor as intended payment of the offer price by an applicant investor, for Notes that are not issued to such applicant investor for any such reason will be refunded. However, there will be a time lag in making any reimbursement, no interest will be payable in respect of any such amounts and the applicant investor may be subject to reinvestment risk.

In addition, the relevant Issuer and/or the other entities specified in the applicable Final Terms may terminate the offer early by immediate suspension of the acceptance of further subscription requests and by giving notice to the public in accordance with the applicable Final Terms. Any such termination may occur, even where the maximum amount for subscription in relation to that offer (as specified in the applicable Final Terms), has not been reached and, in such circumstances, the early closing of the offer may have an impact on the aggregate number of Notes issued and, therefore, may have an adverse effect on the liquidity of the relevant Notes.

Further, investors should note that, in certain circumstances, Notes may not be issued on the originally designated issue date, for example because either the relevant Issuer and/or any other person specified in the applicable Final Terms has reserved the right to postpone such issue date or, following the publication of a supplement to this Base Prospectus the relevant Issuer has decided to postpone such issue date to allow investors who had made applications to subscribe for Notes before the date of publication of such Supplement to exercise their right to withdraw their acceptances. In the event that the issue date is so

delayed, no interest shall accrue (if applicable) until the issue date of the Notes and no compensation shall be payable.

### **The secondary market**

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid and an investor may not be able to find a timely and/or suitable counterpart. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market or at prices higher than the relevant investor's initial investment. Investors seeking to liquidate/sell positions in the Notes prior to the stated maturity date may receive substantially less than their original purchase price. Therefore, in establishing their investment strategy, investors should ensure that the term of the Notes is in line with their future liquidity requirements. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes. The liquidity of Notes is also influenced by whether or not the relevant Notes are exclusively offered to retail investors without any offer to institutional investors. To the extent that an issue of Notes is or becomes illiquid, investors may have to hold the relevant Notes until maturity before they are able to realise value.

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

If Notes are not listed or traded on a stock exchange or regulated market, they may be traded on trading systems governed by the laws and regulations in force from time to time (e.g. multilateral trading systems or "MTF") or in other trading systems (e.g. bilateral systems, or equivalent trading systems). In the event that trading in such Notes takes place outside any such stock exchange, regulated market or trading systems, the manner in which the price of such Notes is determined may be less transparent and the liquidity of such Notes may be adversely affected. Investors should note that the relevant Issuer does not grant any warranty to Noteholders as to the methodologies used to determine the price of Notes which are traded outside a trading system, however, where the relevant Issuer or any of its affiliates determines the price of such Notes, it will take into account the market parameters applicable at such time in accordance with applicable provisions of law. Even if Notes are listed and/or admitted to trading, this will not necessarily result in greater liquidity.

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

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

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

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

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

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

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

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

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

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**) from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out above and will be disclosed in the applicable Final Terms. Information relating to the current ratings of Citigroup Inc. and CFI is and any rating (if any) in respect of CGMFL is expected to be available at [www.citigroup.com](http://www.citigroup.com).

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

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

## **United States tax law developments**

The United States Internal Revenue Service (the **IRS**) and United States Treasury Department issued a notice (the **Notice**) that requests public comments on a comprehensive list of tax policy issues raised by certain securities that are not classified as debt for U.S. federal income tax purposes. In particular, the IRS and United States Treasury Department specifically question whether, and to what degree, payments (or deemed accruals) in respect of these securities should be subject to withholding. Accordingly, it is possible that future guidance could be issued as a result of the Notice requiring withholding on payments made to a Non-U.S. Holder on a Note, Receipt, Coupon or Talon.

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

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

### **EU Savings Directive**

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, none of the relevant Issuers, the CFI Guarantor (where the relevant Issuer is CFI), any Paying Agent and any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. As provided in Condition 6(e) of the Terms and Conditions of the Notes other than French Law Notes and Condition 5(c) of the Terms and Conditions of the French Law Notes, each of the relevant Issuers and, where the relevant Issuer is CFI, the CFI Guarantor is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive unless to do so would be unduly onerous, impracticable or no longer market practice.

### **Potential conflicts of interest**

Where the Calculation Agent is an affiliate of the relevant Issuer, potential conflicts of interest may exist between the Calculation Agent and Noteholders, including with respect to certain determinations and judgements that the Calculation Agent may make pursuant to the Notes that may influence the amount receivable or specified assets deliverable in respect of the Notes.

Any of Citigroup Inc., CFI, CGMFL and/or their affiliates may be the sponsor of an Underlying and may publish values or prices in respect of an Underlying. Any of Citigroup Inc., CFI, CGMFL and/or any of their affiliates may also from time to time engage in transactions involving Underlying(s) for their proprietary accounts or for other accounts under their management, subject to requirements of all applicable laws and

regulations. Any of Citigroup Inc., CFI, CGMFL and/or their affiliates may also issue other derivative instruments in respect of any Underlying(s). Any of Citigroup Inc., CFI, CGMFL and/or their affiliates may also act as underwriter in connection with future offerings of shares or other securities related to an issue of Notes or may act as financial adviser to certain companies or companies whose securities are Underlying(s) in respect of one or more issues of Notes or in a commercial banking capacity for such companies. These activities may have a positive or negative effect on the value of the relevant Underlying(s) and consequently upon the value of the Notes.

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

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

Where Notes are offered to the public, as the relevant Dealer(s) and any distributors act pursuant to a mandate granted by the relevant Issuer and they receive fees on the basis of the services performed and the outcome of the placement of such Notes, potential conflicts of interest could arise.

**Post issuance information**

None of the Issuers will provide any post issuance information, except if required by any applicable laws and regulations.



## **RISKS RELATING TO CERTIFICATES**

***SET OUT BELOW ARE RISK FACTORS THAT CITIGROUP INC. AND CFI BELIEVE REPRESENT THE PRINCIPAL RISKS INVOLVED IN INVESTING IN THE CERTIFICATES. INVESTORS MAY LOSE THEIR ENTIRE INVESTMENT OR PART OF IT AS THE CASE MAY BE. NEITHER CITIGROUP INC. NOR CFI REPRESENT THAT THE LIST BELOW IS COMPREHENSIVE. PROSPECTIVE INVESTORS SHOULD READ THIS BASE PROSPECTUS IN ITS ENTIRETY AND FORM THEIR OWN CONCLUSIONS REGARDING INVESTING IN ANY CERTIFICATES. FURTHER RISK FACTORS RELATING TO A SPECIFIC ISSUE OF CERTIFICATES MAY BE SET OUT IN THE APPLICABLE FINAL TERMS.***

***CERTIFICATES MAY ONLY BE ISSUED BY CITIGROUP INC. OR CFI AND REFERENCES BELOW TO THE RELEVANT ISSUER MUST BE CONSIDERED AS REFERENCES TO WHICHEVER OF CITIGROUP INC. OR CFI IS THE RELEVANT ISSUER.***

Prospective investors in Certificates should determine whether an investment in Certificates is appropriate in their particular circumstances and should consult with their legal, business and tax advisers to determine the consequences of an investment in Certificates and to arrive at their own evaluation of the investment. In particular, Citigroup Inc. and CFI recommend that investors take independent tax advice before committing to purchase any Certificates. None of Citigroup Inc. and CFI provides tax advice and therefore responsibility for any tax implications of investing in any Certificates rests entirely with each investor. Investors should note that the tax treatment will differ from jurisdiction to jurisdiction. Investors will assume and be solely responsible for any and all taxes of any jurisdiction or governmental or regulatory authority, including (without limitation) any state or local taxes or other similar assessment or charge that may be applicable to any payment in respect of the Certificates.

An investment in Certificates is only suitable for investors who:

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

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

An investment in Certificates involves risks and should only be made after assessing the direction, timing and magnitude of potential future market changes (e.g. in the value of the reference securities, indices,

commodities, interest rates etc. which comprise or relate to the Underlying), as well as the terms and conditions of the Certificates. More than one risk factor may have simultaneous effects with regard to the Certificates such that the effect of a particular risk factor may not be predictable. In addition, more than one risk factor may have a compounding effect, which may not be predictable. No assurance can be given as to the effect that any combination of risk factors may have on the value of the Certificates.

### ***Option risk***

Certificates are derivative financial instruments which may include an option right and which, therefore, have many characteristics in common with options. Transactions in options involve a high level of risk. An investor who intends to trade in options must first of all understand the functioning of the types of contracts which he intends to trade in (for example, call options and put options). An investment in options constitutes a highly volatile investment and there is a high likelihood that the option may have no value whatsoever at expiration. In such case, the investor would lose the entire amount used to purchase the options (known as the "premium").

An investor who is considering the purchase of a call option over an Underlying, the market price of which is much lower than the price at which the exercise of the option would be opportune (known as "deep out of the money"), must consider that the possibility that the exercise of the option will become profitable is remote. Likewise, an investor who is considering the purchase of a put option over an Underlying, the market price of which is much higher than the price at which the exercise of the option would be opportune, must consider that the possibility that the exercise of the option will become profitable is remote.

The Certificates include some options on Underlying(s). The possible amount paid on exercise or any early termination will depend on the value of such options. Prior to the expiration of a Certificate, a variation in the value of the relevant options may involve a reduction in the value of such Certificate.

### ***Risks related to the structure of a particular issue of Certificates***

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

### **General risks and risks relating to Underlying(s)**

The Certificates involve a high degree of risk, which may include, among others, interest rate, foreign exchange, time value and political risks. Prospective purchasers of Certificates should recognise that their Certificates, other than any Certificates having a minimum expiration value, may expire worthless. Purchasers should be prepared to sustain a total loss of the purchase price of their Certificates, except, if so indicated in the applicable Final Terms, to the extent of any minimum expiration value attributable to such Certificates. This risk reflects the nature of a Certificate as an asset which, other factors held constant, tends to decline in value over time and which may become worthless when it expires (except to the extent of any minimum expiration value). See "*Certain factors affecting the value and trading price of Certificates*" below. Prospective purchasers of Certificates should be experienced with respect to structured products generally and with respect to options and option transactions, should understand the risks of transactions involving the relevant Certificates and should reach an investment decision only after careful consideration, with their advisers, of the suitability of such Certificates in light of their particular financial circumstances, the information set forth herein and the information regarding the relevant Certificates and the particular Underlying(s), as specified in the applicable Final Terms.

The risk of the loss of some or all of the purchase price of a Certificate upon exercise means that, in order to recover and realise a return upon his or her investment, a purchaser of a Certificate must generally be correct about the direction, timing and magnitude of an anticipated change in the value of the relevant Underlying(s). Assuming all other factors are held constant, the more a Certificate is "out-of-the-money"

and the shorter its remaining term to expiration, the greater the risk that purchasers of such Certificates will lose all or part of their investment. With respect to European Style Certificates, the only means through which a Certificateholder can realise value from such a Certificate prior to the Exercise Date in relation to such Certificate is to sell it at its then market price in an available secondary market. See "*The secondary market generally*" below.

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

Fluctuations in the value or the yield (if applicable) or the relevant rates of exchange (if applicable) of the relevant Underlying(s) will affect the value of the relevant Certificates. Purchasers of Certificates risk losing their entire investment if the value of the relevant Underlying(s) does not move in the anticipated direction.

Either Issuer may issue several issues of Certificates relating to particular Underlying(s). However, no assurance can be given that either Issuer will issue any Certificates other than the Certificates to which the applicable Final Terms relate. At any given time, the number of Certificates outstanding may be substantial. Certificates provide opportunities for investment and pose risks to investors as a result of fluctuations in the value of the Underlying(s). In general, certain of the risks associated with Certificates are similar to those generally applicable to other options or warrants of private corporate issuers. Options or warrants on equities are priced primarily on the basis of the value of underlying securities whilst Commodity Linked Certificates and Index Linked Certificates are priced primarily on the basis of present and expected values of the commodity (or basket of commodities) or the index (or basket of indices) specified in the applicable Final Terms.

All Certificates will be unsecured and unsubordinated obligations of the relevant Issuer and all Certificates will rank equally among themselves and with all other unsecured and unsubordinated obligations of the relevant Issuer. Similarly, the obligations of the CFI Guarantor under the Deed of Guarantee will be unsecured and unsubordinated and will rank *pari passu* with all other outstanding unsecured and unsubordinated obligations of the CFI Guarantor. The relevant Issuer's obligations under the Certificates and the CFI Guarantor's obligations under the Deed of Guarantee represent general contractual obligations of each respective entity and of no other person. Only Certificates issued by CFI will be guaranteed by the CFI Guarantor. Certificates issued by Citigroup Inc. will not be guaranteed.

In particular, except as provided in the applicable Final Terms in relation to Physical Delivery Certificates, a Certificate will not represent a claim against any Underlying and, in the event that the amount paid on exercise of the Certificates is less than the purchase price of the Certificates, a Certificateholder will not have recourse under any Certificate to any share, commodity or other asset which may comprise the relevant Underlying(s) in respect of such Certificates. The exposure to the relevant Underlying(s) is notional and an investment in the Certificates is not an investment in the relevant Underlying(s). Although the performance of the relevant Underlying(s) will have an effect on the Certificates, the relevant Underlying(s) and the Certificates are separate obligations of different legal entities. Investors will have no legal or beneficial interest in the relevant Underlying(s). In addition, either or both of Citigroup Inc. and/or CFI and/or any of their affiliates may enter into arrangements to hedge the relevant Issuer's and/or the CFI Guarantor's obligations under the Certificates and/or the Deed of Guarantee but are not required to do so. If they do so, either or both of Citigroup Inc. and/or CFI and/or any such affiliate will have certain rights under such hedging arrangements and may pursue actions and take steps that they deem appropriate to protect their own interests under such hedging arrangements without regard to the consequences for Certificateholders. A Certificateholder will not have recourse to the applicable counterparty under any such hedging arrangements and any such hedging arrangements will not confer any rights or entitlements on any Certificateholders and will constitute separate obligations of Citigroup Inc., CFI and/or any such affiliate.

Investors should note that Certificates may expire worthless or the applicable Final Terms may specify a minimum expiration value payable on expiration of such Certificates. However, if such Certificates are

cancelled or repaid early in accordance with their terms, the amount received by the relevant holders may be less than the initial investment and/or such minimum expiration value. Furthermore, any amount due to be paid or delivered is subject to the credit risk of the relevant Issuer and, where the relevant Issuer is CFI, the CFI Guarantor.

### **Certain factors affecting the value and trading price of Certificates**

The aggregate Cash Settlement Amount(s) to be paid (the **Cash Settlement Value**) (in the case of Cash Settled Certificates) or the value of the Entitlements to be delivered or, if applicable, the aggregate difference in the value of the Entitlements to be delivered and the Exercise Price (either such value, the **Physical Settlement Value**) (in the case of Physical Delivery Certificates) at any time prior to expiration is typically expected to be less than the trading price of such Certificates at that time. The difference between the trading price and the Cash Settlement Value or the Physical Settlement Value, as the case may be, will reflect, among other things, the "time value" of the Certificates. The "time value" of the Certificates will depend partly upon the length of the period remaining to expiration and expectations concerning the value of the Underlying(s). Certificates offer hedging and investment diversification opportunities but also pose some additional risks with regard to interim value. The interim value of Certificates varies as the price or level of the Underlying(s) varies, as well as due to a number of other interrelated factors, including those specified herein.

Before exercising or selling Certificates, Certificateholders should carefully consider, among other things, (i) the trading price of the relevant Certificates, (ii) the value and volatility of the Underlying(s), (iii) the time remaining to expiration, (iv) in the case of Cash Settled Certificates, the probable range of any Cash Settlement Amounts, (v) any change(s) in interim interest rates and dividend yields if applicable, (vi) any change(s) in currency exchange rates, (vii) the depth of the market or liquidity of the Underlying(s) and (viii) any related transaction costs.

The risks associated with a particular Certificate will generally depend on factors over which none of Citigroup Inc. and CFI has any control and which cannot readily be foreseen. These risks include:

- economic events;
- political events; and
- the supply of, and demand for, any relevant Underlying(s).

In recent years, prices for various Underlying(s) have been highly volatile. Such volatility may be expected in the future. Fluctuations in the rates, levels or prices that have occurred in the past are not necessarily indicative, however, of fluctuations that may occur during the term of any Certificate.

In addition, investors should be aware that the value of any relevant Underlying(s) may be determined or published by either or both of Citigroup Inc. and/or CFI and/or an affiliate thereof or determined or published by third parties or entities which are not subject to regulation under the laws of the United States or the European Economic Area.

The risk of loss as a result of linking payments to Underlying(s) can be substantial and such payments may be contingent on the occurrence of certain events which may not occur. Each investor should consult their own financial and legal advisers as to the risks of an investment in Certificates.

### **Risks related to implementation of regulatory reform**

Implementation of recently-enacted U.S. federal financial reform legislation may affect the value of Underlying(s), which may ultimately affect the value, trading price and viability of Certificates. For example, the Dodd-Frank Act would, upon implementation impose limits on the maximum position that

could be held by a single dealer in certain Underlying(s) and may subject certain transactions to new forms of regulation that could create barriers to some types of hedging activity by the relevant Issuer and/or any Hedging Party or any of their respective affiliates. Other provisions of the Dodd-Frank Act could require certain Underlying(s) or hedging transactions to be cleared, traded on a regulated exchange and reported to regulators, central data repositories and, in some cases, the public. The Dodd-Frank Act will also expand entity registration requirements and impose business conduct requirements on persons active in the swaps market (including new capital and margin requirements), which may affect the value of Underlying(s) or value and/or cost of hedging transactions. Such regulation may consequently affect the value, trading price and viability of the Certificates. Implementation of the Dodd-Frank Act and future rulemaking thereunder could potentially limit or completely restrict the ability of the relevant Issuer to hedge its exposure on Certificates, increase the costs of hedging or make hedging strategies less effective, which may then constitute an Additional Disruption Event in respect of certain Certificates.

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

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

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

These risks generally depend on factors over which none of Citigroup Inc. and CFI has any control and which cannot be readily foreseen, such as:

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

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

Governments have imposed from time to time, and may in the future impose, exchange controls that could affect exchange rates as well as the availability of a Settlement Currency at the time of payment in respect of any Certificate. There can be no assurance that exchange controls will not restrict or prohibit payments under the Certificates in any such Settlement Currency.

Even if there are no actual exchange controls, it is possible that a Settlement Currency would not be available to the relevant Issuer and/or, where the relevant Issuer is CFI, the CFI Guarantor when payments in respect of a Certificate are due because of circumstances beyond the control of the relevant Issuer and/or the CFI

Guarantor. Each investor should consult their own financial and legal advisers as to the risks of an investment in Certificates denominated in a currency other than the investor's currency.

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

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

Except as set forth below, if payment on a Certificate is required to be made in a Settlement Currency and that currency is:

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

then, if the Settlement Currency of a Certificate is officially redenominated, other than as a result of Economic and Monetary Union, such as by an official redenomination of any Settlement Currency that is a composite currency, then the payment obligations of the relevant Issuer and/or, where the relevant Issuer is CFI, the CFI Guarantor on such Certificate will be the amount of redenominated currency that represents the amount of the relevant Issuer's and/or, where the relevant Issuer is CFI, the CFI Guarantor's obligations immediately before the redenomination. The Certificates will not provide for any adjustment to any amount payable as a result of:

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

**Certain considerations associated with Index Linked Certificates**

Investors in Index Linked Certificates should be familiar with investments in global capital markets and with indices generally. The level of an index is generally based on the value of the assets comprised in that index although investors should note that the level of an index at any time may not include the reinvestment of the yield on the assets comprised in such index. Investors should understand that global economic, financial and political developments, among other things, may have a material effect on the value of the assets comprising an index and/or the performance of such index.

An investment in Index Linked Certificates may have significant risks that are not associated with an investment in a conventional security such as a debt instrument.

The risks of a particular Index Linked Certificate will depend on the terms of that Index Linked Certificate. Such risks may include, but are not limited to, the possibility of significant changes in:

- the prices of the assets underlying the relevant index or indices (**underlying(s)**);
- other objective prices; and
- economic or other measures making up the relevant index or indices.

Underlying(s) could include:

- one or more securities or securities indices;
- one or more specified foreign currency or currency indices;
- a combination thereof;
- intangibles;
- goods;
- articles;
- commodities; and
- any other financial, economic or other measure or instrument.

Investors should note that dividends paid to holders of underlying(s) will not be paid to the relevant Issuer or to the holders of Certificates. The return on Certificates will thus not reflect any dividends which would be paid to investors that have made a direct investment in underlying(s). Consequently, the return on Certificates may be less than the return from a direct investment in underlying(s).

Market volatility reflects the degree of instability and expected instability of the performance of an index and the assets comprised in such index. The level of market volatility is largely determined by the prices for financial instruments supposed to protect investors against such market volatility. The prices of these instruments are determined by forces of supply and demand in the options and derivative markets generally. These forces are, themselves, affected by factors such as actual market volatility, expected volatility, economic factors and speculation. In recent years, currency exchange rates and prices for various underlying(s) have been highly volatile. Such volatility may be expected in the future. Fluctuations in the rates or prices that have occurred in the past are not necessarily indicative, however, of fluctuations that may occur during the term of any Index Linked Certificate.

In considering whether to purchase Index Linked Certificates, each investor should be aware that the calculation of amounts payable on Index Linked Certificates may involve reference to:

- an index determined by an affiliate of the relevant Issuer and/or the CFI Guarantor; or
- prices that are published solely by third parties or entities which are not regulated by the laws of the United States, the European Economic Area or the jurisdiction of the particular investor.

#### **Certain considerations associated with Share Linked Certificates**

Investors in Certificates relating to shares should be familiar with investments in global capital markets and with shares generally. Before purchasing Certificates, investors should carefully consider, among other matters, the value and price volatility of shares by reference to which amounts payable or deliverable under the relevant Certificates are calculated.

Certificates will give rise to obligations of the relevant Issuer and will not give rise to any obligations of any share company. No offer is made by any share company and no offer is made of other securities supported by or convertible into shares or other securities of any share company.

No issuer of such shares will have participated in the preparation of the applicable Final Terms or in establishing the terms of the Certificates and none of Citigroup Inc., CFI and any Dealer will make any investigation or enquiry in connection with such offering with respect to the information concerning any

such issuer of shares contained in such Final Terms or in the documents from which such information was extracted. Consequently, there can be no assurance that all events occurring prior to the relevant issue date (including events that would affect the accuracy or completeness of the publicly available documents described in this paragraph or in any applicable Final Terms) that would affect the trading price of the shares will have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning such an issuer of shares could affect the trading price of the shares and therefore the trading price of the relevant Certificates.

Except as provided in the applicable Final Terms in relation to Physical Delivery Certificates, Certificateholders will not have voting rights or rights to receive dividends or distributions or any other rights with respect to the relevant shares to which such Certificates relate notwithstanding that, if so specified in the applicable Final Terms, Certificateholders may be entitled to receive payments calculated by reference to the amount of dividends, distributions or other payments that would be received by a holder of the relevant shares. The return on such Certificates may thus not reflect any dividends or other distributions which would be paid to investors that have made a direct investment in shares. Consequently, the return on Certificates linked to shares may be less than the return from a direct investment in the relevant shares.

An investment in Share Linked Certificates may have significant risks that are not associated with a similar investment in a conventional security such as a debt instrument.

The risks of a Share Linked Certificate will depend on the terms of that Certificate. Such risks may include, but are not limited to, the possibility of significant changes in the price(s) of the underlying share or shares. The value of shares may go down as well as up and the value of any share on any date may not reflect its performance in any prior period. There can be no assurance as to the future value of any share or of the continued existence of any share or share company. In addition, in certain circumstances it may not be possible or practicable for the Calculation Agent to determine the value of the relevant shares – see "*Disrupted Days, Market Disruption Events and Adjustments and Mandatory Early Repayment in relation to Index Linked Certificates and Share Linked Certificates*" below. Accordingly, before making an investment decision with respect to Certificates, prospective investors should carefully consider whether an investment, the return on which will depend on the performance of shares, is suitable for them.

In considering whether to purchase Share Linked Certificates, each investor should be aware that the calculation of amounts payable on such Certificates may involve reference to the performance of one or more shares over a period of time and to shares, the issuer(s) of which are incorporated outside the United States and the European Economic Area.

### **Disrupted Days, Market Disruption Events, Adjustments and Mandatory Early Repayment in relation to Index Linked Certificates and Share Linked Certificates**

In the case of Certificates relating to shares or indices, if the terms and conditions of such Certificates include provisions dealing with the postponement of an Averaging Date, Observation Date or a Valuation Date due to the occurrence of a Disrupted Day, such postponement or any alternative provisions for valuation provided in the terms and conditions of such Certificates may have an adverse effect on the value of such Certificates.

In the case of Certificates relating to indices, if an Index Adjustment Event occurs, the Calculation Agent may determine whether such Index Adjustment Event has a material effect on the relevant Certificates and, if so, shall either (i) calculate the level of the relevant index in accordance with the formula for and method of calculating the relevant Index last in effect prior to the relevant change, failure or cancellation or (ii) may substitute the Index, or the relevant Issuer may cancel the Certificates as more fully set out in the terms and conditions of the relevant Certificates.

In the case of Certificates relating to indices, if an Additional Disruption Event occurs, the relevant Issuer may require the Calculation Agent to determine the appropriate adjustment, if any, to be made to the terms of



the Certificates to account for such Additional Disruption Event or may cancel the Certificates as more fully set out in the terms and conditions of the relevant Certificates. Any such adjustments may have an adverse effect of the value of such Certificates.

In the case of Certificates relating to shares, if a De-listing, Merger Event, Nationalisation, Insolvency, Tender Offer and/or Potential Adjustment Event and/or an Additional Disruption Event (if applicable) occur(s), the terms of the Certificates will be subject to adjustment (including, but not limited to, a share substitution, if "Share Substitution" is specified as applying in the applicable Final Terms), or may be cancelled as more fully set out in the terms and conditions of the relevant Certificates. Any such adjustments may have an adverse effect of the value of such Certificates.

If the Certificates are cancelled as provided in the above paragraphs, the relevant Issuer will pay to each Certificateholder in respect of each Certificate an amount equal to the fair market value of such Certificate less (except in the case of Certificates listed on the Italian Stock Exchange) the cost to the relevant Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, as determined by the Calculation Agent. There is no guarantee that the amount repaid to investors will be equal to or higher than the investor's initial investment in the relevant Certificates and such amount may be substantially less than the investor's initial investment.

If "Mandatory Early Repayment" is specified as applicable in the Final Terms relating to an issue of Certificates, then the applicable Final Terms will specify what constitutes a "Mandatory Early Repayment Event" and, following the occurrence of a Mandatory Early Repayment Event, the Certificates will be cancelled and the relevant Mandatory Early Repayment Amount will become payable. In this case, investors are subject to a reinvestment risk, as they may not be able to replace their investment in such Certificates with an investment that has a similar profile of chances and risks as the relevant Certificates.

If Certificates linked to shares are cancelled early in accordance with the above, the amount received by the relevant holders will be limited to the Mandatory Early Repayment Amount irrespective of the price of the relevant shares. Furthermore, investors will not benefit from any movement in the price of relevant shares that may occur during the period between the relevant date of early termination and the settlement date.

### **Certain considerations associated with Inflation Linked Certificates**

Investors in Inflation Linked Certificates should be familiar with investments in global capital markets and with indices generally.

The risks of an Inflation Linked Certificate will depend on the terms of that Certificate. Many economic and market factors may influence an inflation index and consequently the value of Inflation Linked Certificates including, *inter alia*:

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

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

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

In relation to Inflation Linked Certificates, if the Calculation Agent determines that the level of a relevant Index has not been published or announced by a specified Valuation Date, then a Substitute Index Level for the relevant Index and the relevant Payment Date will be determined by reference either to the terms of any

specified Related Bond or by reference to a formula as set out in the Inflation Linked Conditions or the applicable Final Terms, as the case may be.

In relation to Inflation Linked Certificates, if the Calculation Agent determines that the level of an Index is not calculated or announced by an Index Sponsor for two consecutive months (or such other period specified in the applicable Final Terms) and/or an Index Sponsor announces that it will no longer continue to publish or announce an Index and/or an Index Sponsor cancels an Index, the Calculation Agent shall either (i) determine a successor Index by reference to the terms of any specified Related Bond or (ii) designate a "Successor Index" as the replacement index specified by the relevant Index Sponsor or (iii) if no successor Index can be determined by reference to (i) or (ii), the Calculation Agent may determine the relevant Successor Index and determine any relevant adjustments to the terms of the Certificates it deems necessary or may cancel the Certificates.

In relation to Inflation Linked Certificates, if the Calculation Agent determines that an Index has been or will be rebased at any time, it may make such adjustments to the levels of such Index (following the terms of any specified Related Bond, where there is a Related Bond) so that such levels reflect the same rate of inflation as before the rebasing and may make such adjustments to the terms of the Certificates as it deems necessary to account for such rebasing or may cancel the Certificates if it determines that the foregoing would not produce a commercially reasonable result.

In relation to Inflation Linked Certificates, if on or prior to a specified Valuation Date, an Index Sponsor announces that it will make a material change to an Index, the Calculation Agent shall make appropriate adjustments to the terms of the Certificates (consistent with any adjustments made to any Related Bond, where there is a Related Bond) to account for such change or may cancel the Certificates if it determines that the foregoing would not produce a commercially reasonable result.

### **Certain considerations associated with Commodity Linked Certificates**

In respect of Commodity Linked Certificates, investors should note that the movements in the price of a commodity or basket of commodities may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices and the timing of changes in the relevant price of a commodity or commodities may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the price or prices of commodities, the greater the effect on yield.

Commodity futures markets are highly volatile. Commodity markets are influenced by, among other things, changing supply and demand relationships, weather, governmental, agricultural, commercial and trade programmes and policies designed to influence commodity prices, world political and economic events, and changes in interest rates. Moreover, investments in futures and options contracts involve additional risks including, without limitation, leverage (margin is usually a percentage of the face value of the contract and exposure can be nearly unlimited). A holder of a futures position may find such position becomes illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent a holder from promptly liquidating unfavourable positions and subject it to substantial losses. Futures contract prices in various commodities occasionally have exceeded the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent the liquidation of unfavourable positions and subject an investor in a Commodity Linked Certificate linked to such contract prices to substantial losses.

The market price of such Commodity Linked Certificates may be volatile and may depend on the time remaining to exercise and the volatility of the price of the commodity or commodities. The price of the

commodity or commodities may be affected by economic, financial and political events in one or more jurisdictions, including factors affecting the exchange(s) or quotation system(s) on which any such commodities may be traded.

In relation to Commodity Linked Certificates, if the Calculation Agent determines that a Market Disruption Event applicable to such Certificates has occurred or exists on a day that is a Pricing Date, the Relevant Price for that Pricing Date will be determined in accordance with the first applicable Disruption Fallback that provides the Relevant Price or that provides for the cancellation of the Certificates. The Market Disruption Events and Disruption Fallbacks which apply to an issue of Certificates will either be set out in the applicable Final Terms or certain Market Disruption Events and Disruption Fallbacks may be deemed to apply to the Certificates as set out in the Commodity Linked Conditions including, but not limited to, a delay in valuation or a cancellation of the Certificates. Any postponement or alternative provisions for valuation may have an adverse effect on the value of the Certificates.

*Risk related to the possible rolling mechanism of commodity futures contracts*

The yield on Commodity Linked Certificates linked to commodity futures contracts or commodity indices may not be perfectly correlated to the trend in the price of the underlying commodities as the use of such future commodity contracts generally involves a rolling mechanism. This means that the commodity futures contracts which expire prior to the relevant payment date under the relevant Certificates are replaced with future commodity contracts that have a later expiry date. Investors may therefore only marginally benefit from any rise/fall in prices on such commodities.

Moreover, investors should consider that the commodity futures contracts could have a trend which differs significantly from that of the commodity spot markets. The trend in the price of a commodity futures contracts compared to the underlying commodity is closely linked to the present and future level of the production of the underlying commodity or to the level of estimated natural reserves, particularly in the case of energy linked products. In addition, the price of the relevant commodity futures contract may not be considered an accurate prediction of a market price, since it also includes the so-called carrying costs (such as, for example, warehouse costs, insurance covering the goods, etc.), which also contribute toward the determination of the price of the commodity futures contracts. These factors which directly influence the commodities prices substantially explain the imperfect correlation between the commodity spot markets and the commodity futures contracts.

**Certificates with a multiplier or other leverage factor can be volatile investments and Certificateholders may not receive returns that directly correlate to the performance of the relevant Underlying(s)**

Certificates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features, their market values may be even more volatile than those for securities that do not include those features.

Furthermore, the amounts payable under such Certificates may not directly correlate to the rise and/or fall in price or level of an Underlying. For example, Certificates may provide that any positive performance of any Underlying is subject to:

- (a) a percentage participation factor that is less than 100 per cent. of a price or level of such Underlying;
- (b) a cap or maximum amount; and/or
- (c) a negative spread or percentage deduction to a relevant price or level of such Underlying,

which, in each case, would mean that the positive performance (if any) of such Underlying is not fully accounted for in any relevant payment(s) made under the Certificates.

## **Settlement disruption event and failure to deliver**

In the case of Physical Delivery Certificates, if a Settlement Disruption Event occurs or exists on any date specified for the delivery of the relevant Entitlement, settlement will be postponed until the next Settlement Business Day in respect of which there is no Settlement Disruption Event. The relevant Intermediary in these circumstances may select to deliver the relevant Entitlement using such other commercially reasonable manner as it may select or it may pay the Disruption Cash Settlement Price *in lieu* of delivering the Entitlement.

If, in relation to Physical Delivery Certificates which are Index Linked Certificates or Share Linked Certificates, "Failure to Deliver due to Illiquidity" is specified as applying in the applicable Final Terms and it is impossible or impracticable, in the opinion of the relevant Intermediary, to deliver, when due, some or all of the Relevant Assets where such failure to deliver is due to illiquidity in the market for such Relevant Assets, the relevant Intermediary has the right to pay the Failure to Deliver Settlement Price *in lieu* of delivering some or all of such Relevant Assets which are affected by such illiquidity.

Physical Delivery Certificates which are exercised at the same time by the same Certificateholder will be aggregated for the purpose of determining the aggregate Entitlements in respect of such Certificates. Such aggregate Entitlements will be rounded down to the nearest Tradeable Amount of the Relevant Asset(s), in such manner as the Intermediary shall determine and amounts of the Relevant Asset less than the Tradeable Amount shall not be delivered and no cash or other adjustment will be made in respect thereof unless "Cash Adjustment" is specified as applying in the applicable Final Terms, in which case, the relevant Intermediary shall pay to the relevant Certificateholder a cash amount equal to the value of any such lesser amount.

## **Limitations on exercise**

### *Maximum Exercise Number*

In relation to American Style Certificates, if a Maximum Exercise Number is specified in the applicable Final Terms, the relevant Issuer will have the option to limit the number of Certificates exercisable on any date (other than on the final exercise date) to the maximum number specified in the applicable Final Terms and, in conjunction with such limitation, to limit the number of Certificates exercisable by any person or group of persons (whether or not acting in concert) on such date. In the event that the total number of Certificates being exercised on any date (other than the final exercise date) exceeds such maximum number and the relevant Issuer elects to limit the number of Certificates exercisable on such date, a Certificateholder may not be able to exercise on such date all Certificates that such Certificateholder desires to exercise. In any such case, the number of Certificates to be exercised on such date will be reduced until the total number of Certificates exercised on such date no longer exceeds such maximum, such Certificates being selected by the relevant Issuer. Unless otherwise specified in the applicable Final Terms, the Certificates tendered for exercise but not exercised on such date may be automatically exercised on the next date on which Certificates may be exercised, subject to the same daily maximum exercise limitation and delayed exercise provisions.

### *Minimum Exercise Number*

If a Minimum Exercise Number is specified in the applicable Final Terms, a Certificateholder must tender, or, in the case of automatic exercise, hold, the specified minimum number of Certificates at any one time in order to exercise on any Exercise Date and, if specified in the applicable Final Terms, if tendering or holding a number at any one time greater than the Minimum Exercise Number, such number must be an integral multiple of the number specified in the applicable Final Terms in order to exercise. Thus, Certificateholders with fewer than the specified minimum number of Certificates or not having the requisite integral multiple will either have to sell their Certificates or purchase additional Certificates, incurring transaction costs in each case, in order to realise their investment. Furthermore, holders of such Certificates incur the risk that there may be differences between the trading price of such Certificates and the Cash Settlement Value (in the

case of Cash Settled Certificates) or the Physical Settlement Value (in the case of Physical Delivery Certificates) of such Certificates.

### **Certain considerations regarding hedging**

Prospective purchasers intending to purchase Certificates to hedge against the market risk associated with investing in the particular Underlying(s) should recognise the complexities of utilising Certificates in this manner. For example, the value of the Certificates may not exactly correlate with the value of the relevant Underlying(s). Due to fluctuating supply and demand for the Certificates, there is no assurance that their value will correlate with movements of the Underlying(s). For these reasons, among others, it may not be possible to purchase or liquidate securities in a portfolio at the prices used to calculate the value of any relevant index, share or basket.

### **Leveraging risk**

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

### **Time lag after exercise**

Unless otherwise specified in the applicable Final Terms, in the case of any exercise of Cash Settled Certificates, there may be a time lag between the Actual Exercise Date and the time the applicable Cash Settlement Amount relating to such exercise is determined. Any such delay will be specified in the applicable Final Terms or the applicable Conditions. However, a delay in such determination could be significantly longer than anticipated, particularly in the case of either a delay in the exercise of Certificates arising from any daily maximum exercise limitation or the occurrence of a Disrupted Day. Any such delay could decrease the relevant Cash Settlement Amount of the Certificates being exercised from what it might otherwise have been and may result in such Cash Settlement Amount being zero. Certificateholders will not be compensated in respect of any such delay and it will not be possible to withdraw Exercise Notices in respect of Certificates which have been exercised.

In relation to Physical Delivery Certificates, there will be a time lag between the Actual Exercise Date and the time the relevant Entitlement is delivered. Any such delay will be specified in the applicable Final Terms or the Terms and Conditions of the Certificates. However, a delay in delivery could be significantly longer, particularly in the case of either a delay in the exercise of Certificates arising from any daily maximum exercise limitation or upon due determination by the relevant Intermediary that a Settlement Disruption Event occurred at any relevant time. The value of the assets comprising the relevant Entitlement could increase or decrease during this period and could result in the value of the relevant Entitlement being less than any applicable Exercise Price (if applicable) or possibly zero. Certificateholders will not be compensated in respect of any such delay and it will not be possible to withdraw Exercise Notices in respect of Certificates which have been exercised.

### **Variation of settlement**

If the applicable Final Terms in respect of any Certificates indicate that the relevant Issuer has an option to vary settlement in respect of such Certificates, the relevant Issuer may elect (1) not to pay the relevant Certificateholders the relevant Cash Settlement Amount, but to deliver or procure delivery of the relevant Entitlement or (2) not to deliver or procure delivery to the relevant Certificateholders of the relevant Entitlement, but to make payment of the relevant Cash Settlement Amount.

Certificates may, if so specified and provided for in the applicable Final Terms, allow Certificateholders to elect for settlement by way of cash payment or by way of physical delivery or by such other method of settlement as is specified in the applicable Final Terms. The rights of a Certificateholder as described in this

paragraph may be subject to the relevant Issuer's right to cash settlement of Certificates, as indicated in the applicable Final Terms.

### **Exercise expenses and taxation**

A Certificateholder shall pay all Exercise Expenses relating to Certificates held by such Certificateholder.

Neither the relevant Issuer (nor, where the relevant Issuer is CFI, the CFI Guarantor) shall be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, exercise or enforcement of any Certificate by any person and all payments and/or deliveries made by (or by the relevant Intermediary on behalf of) the relevant Issuer or (where the relevant Issuer is CFI, the CFI Guarantor) shall be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

Exercise Expenses in respect of Physical Delivery Certificates shall either be paid to the relevant Intermediary prior to the delivery of the Entitlement or deducted by the relevant Intermediary from any cash amount owing to such Certificateholder and paid by the relevant Intermediary on behalf of the Certificateholder or paid by the relevant Intermediary on behalf of such Certificateholder by converting such amount of the Relevant Asset(s) due to be delivered as necessary to pay the Exercise Expenses, as specified by the Certificateholder in the relevant Exercise Notice. If any Exercise Expenses are not so paid, the relevant Certificateholder shall be deemed to authorise the relevant Intermediary to convert and the relevant Intermediary may convert such amount of the Relevant Asset(s) into cash sufficient to cover the Exercise Expenses in respect of the relevant Certificate from which the relevant Intermediary shall deduct such Exercise Expenses.

### **Illegality in relation to Certificates**

If the relevant Issuer determines that the performance of its obligations under an issue of Certificates or, where the Issuer is CFI, the CFI Guarantor determines that the performance of its obligations under the Deed of Guarantee in respect of such Certificates or that any arrangements made to hedge the Issuer's and/or, where the Issuer is CFI, the CFI Guarantor's obligations under such Certificates has or will become illegal in whole or in part for any reason, the relevant Issuer may cancel the Certificates and, if and to the extent permitted by applicable law, will pay to each Certificateholder in respect of each Certificate held by such holder, an amount equal to the fair market value of each such Certificate notwithstanding such illegality less (except in the case of Certificates listed on the Italian Stock Exchange) the cost to the relevant Issuer and/or its affiliates of unwinding any underlying related hedging arrangements.

### **Application of Section 871(m) of the Code in relation to the Certificates**

If the Issuer determines that amounts paid with respect to the Certificates or any underlying hedging arrangements of the Issuer in respect of the Certificates will be subject to U.S. withholding tax pursuant to Section 871(m) of the U.S. Internal Revenue Code of 1986, as amended, the Issuer may cancel such Certificates and, if and to the extent permitted by applicable law, will pay to each Certificateholder in respect of each Certificate held by such holder, an amount equal to the fair market value of such Certificate, less (except in the case of Certificates listed on the Italian Stock Exchange) the cost the cost to the Issuer and/or its Affiliates or unwinding any underlying related hedging arrangements

### **Meetings of Certificateholders and Modifications**

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

The Conditions of the Certificates also provide that the relevant Issuer may modify the Terms and Conditions of the Certificates and/or the Certificate Agency Agreement without the consent of the Certificateholders in any manner which the relevant Issuer may deem necessary or desirable PROVIDED THAT such modification is not materially prejudicial to the interests of the Certificateholders or such modification is of a formal, minor or technical nature or to correct a manifest or proven error or to cure, correct or supplement any defective provision or, in respect of Certificates which the relevant Issuer determines to list on a stock exchange, market or quotation system, such modification is made to enable such Certificates to be so listed.

The Deed of Guarantee may be amended without the consent of the Certificateholders to correct a manifest error.

### **Substitution**

Investors should note that, in relation to any Certificates, either of the relevant Issuers and/or, where the relevant Issuer is CFI, the CFI Guarantor may, without the consent of the holders but subject to certain conditions, substitute for itself in respect of such Certificates or the relevant Deed of Guarantee any company which is, on the date of such substitution, in the opinion of the relevant Issuer or the CFI Guarantor, as the case may be, of at least equivalent standing and creditworthiness to it, unless otherwise specified in the applicable Final Terms in relation to Certificates listed on the Italian Stock Exchange.

### **Determinations**

The terms of the Certificates confer on the Calculation Agent some discretion in making determinations and calculations in relation to, *inter alia*, Underlying(s) and the occurrence of various events. Whilst the Calculation Agent will act in good faith and in its sole and absolute discretion (unless otherwise specified in the applicable Final Terms), there can be no assurance that the exercise of any such discretion will not affect the value of the Certificates or the occurrence of an early repayment.

### **Change of law**

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

### ***Risks related to the market generally***

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

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

#### **Certain considerations relating to public offers of Certificates**

As described in the applicable Final Terms, Certificates may be distributed by means of a public offer made during an offer period specified in the applicable Final Terms. During such offer period, the relevant Issuer and/or any other person specified in the applicable Final Terms may reserve the right to cancel such offer and/or to scale back applications for such offer in the event of over-subscription. In such circumstances, an applicant investor may not be issued any Certificates or may be issued a number of Certificates which is less than the amount for which such applicant investor applied. Any payments made by an applicant investor or,

in the case of public offers in Italy, any amount segregated by a distributor as intended payment of the offer price by an applicant investor, for Certificates that are not issued to such applicant investor for any such reason, will be refunded. However, there will be a time lag in making any reimbursement, no amounts will be payable in respect of any such amounts and the applicant investor may be subject to reinvestment risk.

In addition, the relevant Issuer and/or the other entities specified in the applicable Final Terms may terminate the offer early by immediate suspension of the acceptance of further subscription requests and by giving notice to the public in accordance with the applicable Final Terms. Any such termination may occur, even where the maximum amount for subscription in relation to that offer (as specified in the applicable Final Terms) has not been reached and, in such circumstances, the early closing of the offer may have an impact on the aggregate number of Certificates issued and, therefore, may have an adverse effect on the liquidity of the relevant Certificates.

Further, investors should note that, in certain circumstances, Certificates may not be issued on the originally designated issue date, for example because either the relevant Issuer and/or any other person specified in the applicable Final Terms has reserved the right to postpone such issue date or, following the publication of a supplement to this Base Prospectus, the relevant Issuer has decided to postpone such issue date to allow investors who had made applications to subscribe for Certificates before the date of publication of such Supplement to exercise their right to withdraw their acceptances. In the event that the issue date is so delayed, no amounts shall accrue (if applicable) until the issue date of the Certificates and no compensation shall be payable.

### **The secondary market**

Certificates may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid and an investor may not be able to find a timely and/or suitable counterpart. Therefore, investors may not be able to sell their Certificates easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market or at prices higher than the relevant investor's initial investment. Investors seeking to liquidate/sell positions in the Certificates may receive substantially less than their original purchase price. Therefore, in establishing their investment strategy, investors should ensure that the term of the Certificates is in line with their future liquidity requirements. This is particularly the case for Certificates that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Certificates generally would have a more limited secondary market and more price volatility than conventional securities. Illiquidity may have a severely adverse effect on the market value of Certificates. The liquidity of Certificates is also influenced by whether or not the relevant Certificates are exclusively offered to retail investors without any offer to institutional investors. To the extent that an issue of Certificates is or becomes illiquid, investors may have to hold the relevant Certificates until expiration before they are able to realise value.

Each of the Issuers may, but is not obliged to, list an issue of Certificates on a stock exchange or regulated market. If Certificates are not listed or traded on any stock exchange or regulated market, pricing information for the relevant Certificates may be more difficult to obtain and the liquidity of such Certificates may be adversely affected. If the relevant Issuer does list an issue of Certificates, then, the relevant Issuer shall use all reasonable endeavours to maintain such listing, but see "*Listing of Certificates*" below.

If Certificates are not listed or traded on a stock exchange or regulated market, they may be traded on trading systems governed by the laws and regulations in force from time to time (e.g. multilateral trading systems or "MTF") or in other trading systems (e.g. bilateral systems, or equivalent trading systems). In the event that trading in such Certificates takes place outside any stock exchange, regulated market or trading systems, the manner in which the price of the Certificates is determined may be less transparent and the liquidity of such Certificates may be adversely affected. Investors should note that the relevant Issuer does not grant any warranty to Certificateholders as to the methodologies used to determine the price of Certificates which are



traded outside a trading system, however, where the relevant Issuer or any of its affiliates determines the price of such Certificates, it will take into account the market parameters applicable at such time in accordance with applicable provisions of law. Even if the Certificates are listed and/or admitted to trading, this will not necessarily result in greater liquidity.

Also, to the extent American Style Certificates of a particular issue are exercised, the number of Certificates of such issue outstanding will decrease, resulting in a diminished liquidity for the remaining Certificates of such issue. A decrease in the liquidity of an issue of Certificates may cause, in turn, an increase in the volatility associated with the price of such issue of Certificates.

Each of Citigroup Inc., CFI and any Dealer may, but is not obliged to, at any time purchase Certificates at any price in the open market or by tender or private agreement. Any Certificates so purchased may be held or resold or surrendered for cancellation. Any such activities may have an adverse effect on the price of the relevant Certificates in the secondary market and/or the existence of a secondary market.

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

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

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

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

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

### **Listing of Certificates**

In respect of Certificates which are to be listed on a stock exchange, market or quotation system, the relevant Issuer shall use all reasonable endeavours to maintain such listing, PROVIDED THAT if it becomes impracticable or unduly burdensome or unduly onerous to maintain such listing, then the relevant Issuer may apply to de-list such Certificates, Provided Further That it shall use all reasonable endeavours to obtain and maintain as soon as reasonably practicable after such de-listing an alternative admission to listing, trading and/or quotation by a stock exchange, market or quotation system within or outside the European Union, as it may decide.

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

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

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

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

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**) from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out above. Information relating to the current ratings of Citigroup Inc. and CFI is and any rating (if any) in respect of CGMFL is expected to be available at [www.citigroup.com](http://www.citigroup.com).

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

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

## **United States tax law developments**

The United States Internal Revenue Service (the **IRS**) and United States Treasury Department issued a notice (the **Notice**) that requests public comments on a comprehensive list of tax policy issues raised by certain securities that are not classified as debt for U.S. federal income tax purposes. In particular, the IRS and United States Treasury Department specifically question whether, and to what degree, payments (or deemed accruals) in respect of these securities should be subject to withholding. Accordingly, it is possible that future guidance could be issued as a result of the Notice requiring withholding on payments made to a Non-U.S. Holder on a Certificate.

## **Changes in any applicable tax law or practice may have an adverse effect on a Certificateholder**

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

## **EU Savings Directive**

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, none of the relevant Issuer, the CFI Guarantor (where the relevant Issuer is CFI), the Principal Certificate Agent and any other person would be obliged to pay additional amounts with respect to any Certificate as a result of the imposition of such withholding tax.

## **Potential conflicts of interest**

Where the Calculation Agent is an affiliate of the relevant Issuer, potential conflicts of interest may exist between the Calculation Agent and Certificateholders, including with respect to certain determinations and judgements that the Calculation Agent may make pursuant to the Certificates that may influence the amount receivable or specified assets deliverable in respect of the Certificates.

Citigroup Inc., CFI and/or their affiliates may be the sponsor of an Underlying and may publish values or prices in respect of an Underlying. Citigroup Inc., CFI and/or any of their affiliates may also from time to time engage in transactions involving Underlying(s) for their proprietary accounts or for other accounts under their management, subject to requirements of all applicable laws and regulations. Citigroup Inc., CFI and/or their affiliates may also issue other derivative instruments in respect of any Underlying(s). Citigroup Inc., CFI and/or their affiliates may also act as underwriter in connection with future offerings of shares or other securities related to an issue of Certificates or may act as financial adviser to certain companies or companies whose securities are Underlying(s) in respect of one or more issues of Certificates or in a commercial banking capacity for such companies. These activities may have a positive or negative effect on the value of the relevant Underlying(s) and consequently upon the value of the Certificates.

Citigroup Inc., CFI, any Dealer and/or any of their affiliates may at the date hereof or at any time hereafter, be in possession of information in relation to an Underlying that is or may be material in the context of the Certificates and may or may not be publicly available to Certificateholders. There is no obligation on Citigroup Inc., CFI or any Dealer to disclose to any potential investors in Certificates or to Certificateholders any such information.

Citigroup Inc., CFI, any Dealer and/or any of their affiliates may have existing or future business relationships with the issuer of, or other entity associated with, any Underlying(s) (including, but not limited to, lending, depositary, risk management, advisory and banking relationships), and will pursue actions and take steps that they or it deems necessary or appropriate to protect their and/or its interests arising therefrom without regard to the consequences for a Certificateholder.

Where Certificates are offered to the public, as the relevant Dealer(s) and any distributors act pursuant to a mandate granted by the relevant Issuer and they receive fees on the basis of the services performed and the outcome of the placement of such Certificates, potential conflicts of interest could arise.

**Post issuance information**

Neither Issuer will provide any post issuance information, except if required by any applicable laws and regulations.

## ISSUE OF SECURITIES

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

Each Series of Notes may be issued in tranches (each a **Tranche**) having different issue dates but the terms otherwise identical to other Tranches constituting such series (or identical other than in respect of the first payment of interest).

The specific terms of each Series of Securities (which will be supplemented, where necessary, with supplemental terms and conditions) will be set forth in a Final Terms to this Base Prospectus (a **Final Terms**), the form of which for Notes is set out under "*Pro Forma Final Terms for Issues of Notes*" below and the form of which for Certificates is set out under "*Pro Forma Final Terms for Issues of Certificates*" below.

## DOCUMENTS INCORPORATED BY REFERENCE FOR THE CITIGROUP INC. BASE PROSPECTUS

The following documents are incorporated in, and form part of, this Base Prospectus:

- (1) the By-Laws of Citigroup Inc.;
- (2) the Annual Report of Citigroup Inc. on Form 10-K for the year ended 31 December 2011 filed with the United States Securities and Exchange Commission (the **SEC**) on 24 February 2012 (the **Citigroup Inc. 2011 Form 10-K**);
- (3) the Quarterly Report of Citigroup Inc. on Form 10-Q for the quarter ended 31 March 2012 (the **Citigroup Inc. March 2012 Form 10-Q**) filed with the SEC on 4 May 2012;
- (4) the Annual Financial Report of CFI incorporating its audited consolidated financial statements in respect of the years ended 31 December 2011 and 2010 (**CFI's Annual Consolidated Financial Statements**);
- (5) the Current Report of Citigroup Inc. on Form 8-K filed with the SEC on 25 May 2012 including Exhibit 99.01 and 99.02 incorporated thereto (the **Citigroup Inc. May 2012 Form 8-K**); and
- (6) the Terms and Conditions of the Notes set out in the Base Prospectus dated 23 April 2012 (the **April 2012 Base Prospectus**) relating to the Programme (which shall be incorporated by reference in, and form part of, this Base Prospectus for the purposes of issues of Notes which are offered to the public for which the offer period started prior to the date of this Base Prospectus but which are issued after the date of this Base Prospectus). For the avoidance of doubt, the supplement to the April 2012 Base Prospectus dated 9 May 2012 is not incorporated by reference in, and nor does it form part of, this Base Prospectus as it is not relevant for investors.

The following information appears on the pages of the relevant documents as set out below:

1. Unaudited interim financial information of CFI in respect of the three months ended 31 March 2012, as set out in the Citigroup Inc. March 2012 Form 10-Q, namely:

	<b>Page(s)</b>
(a) Condensed consolidating balance sheets	192-193
(b) Condensed consolidating statements of income	190-191
(c) Condensed consolidating statements of cash flows	194-195

2. Audited consolidated financial statements of CFI in respect of the years ended 31 December 2011 and 2010, as set out in CFI's Annual Consolidated Financial Statements, namely:

	<b>Page(s)</b>
(a) Consolidated balance sheets	2
(b) Consolidated statements of income	3
(c) Consolidated Statements of changes in stockholders' equity	4

(d)	Consolidated statements of cash flows	5
(e)	Notes and accounting policies	6 - 29
(f)	Auditor's report	1
3.	Unaudited consolidated interim financial statements of Citigroup Inc. in respect of the three months ended 31 March 2012, as set out in the Citigroup Inc. March 2012 Form 10-Q, namely:	

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

(a)	Consolidated balance sheets	91-92
(b)	Consolidated statements of income	89
(c)	Consolidated statements of changes in stockholders' equity	93
(d)	Consolidated statements of cash flows	94
(e)	Notes and accounting policies	95-195
4.	Other information relating to Citigroup Inc., as set out in the Citigroup Inc. March 2012 Form 10-Q, namely:	

**Page(s)**

(a)	Description of the principal activities of Citigroup Inc.	3, 11-27, 42 and 83
(b)	Description of the principal markets in which Citigroup Inc. competes	4
(c)	Description of the principal investments of Citigroup Inc.	106-115
(d)	Description of trends and events affecting Citigroup Inc.	5-6 and 32-81
(e)	Description of litigation involving Citigroup Inc.	187-188

5.	Audited historical consolidated financial information of Citigroup Inc. in respect of the years ended 31 December 2011 and 2010, as set out in the Citigroup Inc. 2011 Form 10-K, namely:	
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**Page(s)**

(a)	Consolidated statement of income	131
(b)	Consolidated balance sheet	132-133
(c)	Consolidated statement of changes in stockholders' equity	134-135

- |     |                                      |         |
|-----|--------------------------------------|---------|
| (d) | Consolidated statement of cash flows | 136     |
| (e) | Notes and accounting policies        | 137-285 |
6. Other information relating to Citigroup Inc., as set out in the Citigroup Inc. 2011 Form 10-K, namely:

**Page(s)**

- |     |  |  |
|-----|--|--|
| (a) | Description of the principal activities of Citigroup Inc.  | 53   |
| (b) | Description of the principal investments of Citigroup Inc. | 184 – 187, 189, 192                        |
| (c) | Description of trends and events affecting Citigroup Inc.  | 6-9, 66-67, 86-87, 95, 97, 106 and 111-112 |
| (d) | Description of litigation involving Citigroup Inc.         | 267 – 275                                  |
| (e) | Risk Factors   | 55 – 65                                    |
7. Consolidated Financial Statements of Citigroup Inc. as set out in the Citigroup Inc. May 2012 Form 8-K Exhibit 99.01, namely:

Auditor's Report on the consolidated financial statements of Citigroup Inc. covering the period of two years ended 31 December 2011	Page 1
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8. April 2012 Base Prospectus

**Page(s)**

Terms and Conditions of the Notes	80 to 197
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The Citigroup Inc. Base Prospectus and the documents incorporated by reference therein will be available on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). For the purposes of listing on the Luxembourg Stock Exchange and the Prospectus Directive, information or documents not listed in the table above, but included in this "*Documents incorporated by Reference for the Citigroup Inc. Base Prospectus*" section, are for information purposes only.

In addition, all quarterly interim reports on Form 10-Q of Citigroup Inc., its Annual Reports on Form 10-K for fiscal years after 2011 and any other reports filed by Citigroup Inc. with the SEC pursuant to Section 13, 14 or 15(d) of the United States Securities Exchange Act of 1934, as amended (the **Exchange Act**), and the rules and regulations thereunder, subsequent to the date of the financial statements included in the Citigroup Inc. 2012 Form 10-Q will be available to the public on the SEC's website (address: <http://www.sec.gov>).

Citigroup Inc. will, at the specified offices of the Paying Agents and the Certificate Agents (each as defined herein) during normal business hours, make available free of charge a copy of the Citigroup Inc. Base Prospectus (and any document incorporated by reference in the Citigroup Inc. Base Prospectus, other than exhibits to such documents), which will be published on the website of the Luxembourg Stock Exchange so long as any of the Securities is outstanding. Requests for such documents should be directed to the specified office of any Paying Agent or any Certificate Agent, as the case may be, or the specified office of the Listing Agent in Luxembourg (the **Luxembourg Listing Agent**).



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

## **SUPPLEMENTS TO THIS BASE PROSPECTUS**

Citigroup Inc., CFI and/or CGMFL, as the case may be will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in the Citigroup Inc. Base Prospectus or the CGMFL Base Prospectus which is capable of affecting the assessment of any Securities, prepare a supplement to the Citigroup Inc. Base Prospectus, and/or the CGMFL Base Prospectus, as the case may be, or publish a new Citigroup Inc. Base Prospectus and/or CGMFL Base Prospectus, as the case may be, for use in connection with any subsequent issue of Securities.

## TERMS AND CONDITIONS OF THE NOTES OTHER THAN FRENCH LAW NOTES

*Except as indicated below, the following is the text of the terms and conditions of the Notes which will include the additional terms and conditions contained in Underlying Schedule 1 in the case of Share Index Linked Notes, which will include the additional terms and conditions contained in Underlying Schedule 2 in the case of Inflation Index Linked Notes, which will include the additional terms and conditions contained in Underlying Schedule 3 in the case of Commodity Index Linked Notes, which will include the additional terms and conditions contained in Underlying Schedule 4 in the case of Commodity Linked Notes, which will include the additional terms and conditions contained in Underlying Schedule 5 in the case of Share Linked Notes, which will include the additional terms and conditions contained in Underlying Schedule 6 in the case of Depositary Receipt Linked Notes, which will include the additional terms and conditions contained in Underlying Schedule 7 in the case of ETF Linked Notes, which will include the additional terms and conditions contained in Underlying Schedule 8 in the case of Mutual Fund Linked Notes, which will include the additional terms and conditions contained in Underlying Schedule 9 in the case of FX Rate Linked Notes, which will include the additional terms and conditions contained in Underlying Schedule 10 in the case of Warrant Linked Notes, which will include the additional terms and conditions contained in Underlying Schedule 11 in the case of Proprietary Index Linked Notes, which will include the additional terms and conditions contained in Underlying Schedule 12 in the case of Dividend Futures Linked Notes or which will include the additional terms and conditions contained in another appropriate Underlying Schedule (each an **Underlying Schedule** and together the **Underlying Schedules**) in the case of any Notes linked to any other underlying reference item or asset. References herein to a Condition shall be deemed to be a reference to a Condition of the General Conditions of the Terms and Conditions of the Notes other than French Law Notes, unless otherwise specified.*

*In addition to the above, in the case of Swedish Notes and Finnish Notes, the terms and conditions of the Notes shall be amended as provided in Annex 1 for Swedish Notes and as provided in Annex 2 for Finnish Notes.*

References in these Conditions (the **General Conditions**) and in the applicable Underlying Schedules and, in the case of Swedish Notes (as defined below), Annex 1 and in the case of Finnish Notes (as defined below), Annex 2 (together, subject as provided below in relation to the applicable Final Terms, the **Conditions**) to the **Notes** shall be references to the Notes of this Series and shall mean (a) in relation to any Bearer Notes (as defined below) represented by a global Note (a **Global Note**) or any Registered Notes (as defined below) represented by a global Note (a **Global Registered Note Certificate**), units of each Specified Denomination in the Specified Currency; (b) any Global Note or Global Registered Note Certificate; (c) any definitive Bearer Notes issued in exchange for a Global Note, (d) any definitive Registered Notes (**Registered Note Certificates**) whether or not issued in exchange for a Global Note, (e) in relation to any Australian Domestic Notes (as defined below) units of each Specified Currency in the Specified Denomination, (f) in relation to any Swedish Notes units of each Specified Currency in the Specified Denomination and (g) in relation to any Finnish Notes units of each Specified Currency in the Specified Denomination.

Whether the Notes are of the type of Bearer Notes, Registered Notes, Australian Domestic Notes, Swedish Notes or Finnish Notes will be specified in the applicable Final Terms but one type of Notes cannot be exchanged for another.

References to the **applicable Final Terms** are to the Final Terms relating to the Notes of such Series which complete the Conditions, and references to the "Conditions" include such Final Terms. In relation to any Series of Notes, in the event of inconsistency between the applicable Final Terms and the other Conditions, the applicable Final Terms will prevail.

The Notes (other than Australian Domestic Notes, Swedish Notes and Finnish Notes) are issued pursuant to an amended and restated Fiscal Agency Agreement dated 25 June, 2012 (as amended, supplemented and/or restated from time to time, the **Fiscal Agency Agreement**) between Citigroup Funding Inc. (**CFI**), Citigroup

Global Markets Funding Luxembourg S.C.A. (**CGMFL**) each as an issuer, Citigroup Inc. as an issuer and as guarantor in respect of Notes issued by CFI (in its capacity as such guarantor, the **CFI Guarantor**), Citibank, N.A., London branch as issuing agent and fiscal agent (in such capacity the **Fiscal Agent**, which expression shall include any successor fiscal agent) and as principal paying agent, Citigroup Global Markets Deutschland AG as registrar (the **Registrar** which expression shall include any successor registrar) and as a transfer agent (in such capacity, the **Transfer Agent**, which expression shall include any additional or successor transfer agent), KBL European Private Bankers S.A. as a paying agent (in such capacity, the **Paying Agent** and, together with the principal paying agent, the **Paying Agents**, which expression shall include any additional or successor paying agents) and as a transfer agent (in such capacity, the **Transfer Agent**, and the Fiscal Agent, the Registrar (if applicable), all Paying Agents and all Transfer Agents (if applicable) are together referred to herein as the **Agents**) and Citibank, N.A. as calculation agent if so specified in the applicable Final Terms (the **Calculation Agent** which expression shall include any successor calculation agent or such other entity as may be specified as the Calculation Agent in the applicable Final Terms) and as exchange agent (the **Exchange Agent**, which expression shall include any successor exchange agent).

The only provisions of the Fiscal Agency Agreement applicable to the Swedish Notes and the Finnish Notes are those in Clauses 2.2, 16, 20.7, 26, 27 and 28 and Schedule 3 (Provisions for Meetings of Noteholders) and Clauses 21, 22 and 23 in relation to the appointment of the Calculation Agent only.

In relation to any Series, any one of CFI, Citigroup Inc. or CGMFL will be the Issuer thereof as specified in the applicable Final Terms and references in the Conditions to "the Issuer" shall be to whichever of CFI, Citigroup Inc. or CGMFL is so specified in the applicable Final Terms.

The Notes issued by CFI are issued with the benefit of a Deed of Covenant dated 25 June 2012 (as amended, supplemented and/or restated from time to time, the **CFI Deed of Covenant**) executed by CFI in relation to the Notes and are the subject of a Deed of Guarantee (as amended, supplemented and/or restated from time to time, the **Deed of Guarantee**), dated 25 June 2012 executed by the CFI Guarantor.

Notes issued by Citigroup Inc. are issued with the benefit of a Deed of Covenant dated 25 June 2012 (as amended, supplemented and/or restated from time to time, the **Citigroup Inc. Deed of Covenant**) executed by Citigroup Inc. in relation to the Notes.

Notes issued by CGMFL are issued with the benefit of a Deed of Covenant dated 25 June 2012 (as amended, supplemented and/or restated from time to time, the **CGMFL Deed of Covenant** and, together with the CFI Deed of Covenant and the Citigroup Inc. Deed of Covenant, the **Deeds of Covenant** and references herein to the **relevant Deed of Covenant** shall mean the CFI Deed of Covenant where the Issuer is CFI, the Citigroup Inc. Deed of Covenant where the Issuer is Citigroup Inc., and the CGMFL Deed of Covenant where the Issuer is CGMFL) executed by CGMFL in relation to the Notes.

Notes issued by CGMFL are not guaranteed by the CFI Guarantor and are not subject to the Deed of Guarantee. References in the Conditions to the CFI Guarantor and the Deed of Guarantee shall be ignored in relation to the Notes issued by CGMFL or Citigroup Inc. and the Conditions shall be construed accordingly.

The holders of the Notes, the holders of the interest coupons (the **Coupons**) appertaining to interest bearing definitive Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the **Talons**), and the holders of the instalment receipts (the **Receipts**) appertaining to the payment of principal by instalments are deemed to have notice of all of the provisions of the Fiscal Agency Agreement applicable to them.

Notwithstanding the foregoing, Notes denominated in Australian dollars and issued in the domestic Australian capital markets (**Australian Domestic Notes**) will be issued in registered uncertificated (or inscribed) form. Australian Domestic Notes will be constituted by a Deed Poll (as defined below) and will

take the form of entries on a register to be maintained by an Australian Registrar (as defined below), all as more fully described in the applicable Final Terms.

Copies of the Fiscal Agency Agreement, the Deeds of Covenant and the Deed of Guarantee are available for inspection during normal business hours at the specified office of each of the Paying Agents. Copies of the Deed Poll and the Registry Services Agreement (as defined below) will be available for inspection during normal business hours at the specified office of the Australian Registrar following issue of any Australian Domestic Notes. Copies of the applicable Final Terms are obtainable during normal business hours at the specified office of each of the Paying Agents or, in the case of Australian Domestic Notes, the Australian Registrar save that, if the Notes are not admitted to listing, trading and/or quotation on any listing authority, stock exchange and/or quotation system and are not publicly offered, the applicable Final Terms will only be obtainable by a Noteholder holding one or more of the Notes and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding of such Notes and identity.

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

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

## 1. **Form, Denomination and Title**

Subject as provided below, the Notes are issued in bearer form (**Bearer Notes**) or in registered form (**Registered Notes**) as specified in the applicable Final Terms and in each case, in the Specified Denomination(s). All Registered Notes shall have the same Specified Denomination.

Definitive Bearer Notes are issued with Coupons (and, where appropriate, a Talon) attached, unless the applicable Final Terms specifies that the Notes do not bear interest in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in the Conditions are not applicable. Any definitive Bearer Note issued, the principal amount of which is redeemable in instalments, is issued with one or more Receipts attached.

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

Although there is no minimum denomination for Australian Domestic Notes, the minimum subscription price for Australian Domestic Notes will be A\$500,000 (disregarding moneys lent by the Issuer or its associates to the purchaser).

The applicable Final Terms will specify whether settlement shall be by way of cash payment (**Cash Settled Notes**) or by physical delivery (**Physical Delivery Notes**). Any reference in the Conditions to Physical Delivery Notes shall mean Notes in respect of which the Entitlement(s) (being the number of underlying equity, bond, security or such other asset as may be specified in the applicable Final Terms (the **Relevant Asset(s)**)) is/are deliverable and as determined by reference to one or more Relevant Assets, all as set out in the applicable Final Terms.

References in the Conditions, unless the context otherwise requires, to Cash Settled Notes shall be deemed to include references to Physical Delivery Notes which include an option (as set out in the applicable Final Terms) at the Issuer's election for settlement upon redemption by way of cash payment pursuant to Condition 6(j) and where settlement upon redemption is to be by way of cash payment. References in the Conditions, unless the context otherwise requires, to Physical Delivery

Notes shall be deemed to include references to Cash Settled Notes which include an option (as set out in the applicable Final Terms) at the Issuer's election for settlement upon redemption by way of physical delivery of the relevant Entitlement(s) pursuant to Condition 6(j) and where settlement upon redemption is to be by way of physical delivery.

Notes may, if specified in the applicable Final Terms, allow Noteholders upon redemption of such Notes to elect for settlement by way of cash payment or by way of physical delivery or by such other method of settlement as is specified in the applicable Final Terms. The Notes where the Noteholder has elected for cash payment will be Cash Settled Notes and the Notes where the Noteholder has elected for physical delivery will be Physical Delivery Notes. The rights of a Noteholder as described in this paragraph will be subject to the Issuer's right to elect cash settlement upon redemption of Notes if so indicated in the applicable Final Terms and will be subject to the Intermediary's right to deliver Substitute Assets (as defined in Condition 6(k)) or pay the Alternate Cash Redemption Amount (as defined in Condition 6(k)) or the Failure to Deliver Redemption Amount or the Disruption Cash Redemption Amount (each as defined in Condition 6(j)) in lieu of physical delivery in accordance with the Conditions.

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

In the Conditions, **holder** (in relation to a Note, Receipt, Coupon or Talon) means, in the case of Bearer Notes, the bearer of any Bearer Note, Receipt, Coupon or Talon or, in the case of Registered Notes, the person in whose name a Registered Note is registered (as the case may be) PROVIDED THAT, in relation to any Notes represented by a Global Note or Global Registered Note Certificate, it shall be construed as provided below and **Noteholder** and, in the case of Coupons, **Couponholder**, shall have correlative meanings AND PROVIDED THAT in the case of Registered Notes issued by CGMFL, "holder" shall be construed as provided in Condition 2(b).

For so long as any of the Notes is represented by a Global Note or a Global Registered Note Certificate held on behalf of Euroclear Bank S.A./N.V. (**Euroclear**) and/or Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the CFI Guarantor and the Agents as the holder of such principal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such principal amount of such Notes, for which purpose the bearer of the relevant Global Note or the registered holder of the relevant Global Registered Note Certificate shall be treated by the Issuer, the CFI Guarantor and each Agent as the holder of such principal amount of such Notes in accordance with and subject to the terms of the relevant Global Note or Global Registered Note Certificate, as the case may be, and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly.

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

Interests in Notes which are represented by a Global Note or a Global Registered Note Certificate will be transferable only in accordance with the rules and procedures for the time being of DTC, Euroclear and Clearstream, Luxembourg, as the case may be. References to DTC, Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms. In the case of Australian Domestic Notes, the following provisions of this Condition 1 shall apply in lieu of the foregoing provisions of this Condition 1 in the event of any inconsistency. Australian Domestic Notes are debt obligations of the Issuer owing under the Deed Poll specified in the applicable Final Terms executed by the Issuer in favour of the relevant Noteholders (the **Deed Poll**) and take the form of entries in a register (the **Australian Register**) to be maintained by an Australian registrar to be appointed by the Issuer and specified in the applicable Final Terms (the **Australian Registrar**). Although Australian Domestic Notes will not be issued pursuant to the Fiscal Agency Agreement, Australian Domestic Notes may have the benefit of certain provisions of the Fiscal Agency Agreement as specified in the applicable Final Terms.

Australian Domestic Notes will not be serially numbered. Each entry in the Australian Register constitutes a separate and individual acknowledgement to the relevant Noteholder of the indebtedness of the Issuer to the relevant Noteholder. No certificate or other evidence of title will be issued by or on behalf of the Issuer to evidence title to an Australian Domestic Note unless the Issuer determines that certificates should be made available or it is required to do so pursuant to any applicable law or regulation.

No Australian Domestic Note will be registered in the name of more than four persons. Australian Domestic Notes registered in the name of more than one person are held by those persons as joint tenants. Australian Domestic Notes will be registered by name only without reference to any trusteeship. The person registered in the Australian Register as a holder of an Australian Domestic Note will be treated by the Issuer, the CFI Guarantor and the Australian Registrar as the absolute owner of that Australian Domestic Note and none of the Issuer, the CFI Guarantor and the Australian Registrar will, except as ordered by a court of competent jurisdiction or as required by statute, be obliged to take notice of any other claim to an Australian Domestic Note.

## **2. Exchanges and Transfers of Notes**

### *(a) Exchange of Notes*

Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes may not be exchanged for Registered Notes. Registered Notes may not be exchanged for Bearer Notes.

### *(b) Transfer of Registered Notes*

If definitive Registered Notes are issued, one or more of such Registered Notes may be transferred upon the surrender of the Registered Note Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Registered Note Certificate duly completed and executed, at the specified office of the Registrar or any Transfer Agent. In the case of a transfer of part only of a holding of Registered Notes represented by one Registered Note Certificate, a new Registered Note Certificate in respect of the balance not transferred will be issued

to the transferor. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Registered Note Certificate representing the enlarged holding shall only be issued against surrender of the Registered Note Certificate representing the existing holding.

With respect to Notes issued by CGMFL, each time the relevant Register is amended or updated, the Registrar shall send a copy of the relevant Register to CGMFL who will keep an updated copy of the relevant Register at its registered office (the **Duplicate Register**). In the event of inconsistency between the Register and the Duplicate Register, the Duplicate Register shall, for purposes of Luxembourg law, prevail. Each Note certificate will be numbered serially with an identifying number which will be recorded in the Register. In the case of Registered Notes issued by CGMFL, **holder** means the person in whose name such Registered Note is for the time being registered in the Register or the Duplicate Register if different from the Register (or, in the case of a joint holding, the first named thereof) and **Noteholder** shall be construed accordingly. The ownership of the registered Notes shall be construed accordingly. The ownership of the registered Notes shall be established by an entry in the Duplicate Register.

Transfers of beneficial interests in a Global Registered Note Certificate will be effected by DTC, Euroclear or Clearstream, Luxembourg, as the case may be, only in accordance with the terms and conditions specified in the Fiscal Agency Agreement and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Global Registered Note Certificate will only be exchangeable for a definitive Registered Note Certificate as described in, and subject to, the provision of such Global Registered Note Certificate and only in accordance with the rules and operating procedures for the time being of DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Fiscal Agency Agreement. Transfers of a Global Registered Note Certificate registered in the name of a nominee for DTC shall be limited to transfers of such Global Registered Note Certificate, in whole but not in part, to another nominee of DTC or to a successor of DTC or such successor's nominee.

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

Prior to expiry of the applicable Distribution Compliance Period, transfers by the holder of, or of a beneficial interest in, a Regulation S Global Registered Note Certificate to a transferee in the United States or who is a U.S. person will only be made:

- (i) upon receipt by the Registrar of a written certification substantially in the form set out in the Fiscal Agency Agreement, amended as appropriate (a **Transfer Certificate**), copies of which are available from the specified office of the Registrar or any Transfer Agent, from the transferor of the Note or beneficial interest therein to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A; or
- (ii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with the Securities Act and any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction. Such transferee may take delivery through a Legended Note in global or definitive form. For the avoidance of doubt, no restrictions will apply to transfers by the holder of, or of a beneficial interest in, a Regulation S Global Registered Note Certificate to a transferee outside the United States or who is not a U.S. person.



After expiry of the applicable Distribution Compliance Period (i) beneficial interests in Regulation S Global Registered Note Certificates registered in the name of a nominee for DTC may be held through DTC directly, by a participant in DTC (including Euroclear and Clearstream, Luxembourg as participants in DTC), or indirectly through a participant in DTC and (ii) such certification requirements will no longer apply to such transfers.

(d) *Transfers of interests in Legended Notes*

Transfers of Legended Notes or beneficial interests therein may be made:

- (i) to a transferee who takes delivery of such interest through a Regulation S Global Registered Note Certificate, upon receipt by the Registrar of a duly completed Transfer Certificate from the transferor to the effect that such transfer is being made in accordance with Regulation S or Rule 144 under the Securities Act, if available, and that in the case of a Regulation S Global Registered Note Certificate registered in the name of a nominee for DTC, if such transfer is being made prior to expiry of the applicable Distribution Compliance Period, the interests in the Notes being transferred will be held immediately thereafter through Euroclear and/or Clearstream, Luxembourg; or
- (ii) to a transferee who takes delivery of such interest through a Legended Note where the transferee is a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification; or
- (iii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with the Securities Act and any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

Upon the transfer, exchange or replacement of Legended Notes, or upon specific request for removal of the Legend, the Registrar shall deliver only Legended Notes or refuse to remove the Legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel, that neither the Legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

(e) *Definitions*

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

**Distribution Compliance Period** means the period that ends 40 days after the completion of the distribution of each Tranche of Notes, as certified by the relevant Dealer (in the case of a non-syndicated issue) or the relevant Lead Manager (in the case of a syndicated issue) as indicated in the applicable Final Terms.

**Legend** means, in respect of a Legended Note, the U.S. securities law legend appearing on such Legended Note.

**Legended Note** means Registered Notes (whether in definitive form or represented by a Global Registered Note Certificate) sold in private transactions in the United States to QIBs in accordance with the requirements of Rule 144A.

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

**Regulation S** means Regulation S under the Securities Act.

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

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

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

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

(f) *Transfer of Australian Domestic Notes*

Conditions 2(a) and (b) do not apply to Australian Domestic Notes. Australian Domestic Notes may be transferred in whole but not in part. Australian Domestic Notes will be transferred by duly completed and (if applicable) stamped transfer and acceptance forms in the form specified by, and obtainable from, the Australian Registrar or by any other manner approved by the Issuer and the Australian Registrar. Notes entered in the Austraclear System (as defined below) will be transferable only in accordance with the Austraclear Regulations (as defined below).

Unless the Australian Domestic Notes are lodged in the Austraclear System, application for the transfer of Australian Domestic Notes must be made by the lodgement of a transfer and acceptance form with the Australian Registrar. Each transfer and acceptance form must be accompanied by such evidence (if any) as the Australian Registrar may require to prove the title of the transferor or the transferor's right to transfer the Australian Domestic Notes and must be signed by both the transferor and the transferee.

Australian Domestic Notes may only be transferred if (i) the aggregate consideration payable by the transferee at the time of transfer is at least A\$500,000 (or the equivalent in another currency, in either case disregarding moneys lent by the transferor or its associates) or the offer or invitation giving rise to the transfer does not otherwise require disclosure to investors under Part 6D.2 or 7.9 of the Corporations Act 2001 of Australia, (ii) the offer or invitation does not constitute an offer to a "retail client" as defined for the purposes of Section 761G of the Corporations Act 2001 of Australia, (iii) the transfer complies with all applicable laws, regulations and directives of the jurisdiction in which the transfer takes place and does not require any document to be lodged with the Australian Securities and Investments Commission or any other regulatory authority in Australia and (iv) in the case of a transfer between persons outside Australia, if a transfer and acceptance form is signed outside Australia. A transfer to an unincorporated association is not permitted.

In this Condition 2(f):

**Austraclear** means Austraclear Limited (ABN 94 002 060 773).

**Austraclear Regulations** means the rules and regulations established by Austraclear (as amended or replaced from time to time) to govern the use of the Austraclear System.

**Austraclear System** means the system operated by Austraclear for holding securities and the electronic recording and settling of transactions in those securities between members of that system.

(g) *Partial Redemption in Respect of Registered Notes*

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

(h) *Delivery of New Registered Note Certificates*

Each new Registered Note Certificate to be issued pursuant to Condition 2(b) or (g) will, within three business days (being a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the Registrar or the Transfer Agent to whom such form of transfer shall have been delivered) of receipt of such form of transfer, be available for delivery at the specified office of the Registrar or of the Transfer Agent (as the case may be) to whom such delivery shall have been made or, at the option of the holder making such delivery as aforesaid and as specified in the relevant form of transfer, be mailed at the risk of the holder entitled to the new Registered Note Certificate to such address as may be specified in such form of transfer.

(i) *Transfer Free of Charge*

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

(j) *Closed Periods*

No holder of a Note may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of that Note, (ii) during the period of 15 days prior to any date on which Notes may be redeemed by the Issuer at its option pursuant to Condition 5(d), (iii) after any such Note has been drawn for redemption in whole or in part or (iv) during the period of seven days ending on (and including) any Record Date (as defined in Condition 6(b)(ii) below).

### **3. Status**

(a) *Status of Notes*

The Notes and any Receipts and Coupons relating thereto constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will at all times rank *pari passu* and rateably among themselves and at least *pari passu* with all other unsecured and unsubordinated outstanding obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

(b) *Status of the Deed of Guarantee in respect of the Notes: only relevant for Notes issued by CFI*

The obligations of the CFI Guarantor in respect of the Notes issued by CFI under the Deed of Guarantee constitute direct, unconditional, unsubordinated and unsecured obligations of the CFI Guarantor and rank and will rank *pari passu* (subject to mandatorily preferred debts under applicable laws) with all other outstanding unsecured and unsubordinated obligations of the CFI Guarantor.

#### 4. Interest

##### (a) *Interest on Fixed Rate Notes*

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Interest Rate(s). Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

Except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Interest Period ending on (but excluding) the Interest Period End Date falling on or about such date will amount to the **Interest Amount**. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the **Broken Amount** so specified.

Except where an applicable Interest Amount or Broken Amount is specified in the applicable Final Terms in respect of an Interest Period, interest shall be calculated in respect of any period by applying the relevant Interest Rate to:

- (i) in the case of Fixed Rate Notes which are represented by a Global Note or Global Registered Note Certificate, the aggregate outstanding principal amount of the Fixed Rate Notes represented by such Global Note or Global Registered Note Certificate (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (ii) in the case of Fixed Rate Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Where the Specified Denomination of a Fixed Rate Note is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

##### (b) *Interest on Floating Rate Notes*

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable on each Interest Payment Date in respect of the Interest Period ending on (but excluding) the Interest Period End Date falling on or about such Interest Payment Date.

##### (A) *Screen Rate Determination*

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Interest Rate is to be determined, the Interest Rate for each Interest Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Page as at the Specified Time on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Calculation Agent. If five or more of such offered quotations are available on the Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided below) of such offered quotations.

If the Page is not available or if, in the case of (1) above, no offered quotation appears or, in the case of (2) above, fewer than three offered quotations appear, in each case as at the Specified Time, the Calculation Agent shall request each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with offered quotations, the Interest Rate for the Interest Period shall be the arithmetic mean of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with an offered quotation as provided in the preceding paragraph, the Interest Rate for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean of the rates, as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone interbank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates (rounded as provided below) for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Calculation Agent it is quoting to leading banks in the London interbank market (if the Reference Rate is LIBOR) or the Euro-zone interbank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any), PROVIDED THAT, if the Interest Rate cannot be determined in accordance with the foregoing provisions of this paragraph, the Interest Rate shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

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

The Calculation Agent shall not be responsible to the Issuer, the CFI Guarantor or to any third party as a result of the Calculation Agent having acted on any quotation given by any Reference Bank.

(B) *ISDA Determination*

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Interest Rate is to be determined, the Interest Rate for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (B), **ISDA Rate** for an Interest Period means the rate equal to the Floating Rate that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as calculation agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the ISDA Definitions) and under which:

- (1) the Floating Rate Option is as specified in the applicable Final Terms;
- (2) the Designated Maturity is a period specified in the applicable Final Terms; and
- (3) the relevant Reset Date is either (x) if the applicable Floating Rate Option is based on the London interbank offered rate (LIBOR) or on the Euro-zone interbank offered rate (EURIBOR), the first day of that Interest Period or (y) in any other case, as specified in the applicable Final Terms.

For the purposes of this subparagraph (B), Floating Rate, Calculation Agent, Floating Rate Option, Designated Maturity and Reset Date have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Final Terms the Minimum Interest Rate shall be deemed to be zero.

(C) *Maximum/Minimum Interest Rates and Rounding*

- (1) If any Maximum or Minimum Interest Rate is specified in the applicable Final Terms, then any Interest Rate shall be subject to such maximum or minimum, as the case may be.
- (2) For the purposes of any calculations required pursuant to the Conditions (unless otherwise specified), (x) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures will be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts which fall due and payable will be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of Yen, which shall be rounded down to the nearest Yen. For these purposes **unit** means the lowest amount of such currency which is available as legal tender in the country of such currency.

(D) *Calculations*

The Calculation Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes for the relevant Interest Period by applying the relevant Interest Rate to:

- (1) in the case of Floating Rate Notes which are represented by a Global Note or Global Registered Note Certificate, the aggregate outstanding principal amount of the Notes represented by such Global Note or Global Registered Note Certificate (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (2) in the case of Floating Rate Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Where the Specified Denomination of a Floating Rate Note is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

(E) *Determination and Publication of Interest Rates and Interest Amounts*

As soon as practicable after each Interest Determination Date the Calculation Agent will determine the Interest Rate and calculate the Interest Amounts in respect of each Specified Denomination for the relevant Interest Period. The Interest Amounts and the Interest Rate so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 9, the accrued interest and the Interest Rate payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Interest Rate or the Interest Amount so calculated need be made.

(F) *Notification of Interest Rate and Interest Amounts*

The Calculation Agent will cause the Interest Rate and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Fiscal Agent and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 13 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. For the purposes of this paragraph, the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(c) *Business Day Convention*

If any date referred to in the Conditions is specified in the applicable Final Terms to be subject to adjustment in accordance with a Business Day Convention and (x) such day would otherwise fall on a day which is not a Business Day or (y) there is no numerically corresponding day in the calendar months in which such date should occur, then, if the Business Day Convention specified in the applicable Final Terms is (i) the Floating Rate Convention, (1) in the case of (x) above such date

shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such date shall be brought forward to the immediately preceding Business Day and (B) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment or (2) in the case of (y) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) above shall apply *mutatis mutandis*, (ii) the Following Business Day Convention, such date shall be postponed to the next day which is a Business Day, (iii) the Modified Following Business Day Convention, such date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (iv) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(d) *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition by the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the CFI Guarantor, the Fiscal Agent, the Calculation Agent, the other Paying Agents, the Registrar (if applicable), any Transfer Agents and all Noteholders, Receiptholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the CFI Guarantor, the Noteholders, the Receiptholders or the Couponholders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(e) *Interest on Dual Currency Interest Notes*

The rate or amount of interest payable in respect of Dual Currency Interest Notes shall be determined in the manner specified in the applicable Final Terms.

(f) *Interest on Partly Paid Notes*

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes and other than Rule 144A Global Registered Note Certificates, interests in which may not be offered or sold on a partly paid basis), interest will accrue as aforesaid on the paid-up principal amount of such Notes and otherwise as specified in the applicable Final Terms.

(g) *Interest on other Notes*

Interest bearing Notes where the determination of the rate of interest and amount of interest payable is not determined pursuant to the above provisions (including, but not limited to, Underlying Linked Notes), if so specified in the applicable Final Terms, will receive interest or will have any amount(s) of interest determined in the manner set out in the applicable Final Terms and the Issuer will pay the relevant Interest Amount on the relevant Interest Payment Date, as further described in the applicable Final Terms.

(h) *Accrual of interest*

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal and/or delivery of all assets deliverable is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (i) the date on which all amounts due in respect of such Note have been paid and/or all assets deliverable in respect of such Note have been delivered; and



- (ii) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Fiscal Agent and/or all assets in respect of such Note have been received by any agent appointed by the Issuer to deliver such assets to Noteholders and notice to that effect has been given to the Noteholders in accordance with Condition 13.

(i) *Definitions*

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

**Business Day** means:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Business Centre specified in the applicable Final Terms; and
- (ii) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than any Business Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (B) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) is open.

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

- (i) if **Actual/Actual (ICMA)** is specified in the applicable Final Terms in respect of Fixed Rate Notes:
  - (A) in the case of Notes where the number of days in the Calculation Period is equal to or shorter than the Determination Period during which the Calculation Period ends, the number of days in such Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
  - (B) in the case of Notes where the Calculation Period is longer than the Determination Period during which the Calculation Period ends, the sum of:
    - (1) the number of days in such Calculation Period falling in the Determination Period in which the Calculation Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
    - (2) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year;
- (ii) if **Actual/Actual** or **Actual/Actual (ISDA)** is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (x) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (y) the actual

number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

- (iii) if **Actual/365 (Fixed)** is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365;
- (iv) if **Actual/365 (Sterling)** is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365 or, in the case of a payment falling in a leap year, 366;
- (v) if **Actual/360** is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 360;
- (vi) if **30/360** is specified in the applicable Final Terms in respect of Fixed Rate Notes, the number of days in the Calculation Period (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360;
- (vii) if **30/360, 360/360** or **Bond Basis** is specified in the applicable Final Terms in relation to Floating Rate Notes, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

**Y<sub>1</sub>** is the year, expressed as a number, in which the first day of the Calculation Period falls;

**Y<sub>2</sub>** is the year, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

**M<sub>1</sub>** is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

**M<sub>2</sub>** is the calendar month, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

**D<sub>1</sub>** is the first calendar day, expressed as a number, of the Calculation Period, unless such number is 31, in which case **D<sub>1</sub>** will be 30; and

**D<sub>2</sub>** is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and **D<sub>1</sub>** is greater than 29, in which case **D<sub>2</sub>** will be 30;

- (viii) if **30E/360** or **Eurobond Basis** is specified in the applicable Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

**Y<sub>1</sub>** is the year, expressed as a number, in which the first day of the Calculation Period falls;

$Y_2$  is the year, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

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

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

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

$D_2$  is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case  $D_2$  will be 30;

- (ix) if **30E/360 (ISDA)** is specified in the applicable Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

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

$Y_2$  is the year, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

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

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

$D_1$  is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case  $D_1$  will be 30; and

$D_2$  is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case  $D_2$  will be 30; or

- (x) if **RBA Bond Basis** or **Australian Bond Basis** is specified in the applicable Final Terms, one divided by the number of Interest Period End Dates in a year (or where the Calculation Period does not constitute an Interest Period, "Actual/365 (Fixed)" as defined in paragraph (iii) above).

**Calculation Amount** has the meaning given in the applicable Final Terms.

**Determination Period** means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date).

**Euro-zone** means the member states of the European Union that are participating in the third stage of Economic and Monetary Union.

**Interest Commencement Date** means the date of issue of the Notes (the **Issue Date**) or such other date as may be specified in the applicable Final Terms.

**Interest Determination Date** means, with respect to an Interest Rate and an Interest Period, the date specified as such in the applicable Final Terms or, if none is so specified, (i) the first day of such Interest Period if the Specified Currency is Sterling, (ii) the day falling two London Banking Days prior to the first day of such Interest Period if the Specified Currency is neither Sterling nor Euro, or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Period if the Specified Currency is Euro.

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

**Interest Period End Date** means each date specified as such in the applicable Final Terms or, if none is so specified, each Interest Payment Date.

**Interest Rate** means the rate of interest payable from time to time in respect of the Notes and which is either specified, or calculated in accordance with the provisions, herein or in the applicable Final Terms.

**London Banking Day** means a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in London.

**Page** means such display page as may be specified in the applicable Final Terms for the purpose of providing a Reference Rate, or (i) any successor display page, other published source, information vendor or provider that has been officially designated by the sponsor of the original display page or (ii) if the sponsor has not officially designated a successor display page, other published source, information vendor or provider (as the case may be), the successor display page, other published source, information vendor or provider, if any, designated by the relevant information vendor or provider (if different from the sponsor).

**Reference Banks** means, in the case of a determination of LIBOR, the principal London office of four major banks in the London interbank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone interbank market, in each case selected by the Calculation Agent or as specified in the applicable Final Terms.

**Reference Rate** means the relevant rate pursuant to which an Interest Rate for a Floating Rate Note is to be determined as specified in the applicable Final Terms.

**Specified Time** means 11.00 a.m. (London time, in the case of a determination of LIBOR, or Brussels time, in the case of a determination of EURIBOR).

**sub-unit** means, with respect to any currency other than Euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to Euro, one cent.

**TARGET Business Day** means a day on which the TARGET2 System is operating.

**5. Redemption and Purchase: as stated above, all references to the CFI Guarantor and the Deed of Guarantee in the Conditions including but not limited to this Condition shall be ignored in relation to Notes issued by CGMFL or Citigroup Inc.**

(a) *Final Redemption*

Unless otherwise provided in the applicable Final Terms, or unless previously redeemed or purchased and cancelled as provided below, each principal amount of the Notes equal to the Calculation Amount will be redeemed at the amount (the **Redemption Amount**) specified in, or determined in the manner specified in, the applicable Final Terms on the Maturity Date.

Where the Notes are Physical Delivery Notes and the Entitlement becomes deliverable pursuant to the Conditions, the Issuer shall pay the Equivalent Amounts (as specified in the applicable Final Terms) to the Intermediary and, subject to the relevant Noteholder duly submitting an Asset Transfer Notice in accordance with the provisions hereof, the Issuer shall procure that the Intermediary (acting as principal) shall deliver the Entitlement in respect of each Calculation Amount in accordance with the provisions hereof to the relevant Noteholder on the Maturity Date (or, if such date is not a Settlement Business Day, the immediately succeeding Settlement Business Day), subject as provided herein. **Payment by the Issuer of the Equivalent Amounts to the Intermediary and procuring delivery of the Entitlement by the Intermediary shall fully discharge the Issuer's obligations in respect of the Notes.**

**Whenever pursuant to the Conditions, the Intermediary is expressed to be making delivery to a holder, such holder will be deemed to have instructed the Intermediary as its agent to make such delivery to it.**

(b) *Redemption for Taxation Reasons and Redemption for Illegality*

- (i) The Notes may be redeemed at the option of the Issuer or the CFI Guarantor in whole, but not in part, at any time in the case of a Note other than a Floating Rate Note or only on an Interest Payment Date in the case of a Floating Rate Note, on giving not less than 30 or more than 60 days' notice in accordance with Condition 13 (which notice shall be irrevocable), at, in respect of each principal amount of the Notes equal to the Calculation Amount, the Early Redemption Amount together with, if so specified in the applicable Final Terms, accrued interest, if (A) the Issuer or the CFI Guarantor, as the case may be, has or will become obligated to pay additional interest on such Notes pursuant to Condition 7 as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of Luxembourg or the United States or any political subdivisions or taxing authorities thereof or therein, or any change in the application or official interpretation of such laws, regulations or rulings, which change or amendment becomes effective on or after the date on which any person (including any person acting as underwriter, broker or dealer) agrees to purchase the first Tranche of any of such Notes pursuant to the original issuance of such first Tranche, and such obligation cannot be avoided by the Issuer or CFI Guarantor, as the case may be, taking reasonable measures available to it; PROVIDED THAT no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or CFI Guarantor, as the case may be, would be obligated to pay such additional interest were a payment in respect of the Notes then due or (B) in the case of Bearer Notes, either (i) Euroclear or Clearstream, Luxembourg or any other relevant clearing system announces an intention to terminate its business without a successor or (ii) upon the occurrence and continuance of an Event of Default (as defined in Condition 9 of the General Conditions other than French Law Notes), or (iii) upon the occurrence of a change in the tax law of the United States where the relevant Issuer is CFI or Citigroup Inc. or Luxembourg where the relevant Issuer is CGMFL pursuant to which the relevant Issuer has or will become subject to adverse tax consequences in respect of such Notes but for the issuance of definitive

Bearer Notes. Prior to the publication of any notice of redemption pursuant to this Condition 5(b)(i), the Issuer or the CFI Guarantor, as the case may be, shall deliver to the Fiscal Agent or the Australian Registrar in the case of Australian Domestic Notes or the Swedish Notes Issuing and Paying Agent in the case of Swedish Notes or the Finnish Notes Issuing and Paying Agent in the case of Finnish Notes (i) a certificate signed by an officer of the Issuer or the CFI Guarantor, as the case may be, stating that the Issuer or the CFI Guarantor, as the case may be, is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer or the CFI Guarantor, as the case may be, so to redeem have occurred and (ii) a legal opinion, from lawyers of recognised standing in Luxembourg or the United States, as applicable, to the effect that the Issuer or the CFI Guarantor, as the case may be, has or will become obligated to pay such additional interest as a result of such change or amendment.

- (ii) If the Issuer or the CFI Guarantor shall determine that any payment made outside the United States by the Issuer or the CFI Guarantor, as the case may be, or any of its Paying Agents in respect of any Bearer Note, Receipt or Coupon, if any (an **Affected Note**), would, under any present or future laws or regulations of the United States, be subject to any certification, documentation, information or other reporting requirement of any kind, the effect of which requirement is the disclosure to the Issuer or the CFI Guarantor, any Paying Agent or any governmental authority of the nationality, residence or identity (as distinguished from, for example, status as a Non-U.S. Holder (as defined below)) of a beneficial owner of such Affected Note that is a Non-U.S. Holder (other than such a requirement (A) that would not be applicable to a payment made by the Issuer or the CFI Guarantor, as the case may be, or any one of its Paying Agents (1) directly to the beneficial owner or (2) to a custodian, nominee or other agent of the beneficial owner, or (B) that can be satisfied by such custodian, nominee or other agent certifying to the effect that the beneficial owner is a Non-U.S. Holder; PROVIDED THAT, in any case referred to in clause (A)(2) or (B) above, payment by the custodian, nominee or agent to the beneficial owner is not otherwise subject to any such requirement), then the Issuer shall elect either (x) to redeem such Affected Notes in whole, but not in part, at, in respect of each principal amount of the Notes equal to the Calculation Amount, the Early Redemption Amount together with, if so specified in the applicable Final Terms, accrued interest, or (y) if the conditions of the next succeeding paragraph are satisfied, to pay the additional interest specified in such paragraph. The Issuer or the CFI Guarantor, as the case may be, shall make such determination as soon as practicable and publish prompt notice thereof (the **Determination Notice**), stating the effective date of such certification, documentation, information or other reporting requirement, whether the Issuer elects to redeem the Affected Notes or to pay the additional interest specified in the next succeeding paragraph and (if applicable) the last date by which the redemption of the Affected Notes must take place (the **Redemption Date**), as provided in the next succeeding sentence. If any Affected Notes are to be redeemed pursuant to this paragraph, the redemption shall take place on such date, not later than one year after the publication of the Determination Notice, as the Issuer or the CFI Guarantor shall specify by notice given to the Fiscal Agent at least 60 days before the Redemption Date PROVIDED THAT if the Notes are Floating Rate Notes such date must be an Interest Payment Date. Notice of such redemption shall be given to the holders of the Affected Notes not more than 60 days or less than 30 days prior to the Redemption Date. Notwithstanding the foregoing, the Issuer shall not so redeem the Affected Notes if the Issuer or the CFI Guarantor, as the case may be, shall subsequently determine, not less than 30 days prior to the Redemption Date, that subsequent payments on the Affected Notes would not be subject to any such certification, documentation, information or other reporting requirement, in which case the Issuer or the CFI Guarantor, as the case may be, shall publish prompt notice of such subsequent determination, and any earlier redemption notice given pursuant to this paragraph shall be revoked and of no further effect. Prior to the publication of any Determination Notice pursuant to this paragraph, the Issuer or the CFI Guarantor, as the case

may be, shall deliver to the Fiscal Agent (I) a certificate signed by an officer of the Issuer or the CFI Guarantor, as the case may be, stating that the Issuer or the CFI Guarantor, as the case may be, is entitled to make such determination and setting forth a statement of facts showing that the conditions precedent to the obligation of the Issuer to redeem the Affected Notes or to pay the additional interest specified in the next succeeding paragraph have occurred and (II) a legal opinion, from lawyers of recognised standing in the United States, to the effect that such conditions have occurred.

If and so long as the certification, documentation, information or other reporting requirement referred to in the preceding paragraph would be fully satisfied by payment of a backup withholding tax or similar charge, the Issuer may elect to pay as additional interest such amounts as may be necessary so that every net payment made outside the United States following the effective date of such requirement by the Issuer or the CFI Guarantor, as the case may be, or any of its Paying Agents in respect of any Affected Note of which the beneficial owner is a Non-U.S. Holder (but without any requirement that the nationality, residence or identity of such beneficial owner be disclosed to the Issuer or the CFI Guarantor, as the case may be, any Paying Agent or any governmental authority), after deduction or withholding for or on account of such backup withholding tax or similar charge (other than a backup withholding tax or similar charge that (A) would not be applicable in the circumstances referred to in the parenthetical clause of the first sentence of the preceding paragraph or (B) is imposed as a result of presentation of any such Affected Note for payment more than 15 days after the Relevant Date (as defined in Condition 7)), will not be less than the amount provided in any such Affected Note to be then due and payable. If the Issuer or the CFI Guarantor, as the case may be, elects to pay additional interest pursuant to this paragraph, then the Issuer shall have the right to redeem the Affected Notes at any time in the case of a Note other than a Floating Rate Note or only on an Interest Payment Date in the case of a Floating Rate Note in whole, but not in part, at, in respect of each principal amount of the Notes equal to the Calculation Amount, the Early Redemption Amount together with, if so specified in the applicable Final Terms, accrued interest, subject to the provisions of the last three sentences of the immediately preceding paragraph. If the Issuer or the CFI Guarantor, as the case may be, elects to pay additional interest pursuant to this paragraph and the condition specified in the first sentence of this paragraph should no longer be satisfied, then the Issuer shall redeem the Affected Notes in whole, but not in part, at, in respect of each principal amount of the Notes equal to the Calculation Amount, the Early Redemption Amount together with, if so specified in the applicable Final Terms, accrued interest, subject to the provisions of the last three sentences of the immediately preceding paragraph. Any redemption payments made by the Issuer or the CFI Guarantor, as the case may be, pursuant to the two immediately preceding sentences shall be subject to the continuing obligation of the Issuer or the CFI Guarantor, as the case may be, to pay additional interest pursuant to this paragraph. If the Affected Notes are to be redeemed pursuant to this paragraph, the redemption shall take place on such date (subject as aforesaid), not later than one year after publication of the notice of redemption, as the Issuer shall specify by notice to the Fiscal Agent at least 60 days prior to the Redemption Date.

A **Non-U.S. Holder** is a beneficial owner of a Note that is, for U.S. federal income tax purposes: (A) a foreign corporation; (B) a non-resident alien individual; (C) a non-resident alien fiduciary of a foreign estate or trust; or (D) a foreign partnership one or more members of which is a Non-U.S. Holder.

- (iii) If the Issuer determines that the performance of its obligations under the Notes or the CFI Guarantor determines that the performance of its obligations under the Deed of Guarantee in respect of the Notes or that any arrangements made to hedge the Issuer's and/or the CFI Guarantor's obligations under the Notes and/or the Deed of Guarantee, as the case may be, has or will become unlawful, illegal or otherwise prohibited in whole or in part for any

reason, the Issuer may redeem the Notes early by giving notice to Noteholders in accordance with Condition 13.

Should any one or more of the provisions contained in the Conditions be or become invalid, the validity of the remaining provisions shall not in any way be affected thereby.

If the Issuer redeems the Notes early pursuant to this provision, then the Issuer will, if and to the extent permitted by applicable law, pay to each Noteholder in respect of each principal amount of Notes equal to the Calculation Amount held by such holder, an amount equal to the Early Redemption Amount together with, if so specified in the applicable Final Terms, accrued interest. Payment will be made in such manner as shall be notified to the Noteholders in accordance with Condition 13 and upon such payment in respect of such Notes all obligations of the Issuer and the CFI Guarantor in respect thereof shall be discharged.

(c) *Purchases*

The Issuer, the CFI Guarantor or any of their respective subsidiaries or Affiliates may at any time purchase Notes (PROVIDED THAT all unmatured Receipts and Coupons and unexchanged Talons appertaining thereto are attached or surrendered therewith) in the open market or otherwise at any price. Any Notes or Coupons so purchased may be held or resold or surrendered for cancellation together with all unmatured Coupons attached thereto or purchased therewith.

**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.

(d) *Early Redemption Amount*

For the purpose of Condition 5(b)(i), (ii) and (iii) above, Condition 9 and Condition 19(h), the Early Redemption Amount in respect of each principal amount of the Notes equal to the Calculation Amount will be calculated as follows:

- (i) in the case of Notes (other than Zero Coupon Notes and Underlying Linked Notes) at the amount specified in, or determined in the manner specified in, the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at an amount in respect of each Note equal to its principal amount; or
- (ii) in the case of Zero Coupon Notes, at an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

**RP** means the Reference Price;

**AY** means the Amortisation Yield expressed as a decimal; and

<sup>y</sup> is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date



fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360,

or on such other calculation basis as may be specified in the applicable Final Terms; or

- (iii) in the case of Underlying Linked Notes, at an amount equal to either (A) an amount in the Specified Currency determined by the Calculation Agent which represents the fair market value of such Calculation Amount (which, if so specified in the applicable Final Terms, shall include amounts in respect of interest) on a day selected by the Issuer (ignoring for the purposes of a redemption pursuant to Condition 5(b)(iii), the relevant unlawfulness, illegality or prohibition) less (except in the case of any early redemption pursuant to Condition 9) the proportionate cost to the Issuer and/or its Affiliates of unwinding any underlying and/or related hedging and funding arrangements in respect of the Notes (including, without limitation, any options relating to any Underlying hedging the Issuer's obligations under the Notes) and, for the purposes of determining the fair market value of such Calculation Amount for the purposes of Condition 9, no account shall be taken of the financial condition of the Issuer which shall be presumed to be able to perform fully its obligations in respect of the Notes, or (B) such other amount determined by reference to the provisions in the applicable Final Terms.

(e) *Redemption at the Option of the Issuer*

If Issuer Call is specified as applicable in the applicable Final Terms, the Issuer may having given:

- (i) in respect of Bearer Notes, the number of days' notice specified in the applicable Final Terms or, if none are so specified, not less than five nor more than 60 days' notice to the Noteholders in accordance with Condition 13; and
- (ii) in the case of Registered Notes, the number of days' notice specified in the applicable Final Terms or, if none are so specified:
  - (A) not less than, five nor more than 60 days' notice to the Noteholders in accordance with Condition 13; and
  - (B) not less than five days' notice to the Registrar,

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and, in respect of each principal amount of the Notes equal to the Calculation Amount at the Optional Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a principal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount in each case as may be specified in the applicable Final Terms.

In the case of a redemption of some only of the Notes, the Notes to be redeemed (**Redeemed Notes**) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) and/or DTC, as the case may be, in the case of Redeemed Notes represented by a Global Note or Global Registered Note Certificate, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 13 not less than five days prior to

the date fixed for redemption. No exchange of the relevant Global Note or Global Registered Note Certificate will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this paragraph.

(f) *Redemption at the Option of holders of Notes*

If Investor Put is specified as applicable in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 13 not less than 45 days' notice the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, such Note on the Optional Redemption Date and at, in respect of each principal amount of the Notes equal to the Calculation Amount, the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. Registered Notes may be redeemed under this Condition 5(f) in any multiple of their lowest Specified Denomination.

To exercise the right to require redemption of a Note the holder of such Note must, if such Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg or DTC, deliver, at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a **Put Notice**) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition and, in the case of Registered Notes, the principal amount thereof to be redeemed and, if less than the full principal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2(i). If the relevant Note is in definitive form, the Put Notice must be accompanied by the Note or evidence satisfactory to the Paying Agent concerned that the Note will, following delivery of the Put Notice, be held to its order or under its control.

If the relevant Note is represented by a Global Note or Global Registered Note Certificate and cleared through Euroclear or Clearstream, Luxembourg or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of such Note the holder of such Note must, within the notice period, give notice to the Fiscal Agent or the Registrar, as the case may be, of such exercise in accordance with the standard procedures of Euroclear or Clearstream, Luxembourg, as applicable (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg, as applicable, or any common depository or common safekeeper, as the case may be, for them, as applicable, to the Fiscal Agent or the Registrar, as the case may be, by electronic means), in a form acceptable to Euroclear and Clearstream, Luxembourg, as applicable, from time to time.

If the relevant Note is represented by a Global Registered Note Certificate and cleared through DTC, to exercise the right to require redemption of such Note the holder of such Note must, within the notice period, give notice to the Registrar of such exercise in the form of a Put Notice acceptable to the Registrar and irrevocably instruct DTC to debit the relevant Noteholder's securities account with the relevant Notes on or before the Optional Redemption Date in accordance with applicable DTC practice.

(g) *Redemption by Instalments*

Unless previously redeemed or purchased and cancelled as provided in this Condition 5, each Note which provides for Instalment Dates and Instalment Amounts will be partially redeemed on each Instalment Date at the Instalment Amount specified in the applicable Final Terms, whereupon the

outstanding principal amount of such Note shall be reduced by the Instalment Amount for all purposes.

(h) *Cancellation*

All Notes purchased by or on behalf of the Issuer or the CFI Guarantor may be surrendered for cancellation, if the Notes are Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Fiscal Agent and, if the Notes are Registered Notes, by surrendering the Note representing such Notes to the Registrar and, in each case, if so surrendered, will, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith, if any). Any Notes surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the CFI Guarantor in respect of any such Notes shall be discharged.

(i) *Late payment on Zero Coupon Notes*

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to this Condition or upon its becoming due and repayable as provided in Condition 9 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 5(d) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Fiscal Agent and notice to that effect has been given to the Noteholders in accordance with Condition 13.

**6. Payments, Talons and Physical Delivery: as stated above, all references to the CFI Guarantor and the Deed of Guarantee in the Conditions including but not limited to this Condition shall be ignored in relation to Notes issued by CGMFL or Citigroup Inc.**

(a) *Bearer Notes*

Payments of principal and interest (if any) in respect of definitive Bearer Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and PROVIDED THAT the Receipt is presented for payment together with its related Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 6(f)(iv)) or Coupons (in the case of interest, save as specified in Condition 6(f)(ii)), as the case may be, at the specified office of any Paying Agent by a cheque payable in the currency in which such payment is due drawn on, or, at the option of the holder, by transfer to an account (which in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) denominated in that currency with a bank in the principal financial centre of that currency or, in the case of Euro, by credit or transfer to a Euro account (or any other account to which Euro may be credited or transferred) specified by the payee or, at the option of the payee, by a Euro cheque.

Payments of principal and interest (if any) in respect of Bearer Notes represented by a Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Bearer Notes or otherwise in the manner specified in the relevant Global Note, where applicable against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent. A record of each payment made, distinguishing between any payment of

principal and any payment of interest, will be made on such Global Note either by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream, Luxembourg, as applicable.

(b) *Registered Notes*

- (i) Payments of principal (which for the purposes of this Condition 6(b)(i) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes (whether or not in global form) will be made against presentation and surrender of the relevant Note at the specified office of any of the Paying Agents or of the Registrar and in the manner provided in paragraph (ii) below.
- (ii) Payments of interest and payment of all Instalment Amounts other than final Instalment Amounts on Registered Notes will be paid to the person shown on the Register (A) where such Notes are in global form, at the close of the business day (being for this purpose, a day on which Euroclear and Clearstream, Luxembourg or DTC, as the case may be, are open for business) before the due date for payment thereof, and (B) where such Notes are in definitive form, at the close of business on the fifteenth day before the due date for payment thereof (the **Record Date**). Such payments will be made in the currency in which such payments are due by cheque drawn on a bank in the principal financial centre of the country of the currency concerned, or in the case of a payment in Euro, by a Euro cheque and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register maintained by the Registrar. Upon application by the holder to the specified office of the Registrar before the Record Date, such payment of interest may be made by transfer to an account (which in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) in the relevant currency designated by the holder with a bank in the principal financial centre of the country of that currency or, if the currency is Euro, into a Euro account (or any other account to which Euro may be credited or transferred) notified to the Registrar by such holder.

All amounts payable to DTC or its nominee as registered holder of a Global Registered Note Certificate in respect of Notes denominated in a Specified Currency other than U.S. dollars shall be paid by transfer by the Fiscal Agent to an account in the Specified Currency of the Exchange Agent on behalf of DTC or its nominee for conversion into and payment in U.S. dollars in accordance with the provisions of the Fiscal Agency Agreement unless a holder has elected to receive payment in the relevant Specified Currency in accordance with applicable DTC practice.

(c) *Payments in respect of Australian Domestic Notes*

Conditions 6(a) and 6(b) shall not apply to Australian Domestic Notes. In respect of Australian Domestic Notes, the Australian Registrar will act (through its office in Sydney) as paying agent for Australian Domestic Notes pursuant to the Registry Services Agreement (such Registry Services Agreement as amended or supplemented from time to time, the **Registry Services Agreement**) between the Issuer and the Australian Registrar specified in the applicable Final Terms.

Payments of principal and interest will be made in Sydney in Australian dollars to the persons registered at the close of business in Sydney on the relevant Record Date (as defined below) as the holders of such Notes, subject in all cases to normal banking practice and all applicable laws and regulations. Payment will be made by cheque drawn on an Australian bank dispatched by post on the relevant payment date at the risk of the Noteholder or, at the option of the Noteholder, by the Australian Registrar giving in Sydney irrevocable instructions for the effecting of a transfer of the relevant funds to an Australian dollar account in Australia specified by the Noteholder to the Australian Registrar (or in any other manner which the Australian Registrar and the Noteholder agree).

In the case of payments made by electronic transfer, payments will for all purposes be taken to be made when the Australian Registrar gives irrevocable instructions for the making of the relevant payment by electronic transfer, being instructions which would be reasonably expected to result, in the ordinary course of banking business, in the funds transferred reaching the account of the Noteholder on the same day as the day on which the instructions are given.

If a cheque posted or an electronic transfer for which irrevocable instructions have been given by the Australian Registrar is shown, to the satisfaction of the Australian Registrar, not to have reached the Noteholder and the Australian Registrar is able to recover the relevant funds, the Australian Registrar may make such other arrangements as it thinks fit for the effecting of the payment.

Interest will be calculated in the manner specified in Condition 4 above and will be payable to the persons who are registered as Noteholders at the close of business in Sydney on the relevant Record Date and cheques will be made payable to the Noteholder (or, in the case of joint Noteholders, to the first-named) and sent to their registered address, unless instructions to the contrary are given by the Noteholder (or, in the case of joint Noteholders, by all the Noteholders) in such form as may be prescribed by the Australian Registrar. Payments of principal will be made to, or to the order of, the persons who are registered as Noteholders at the close of business in Sydney on the relevant Record Date, subject, if so directed by the Australian Registrar, to receipt from them of such instructions as the Australian Registrar may require.

In this Condition 6(c), **Record Date** means, in the case of payments of principal or interest, the close of business in Sydney on the date which is the eighth calendar day before the due date of the relevant payment of principal or interest.

(d) *Payments Subject to Law, etc.*

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 7. No commission or expenses shall be charged to the holders of Notes or Couponholders in respect of such payments.

The holder of a Global Note or a Global Registered Note Certificate shall be the only person entitled to receive payments in respect of Notes represented by such Global Note or Global Registered Note Certificate and the Issuer, or as the case may be, the CFI Guarantor will be discharged by payment to, or to the order of, the holder of such Global Note or Global Registered Note Certificate, as the case may be, in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg or DTC as the beneficial holder of a particular principal amount of Notes represented by such Global Note or Global Registered Note Certificate, as the case may be, must look solely to Euroclear or Clearstream, Luxembourg or DTC, as the case may be, for his share of each payment so made by the Issuer, or as the case may be, the CFI Guarantor to, or to the order of, the holder of such Global Note or Global Registered Note Certificate, as the case may be.

(e) *Appointment of Agents*

As applicable, the Fiscal Agent, each Paying Agent, the Registrar, the Exchange Agent, each Transfer Agent, the Calculation Agent, the Australian Registrar, the Swedish Notes Issuing and Paying Agent or the Finnish Notes Issuing and Paying Agent in the case of Finnish Notes initially appointed by the Issuer and the CFI Guarantor and their respective specified offices are listed below or in the applicable Final Terms. The Fiscal Agent, each Paying Agent, the Registrar, the Exchange Agent, each Transfer Agent, the Calculation Agent, the Australian Registrar, the Swedish Notes Issuing and Paying Agent or the Finnish Notes Issuing and Paying Agent in the case of Finnish Notes act solely as agents or, as the case may be, registrars of the Issuer and the CFI Guarantor and do not assume any obligation or relationship of agency or trust for or with any holder. The Issuer

and the CFI Guarantor reserve the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Calculation Agent, the Registrar, the Exchange Agent, any Transfer Agent, the Australian Registrar, the Swedish Notes Issuing and Paying Agent or the Finnish Notes Issuing and Paying Agent in the case of Finnish Notes and to appoint additional or other agents (any of which may be the Issuer, an affiliate of the Issuer, the CFI Guarantor or an affiliate of the CFI Guarantor) PROVIDED THAT the Issuer and the CFI Guarantor will at all times maintain:

- (i) a Fiscal Agent;
- (ii) at any time at which any Registered Note is outstanding, a Registrar or, in the case of Australian Domestic Notes, an Australian Registrar in relation thereto;
- (iii) at any time at which any Registered Note cleared through DTC is outstanding, an Exchange Agent in relation thereto;
- (iv) at any time at which any Registered Note (other than an Australian Domestic Note) is outstanding, a Transfer Agent in relation thereto;
- (v) a Calculation Agent where the Conditions so require one;
- (vi) Paying Agents having a specified office in at least two major European cities (including Luxembourg so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such exchange so require);
- (vii) where the Issuer is CGMFL, a Paying Agent having a specified office in Europe outside Luxembourg;
- (viii) at any time while any Swedish Note is outstanding, a Swedish Notes Issuing and Paying Agent authorised to act both as an account operating institution (*Sw. kontoförade institut*) and issuing agent (*Sw. emissionsinstitut*) with Euroclear Sweden;
- (ix) at any time while any Finnish Note is outstanding, a Finnish Notes Issuing and Paying Agent authorised to act both as an account operator (*Fi. tilinhoitajayhteisö*) and issuer agent (*Fi. liikkeeseenlaskijan asiamies*) with Euroclear Finland; and
- (x) such other agents as may be required by the rules of any other stock exchange on which the Notes may be listed.

Each of the Issuer and the CFI Guarantor also undertakes that it will maintain a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to EC Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive unless to do so either would be unduly onerous or impracticable or is no longer market practice, in each case in the determination of the Issuer.

Notice of any such change or any change of any specified office of the Fiscal Agent, any other Paying Agent, any Transfer Agent or the Registrar will promptly be given to the Noteholders in accordance with Condition 13.

- (f) *Unmatured Coupons and Receipts and unexchanged Talons*
  - (i) Unless the applicable Final Terms provides that the related Coupons are to become void upon the due date for redemption of the Notes, Bearer Notes in definitive form should be surrendered for payment together with all unexpired Coupons (if any) appertaining thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing

unmatured Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of five years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).

- (ii) If the applicable Final Terms so provides, upon the due date for redemption of any Bearer Note in definitive form, unexpired Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note in definitive form, any unexpired Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Upon the due date for redemption of any Bearer Note in definitive form which is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- (v) If the applicable Final Terms provides that the related Coupons are to become void upon the due date for redemption of those Notes and any Bearer Note in definitive form is presented for redemption without all unexpired Coupons and any unexpired Talon relating to it, redemption shall be made only against the provisions of such indemnity as the Issuer may require.
- (vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Note representing it, as the case may be. Interest accrued on a Note which only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note representing it.

(g) *Talons*

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons which may have become void pursuant to Condition 8).

(h) *Payment Days*

If any date for payment in respect of any Note, Receipt or Coupon is not a Payment Day, the holder shall not be entitled to payment until the next following Payment Day nor to any interest or other sum in respect of such postponed payment. In this paragraph, **Payment Day** means:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (A) in the case of Notes in definitive form only, the relevant place of presentation; and
  - (B) such jurisdictions as shall be specified as "Business Day Jurisdictions" in the applicable Final Terms; and

- (ii) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (B) in relation to any sum payable in euro, a TARGET Business Day; and
- (iii) in the case of any payment in respect of a Global Registered Note Certificate denominated in a Specified Currency other than U.S. dollars and registered in the name of DTC or its nominee and in respect of which an accountholder of DTC (with interests in such Global Registered Note Certificate) has elected to receive any part of such payment in U.S. dollars, a day on which commercial banks are not authorised or required by law or regulation to be closed in New York City.

(i) *Physical Delivery*

THIS CONDITION 6(i) ONLY APPLIES TO NOTES REPRESENTED BY A GLOBAL NOTE OR GLOBAL REGISTERED NOTE CERTIFICATE HELD ON BEHALF OF EUROCLEAR AND CLEARSTREAM, LUXEMBOURG OR DTC. IF THE NOTES ARE ISSUED IN DEFINITIVE FORM THE ISSUER SHALL MAKE SUCH CHANGES TO THIS PROVISION AS IT DEEMS APPROPRIATE AND SHALL GIVE NOTICE TO THE HOLDERS IN ACCORDANCE WITH CONDITION 13.

(i) Asset Transfer Notices

In relation to Physical Delivery Notes, in order to obtain delivery of the Entitlement(s) in respect of any Note, the relevant holder must deliver a duly completed asset transfer notice (an **Asset Transfer Notice**) in the form set out in the Fiscal Agency Agreement (x) in respect of Notes cleared through Euroclear or Clearstream, Luxembourg, to Euroclear or Clearstream, Luxembourg (each a **Clearing System**), as the case may be, with a copy to the Fiscal Agent and the Intermediary, or (y) in respect of Notes cleared through DTC, to the Fiscal Agent and the Intermediary, not later than 10.00 a.m. (local time) on the date (the **Cut-off Date**) falling three Business Days prior to the Maturity Date (as defined below), in accordance with the provisions set out in this Condition.

Copies of the Asset Transfer Notice may be obtained during normal business hours from the specified office of each Paying Agent or the Registrar.

An Asset Transfer Notice may only be delivered to a Clearing System in such manner as is acceptable to such Clearing System, which is expected to be by authenticated SWIFT message.

The Asset Transfer Notice shall:

- (A) specify the name, address and contact telephone number of the relevant Noteholder and the person from whom the Intermediary may obtain details for the delivery of the Entitlement if delivery is to be made otherwise than in the manner specified in the applicable Final Terms;
- (B) specify the Series number of the Notes and the principal amount of the Notes which are the subject of such notice;



- (C) specify the number of the Noteholder's securities account at the relevant Clearing System or DTC, as the case may be, to be debited with such Notes;
- (D) in respect of Notes cleared through Euroclear or Clearstream, Luxembourg, irrevocably instruct the relevant Clearing System to debit the relevant Noteholder's securities account with the relevant Notes on or before the Maturity Date;
- (E) include an undertaking to pay all Expenses and a confirmation that the delivery of the Entitlement is subject, *inter alia*, as provided in Condition 6(i)(iii) and either (1) in respect of Notes cleared through Euroclear or Clearstream, Luxembourg, an authority to the relevant Clearing System to debit a specified account of the Noteholder with the relevant Clearing System in respect thereof and to pay such Expenses or (2) in respect of Notes cleared through either Euroclear or Clearstream, Luxembourg or DTC, an authority to the Intermediary either to deduct from any cash amount owing to the Noteholder an amount sufficient to pay such Expenses and to pay on behalf of the Noteholder such Expenses or to convert such amount of the Relevant Asset(s) due to be delivered to such Noteholder as is necessary to pay such Expenses and to pay on behalf of the Noteholder such Expenses, as referred to in Condition 6(i)(iii) below, and a confirmation that delivery of any Entitlement is subject as provided below;
- (F) include such details as are required by the applicable Final Terms for delivery of the Entitlement which may include account details and/or the name and address of any person(s) into whose name evidence of the Entitlement is to be registered and/or any bank, broker or agent to whom documents evidencing the Entitlement are to be delivered and specify the name and number of the Noteholder's account with the relevant Clearing System or DTC, as the case may be, to be credited with any cash payable by the Intermediary, either in respect of any cash amount constituting (1) the Entitlement or any Fractional Entitlement (if applicable) or (2) any dividends relating to the Entitlement or (3) as a result of the occurrence of a Settlement Disruption Event and the Intermediary electing to pay the Disruption Cash Redemption Amount or (4) as a result of the occurrence of a Failure to Deliver due to Illiquidity and the Intermediary electing to pay the Failure to Deliver Redemption Amount or (5) as a result of the Intermediary electing to pay the Alternate Cash Redemption Amount;
- (G) certify either (i) in respect of Notes represented by a Global Note or a Regulation S Global Registered Note Certificate, that the beneficial owner of each Note the subject of the relevant Asset Transfer Notice is not a U.S. person (as defined in the Asset Transfer Notice), the Note is not being redeemed within the United States or on behalf of a U.S. person and no cash, securities or other property have been or will be delivered within the United States or to, or for the account or benefit of, a U.S. person in connection with any redemption thereof or (ii) in respect of Notes represented by a Rule 144A Global Registered Note Certificate, that the beneficial owner of each Note the subject of the relevant Asset Transfer Notice is a QIB; and
- (H) authorise the production of such certification in any applicable administrative or legal proceedings,

all as provided in the Fiscal Agency Agreement.

In respect of Notes cleared through DTC, in addition to the submission of an Asset Transfer Notice as provided above, each Noteholder (i) may irrevocably instruct DTC to debit a specified account of the Noteholder with DTC in respect of any Expenses and (ii) shall

irrevocably instruct DTC to debit the relevant Noteholder's securities account with the relevant Notes on or before the Maturity Date, in each case, in accordance with applicable DTC practice.

As used above:

**Entitlement** means, in relation to a Physical Delivery Note, the quantity of the Relevant Asset or the Relevant Assets, as the case may be, which a Noteholder is entitled to receive on the Maturity Date in respect of each Calculation Amount following payment of any Expenses as provided herein and rounded down as provided in Condition 6(i)(iv), as determined by the Intermediary, including any documents evidencing such Entitlement.

**Expenses** means all costs, taxes, duties and/or expenses, including any applicable depository charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer, withholding taxes or tax on income profits or gains and/or other costs, duties or taxes arising from the delivery of the Entitlement(s).

**Intermediary** means the entity specified as such in the applicable Final Terms or, if no such entity is so specified, the Calculation Agent.

If Condition 6(j) applies, the form of Asset Transfer Notice required to be delivered will be different from that set out above. Copies of such Asset Transfer Notice may be obtained during normal business hours from the specified office of each Paying Agent.

(ii) Verification of the Holder

Upon receipt of an Asset Transfer Notice, (x) in respect of Notes cleared through a Clearing System, the relevant Clearing System or (y) in respect of Notes cleared through DTC, the Fiscal Agent shall verify that the person specified therein as the accountholder is the holder of the Notes described therein according to its records. Subject thereto, in respect of Notes cleared through a Clearing System, the relevant Clearing System will confirm to the Fiscal Agent the Series number and principal amount of Notes the subject of such notice, the relevant account details and the details for the delivery of the Entitlement(s) in respect of each Note the subject of such notice. Upon receipt of such confirmation or, in respect of Notes cleared through DTC, upon receipt of an Asset Transfer Notice, the Fiscal Agent will inform the Issuer and the Intermediary thereof. The relevant Clearing System or DTC, as the case may be, will on or before the Maturity Date debit the securities account of the relevant Noteholder with the relevant Notes.

(iii) Determinations and Delivery

Any determination as to whether an Asset Transfer Notice is duly completed and in proper form shall be made (x) in respect of Notes cleared through a Clearing System, by the relevant Clearing System in consultation with the Fiscal Agent and the Intermediary or (y) in respect of Notes cleared through DTC, by the Fiscal Agent and the Intermediary, and shall be conclusive and binding on the Issuer, the Fiscal Agent, the Intermediary and the relevant Noteholder. Subject as set out below, any Asset Transfer Notice so determined to be incomplete or not in proper form, or, in respect of Notes cleared through a Clearing System, which is not copied to the Fiscal Agent and the Intermediary immediately after being delivered or sent to the relevant Clearing System as provided in Condition 6(i)(i) above, shall be null and void.

If such Asset Transfer Notice is subsequently corrected to the satisfaction of (x) in respect of Notes cleared through a Clearing System, the relevant Clearing System in consultation with

the Fiscal Agent and the Intermediary or (y) in respect of Notes cleared through DTC, the Fiscal Agent and the Intermediary, it shall be deemed to be a new Asset Transfer Notice submitted at the time such correction was delivered (x) in respect of Notes cleared through a Clearing System, to the relevant Clearing System and the Fiscal Agent and the Intermediary or (y) in respect of Notes cleared through DTC, to the Fiscal Agent and the Intermediary.

The Fiscal Agent or the Intermediary shall use reasonable endeavours promptly to notify the Noteholder submitting an Asset Transfer Notice if it has been determined, as provided above, that such Asset Transfer Notice is incomplete or not in proper form. In the absence of negligence or wilful misconduct on its part, none of the Issuer, the CFI Guarantor, the Agents, the Calculation Agent, the Intermediary and the relevant Clearing System shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Noteholder.

No Asset Transfer Notice may be withdrawn after receipt thereof by the relevant Clearing System or the Fiscal Agent or the Intermediary, as the case may be, as provided above. After delivery of an Asset Transfer Notice, the relevant Noteholder may not transfer the Notes which are the subject of such notice.

Subject as provided herein and subject to the payment of any Expenses, the Entitlement will be delivered at the risk of the relevant Noteholder, in the manner provided below on the Maturity Date (such date, subject to adjustment in accordance with this Condition, the **Delivery Date**), PROVIDED THAT the Asset Transfer Notice is duly delivered (x) in respect of Notes cleared through a Clearing System, to the relevant Clearing System with a copy to the Fiscal Agent and the Intermediary or (y) in respect of Notes cleared through DTC, to the Fiscal Agent and the Intermediary, as provided above on or prior to the Cut-off Date.

If a Noteholder fails to give an Asset Transfer Notice as provided herein on or prior to the Cut-off Date, then the Entitlement will be delivered as soon as practicable after the Maturity Date (in which case, such date of delivery shall be the Delivery Date) at the risk of such Noteholder in the manner provided below. For the avoidance of doubt, in such circumstances such Noteholder shall not be entitled to any payment, whether of interest or otherwise, as a result of such Delivery Date falling after the Maturity Date and no liability in respect thereof shall attach to the Issuer or the Intermediary.

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

The Intermediary shall, at the risk of the relevant Noteholder, deliver or procure the delivery of the Entitlement for each Note, pursuant to the details specified in the Asset Transfer Notice or in such commercially reasonable manner as the Intermediary shall determine and notify to the person designated by the Noteholder in the relevant Asset Transfer Notice. All Expenses arising from the delivery of the Entitlement in respect of such Notes shall be for the account of the relevant Noteholder and no delivery of the Entitlement shall be made until all Expenses have been paid to the satisfaction of the Intermediary by the relevant Noteholder. Any such Expenses shall either be:

- (A) paid to the Intermediary by such Noteholder prior to the delivery of the Entitlement;
- or

- (B) be deducted by the Intermediary from any cash amount owing to such Noteholder and paid by the Intermediary on behalf of the Noteholder or paid by the Intermediary on behalf of such Noteholder by converting such amount of the Relevant Assets due to be delivered as necessary to pay the Expenses,

as specified by the Noteholder in the relevant Asset Transfer Notice.

If any Expenses are not paid by a Noteholder pursuant to the above, the relevant Noteholder shall be deemed to authorise the Intermediary to convert and the Intermediary may convert such amount of the Relevant Assets due to be delivered into cash sufficient to cover the Expenses in respect of the relevant Note from which the Intermediary shall deduct such Expenses. The Issuer's and the Intermediary's obligations in respect of each Note will be satisfied in relation to the Maturity Date by delivery of the remaining Entitlement in respect of such Note.

All deliveries will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of delivery.

(iv) General

Subject as provided below, Notes held by the same Noteholder will be aggregated for the purpose of determining the aggregate Entitlements in respect of such Notes, PROVIDED THAT the aggregate Entitlements in respect of the same Noteholder will be rounded down to the nearest whole Tradeable Amount of the Relevant Asset or each of the Relevant Assets, as the case may be, in such manner as the Intermediary shall determine. If the applicable Final Terms specifies that Aggregation of Entitlements does not apply, the Entitlement in respect of each Calculation Amount will be rounded down to the nearest whole multiple of the Tradeable Amount of the Relevant Asset or each of the Relevant Assets, as the case may be, in such manner as the Intermediary shall determine.

Therefore, fractions or numbers of the Relevant Asset or of each of the Relevant Assets, as the case may be, less than the relevant Tradeable Amount (the **Fractional Entitlement**) will not be delivered and no cash or other adjustment will be made in respect thereof unless "Cash Adjustment" is specified as applicable in the applicable Final Terms. If "Cash Adjustment" is specified as applicable in the applicable Final Terms, the Intermediary shall pay to the relevant Noteholder a cash amount in the Specified Currency (to be paid at the same time as delivery of the Entitlement) equal to the value (as determined by the Intermediary) of such Fractional Entitlement, calculated as specified in the applicable Final Terms.

Following the Delivery Date in respect of a Note where the Entitlement(s) includes securities, all dividends and/or other distributions on the relevant securities to be delivered will be payable to the party that would receive such dividend or distribution according to market practice for a sale of the relevant securities executed on the Delivery Date and to be delivered in the same manner as such relevant securities. Any such dividends or distributions to be paid to a Noteholder will be paid to the account specified by the Noteholder in the relevant Asset Transfer Notice as referred to in Condition 6(i)(i).

If any Entitlement is delivered later than the date on which delivery would otherwise have taken place as provided herein, the Intermediary or any person acting on behalf of the Intermediary shall continue to be the legal owner of the assets comprising the Entitlement (the **Intervening Period**). None of the Issuer, the CFI Guarantor, the Intermediary or any other person shall at any time (A) be under any obligation to deliver or procure delivery to any Noteholder any letter, certificate, notice, circular or any other document or, except as

provided herein, any payment whatsoever received by that person in its capacity as the holder of such assets, (B) be under any obligation to exercise or procure exercise of any or all rights attaching to such assets or (C) be under any liability to a Noteholder in respect of any loss or damage which such Noteholder may sustain or suffer as a result, whether directly or indirectly, of that person being registered during such Intervening Period as legal owner of such assets.

None of the Issuer, the CFI Guarantor, the Intermediary and the Agents shall under any circumstances be liable for any acts or defaults of Euroclear or Clearstream, Luxembourg or DTC in relation to the performance of its duties in relation to the Notes.

(v) Settlement Disruption

If, in the opinion of the Intermediary, delivery of the Entitlement using the Delivery Method specified in the applicable Final Terms or such other commercially reasonable manner as the Intermediary has determined is not practicable by reason of a Settlement Disruption Event subsisting on the Maturity Date, then the Delivery Date shall be postponed to the first following Settlement Business Day in respect of which there is no such Settlement Disruption Event, PROVIDED THAT the Intermediary may elect to deliver the Entitlement using such other commercially reasonable manner as it may select and in such event the Delivery Date shall be such day as the Intermediary deems appropriate in connection with delivery of the Entitlement in such other commercially reasonable manner. For the avoidance of doubt, where a Settlement Disruption Event affects some but not all of the Relevant Assets comprising the Entitlement, the Delivery Date for the Relevant Assets not affected by the Settlement Disruption Event will be the originally designated Delivery Date. For so long as delivery of the Entitlement is not practicable by reason of a Settlement Disruption Event, then in lieu of physical settlement and notwithstanding any other provision hereof the Intermediary may elect, in lieu of delivering the Entitlement to pay to the relevant Noteholder the Disruption Cash Redemption Amount on the fifth Business Day following the date that notice of such election is given to the Noteholders in accordance with Condition 13. Payment of the Disruption Cash Redemption Amount will be made in such manner as shall be notified to the Noteholders in accordance with Condition 13. The Intermediary shall give notice as soon as practicable to the Noteholders in accordance with Condition 13 that a Settlement Disruption Event has occurred. No Noteholder shall be entitled to any payment in respect of the relevant Note in the event of any delay in the delivery of the Entitlement due to the occurrence of a Settlement Disruption Event and no liability in respect thereof shall attach to the Issuer or the Intermediary.

For the purposes hereof:

**Disruption Cash Redemption Amount**, in respect of any relevant Note, shall be the fair market value of such Note on a day selected by the Intermediary (taking into account, where the Settlement Disruption Event affected some but not all of the Relevant Assets comprising the Entitlement and such non-affected Relevant Assets have been duly delivered as provided above, the value of such Relevant Assets), less the cost of unwinding any underlying related hedging arrangements, all as determined by the Intermediary;

**Settlement Business Day**, in respect of each Note, has the meaning specified in the applicable Final Terms relating to such Note; and

**Settlement Disruption Event** means, in the opinion of the Intermediary, an event beyond the control of the Intermediary as a result of which the Intermediary cannot make delivery of the Relevant Asset(s) using the Delivery Method specified in the applicable Final Terms.

(vi) Failure to Deliver due to Illiquidity

If "Failure to Deliver due to Illiquidity" is specified as applying in the applicable Final Terms and in the opinion of the Intermediary, it is impossible or impracticable to deliver, when due, some or all of the Relevant Assets (the **Affected Relevant Assets**) comprising the Entitlement, where such failure to deliver is due to illiquidity in the market for the Relevant Assets (a **Failure to Deliver**), then:

- (A) subject as provided elsewhere in the Conditions, any Relevant Assets which are not Affected Relevant Assets, will be delivered on the originally designated Maturity Date in accordance with this Condition 6(i); and
- (B) in respect of any Affected Relevant Assets, *in lieu* of physical settlement and notwithstanding any other provision hereof, the Intermediary may elect, *in lieu* of delivering the Affected Relevant Assets, to pay to the relevant Noteholder the Failure to Deliver Redemption Amount on the fifth Business Day following the date that notice of such election is given to the Noteholders in accordance with Condition 13. Payment of the Failure to Deliver Redemption Amount will be made in such manner as shall be notified to the Noteholders in accordance with Condition 13. The Intermediary shall give notice as soon as practicable to the Noteholders in accordance with Condition 13 that the provisions of this Condition 6(i)(vi) apply.

For the purposes hereof, **Failure to Deliver Redemption Amount** in respect of any relevant Note shall be the fair market value of the Affected Relevant Assets on a day selected by the Intermediary, less the cost of unwinding any underlying related hedging arrangements, all as determined by the Intermediary in its sole and absolute discretion.

(j) *Variation of Settlement*

If the applicable Final Terms indicate that the Issuer has an option to vary settlement in respect of the Notes, the Issuer may elect not to pay the relevant Noteholders the Redemption Amount or to procure delivery of the Entitlement to the relevant Noteholders, as the case may be, but, in lieu thereof to procure delivery of the Entitlement or make payment of the Redemption Amount on the Maturity Date to the relevant Noteholders, as the case may be. Notification of such election will be given to Noteholders in accordance with Condition 13.

(k) *Intermediary's Option to Substitute Assets or to pay the Alternate Cash Redemption Amount*

The Intermediary may, in respect of Physical Delivery Notes, if it determines that the Relevant Asset or Relevant Assets, as the case may be, comprises securities which are not freely tradeable, elect either (i) to substitute for the Entitlement (or part thereof), an equivalent value (as determined by the Intermediary) of such other securities which the Intermediary determines are freely tradeable (each a **Substitute Asset**) or (ii) not to deliver the Entitlement or any Substitute Asset, as the case may be, to the relevant Noteholders, but in lieu thereof to make payment to each relevant Noteholder on the Maturity Date of an amount equal to the fair market value of the Entitlement (or part thereof) as determined by the Intermediary at such time and by reference to such sources as it considers appropriate (the **Alternate Cash Redemption Amount**). Notification of any such election will be given to Noteholders in accordance with Condition 13.

For purposes hereof, a **freely tradeable** security shall mean (i) with respect to the United States, a security which is registered under the United States Securities Act of 1933, as amended (the **Securities Act**) or not restricted under the Securities Act and which is not purchased from the issuer of such security and not purchased from an affiliate of the issuer of such security or which otherwise meets the requirements of a freely tradeable security for purposes of the Securities Act, in each case,

as determined by the Intermediary or (ii) with respect to any other jurisdiction, a security not subject to any legal restrictions on transfer in such jurisdiction.

(l) *Rights of Noteholders*

The purchase of Notes does not confer on any holder of such Notes any rights (whether in respect of voting, distributions or otherwise) attaching to any Relevant Asset.

**7. Taxation: as stated above, all references to the CFI Guarantor and the Deed of Guarantee in the Conditions including but not limited to this Condition shall be ignored in relation to Notes issued by CGMFL or Citigroup Inc.**

**(A) The provisions of this paragraph (A) apply only where CFI or Citigroup Inc. is the Issuer**

The Issuer and the CFI Guarantor will, subject to the exceptions and limitations set forth below, pay as additional interest to the holder of any Note, Receipt or Coupon or entitled person under the CFI Deed of Covenant or the Deed of Guarantee such amounts as may be necessary so that every net payment on such Note, Receipt or Coupon or the CFI Deed of Covenant or the Deed of Guarantee, after deduction or withholding for or on account of any present or future tax, assessment or other governmental charge imposed upon or as a result of such payment by the United States (or any political subdivision or taxing authority thereof or therein) will not be less than the amount provided in such Note, Receipt or Coupon or the CFI Deed of Covenant or the Deed of Guarantee to be then due and payable. However, neither the Issuer nor the CFI Guarantor will be required to make any such payment of additional interest for or on account of:

- (a) any tax, assessment or other governmental charge that would not have been imposed but for (i) the existence of any present or former connection between such holder or entitled person (or between a fiduciary, settlor or beneficiary of, or a person holding a power over, such holder or entitled person, if such holder or entitled person is an estate or a trust, or a member or shareholder of such holder or entitled person, if such holder or entitled person is a partnership or corporation) and the United States, including, without limitation, such holder or entitled person (or such fiduciary, settlor, beneficiary, person holding a power, member or shareholder) being or having been a citizen or resident thereof or being or having been engaged in trade or business or present therein or having or having had a permanent establishment therein or (ii) such holder's or entitled person's past or present status as a personal holding company or private foundation or other tax-exempt organisation with respect to the United States or as a corporation that accumulates earnings to avoid United States federal income tax;
- (b) any estate, inheritance, gift, sales, transfer or personal property tax or any similar tax, assessment or other governmental charge;
- (c) any tax, assessment or other governmental charge that would not have been imposed but for the presentation or deemed for payment, as the case may be, by the holder or entitled person of a Note, Receipt, Coupon, the CFI Deed of Covenant or the Deed of Guarantee for payment more than 15 days after the date on which such payment became due and payable or on which payment thereof was duly provided for, whichever occurs later (the **Relevant Date**);

- (d) any tax, assessment or other governmental charge that is payable otherwise than by deduction or withholding from a payment on a Note, Receipt, Coupon, the CFI Deed of Covenant or the Deed of Guarantee;
- (e) any tax, assessment or other governmental charge required to be deducted or withheld by any Paying Agent or the Registrar, as the case may be, from a payment on a Note, Receipt, Coupon, the CFI Deed of Covenant or the Deed of Guarantee if such payment can be made without such deduction or withholding by any other Paying Agent or the Registrar (if applicable);
- (f) any tax, assessment or other governmental charge that would not have been imposed but for a failure to comply with applicable certification, documentation, information or other reporting requirement concerning the nationality, residence, identity or connection with the United States of the holder or beneficial owner of or entitled person under a Note, Receipt, Coupon, the CFI Deed of Covenant or the Deed of Guarantee if, without regard to any tax treaty, such compliance is required by statute or regulation of the United States as a precondition to relief or exemption from such tax, assessment or other governmental charge;
- (g) any tax, assessment or other governmental charge imposed on a holder that actually or constructively owns 10 per cent. or more of the combined voting power of all classes of stock of the Issuer or, as the case may be, the CFI Guarantor as described in Section 871(h)(3)(B) of the United States Internal Revenue Code of 1986, as amended (the **Code**), that is a bank receiving interest described in Section 881(c)(3)(A) of the Code, that receives contingent interest described in Section 871(h)(4) of the Code or that is a controlled foreign corporation related to the Issuer or, as the case may be, the CFI Guarantor through stock ownership as described in Section 881(c)(3)(C) of the Code;
- (h) a payment on a Note, Receipt, Coupon, the CFI Deed of Covenant or the Deed of Guarantee to a holder or entitled person that is a fiduciary or partnership or other than the sole beneficial owner of such payment to the extent a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner would not have been entitled to the additional interest had such beneficiary, settlor, member or beneficial owner been the holder or entitled person of or under such Note, Receipt, Coupon, the CFI Deed of Covenant or the Deed of Guarantee;
- (i) any tax, assessment or other governmental charge imposed on a payment to a person and required to be made pursuant to EC Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (j) taxes imposed under Sections 871(m) or 1471 through 1474 of the Code, any regulations promulgated thereunder or official interpretations thereof, or any agreement entered into pursuant to such legislation.

**(B) The provisions of this paragraph (B) apply only where CGMFL is the Issuer**

The Issuer will, subject to the exceptions and limitations set forth below, pay as additional interest to the holder of any Note, Receipt or Coupon or entitled person under the CGMFL Deed of Covenant such amounts as may be necessary so that every net payment on such Note, Receipt or Coupon or the CGMFL Deed of Covenant, after deduction or withholding for or on account of any present or future tax, assessment or other governmental charge imposed upon or as a result of such payment by Luxembourg (or any political subdivision or



taxing authority thereof or therein) will not be less than the amount provided in such Note, Receipt or Coupon or the CGMFL Deed of Covenant to be then due and payable. However, the Issuer will not be required to make any such payment of additional interest for or on account of:

- (a) any tax assessment or other governmental charge that would not have been imposed but for the existence of any present or future connection between such holder or entitled person and Luxembourg other than the mere holding of the Note, Receipt or Coupon or being entitled under the CGMFL Deed of Covenant; or
- (b) any Note, Receipt or Coupon or the CGMFL Deed of Covenant presented for payment in Luxembourg; or
- (c) any tax, assessment or other governmental charge to which such holder or entitled person would not be liable or subject by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or
- (d) any tax, assessment or governmental charge imposed on a payment to a person and required to be made pursuant to Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (e) any Note, Receipt or Coupon or the CGMFL Deed of Covenant presented for payment by or on behalf of a holder or entitled person who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon or the CGMFL Deed of Covenant to another Paying Agent in a Member State of the European Union; or
- (f) any tax, assessment or other governmental charge that would not have been imposed but for the presentation or demand for payment, as the case may be, by the holder or entitled person of a Note, Receipt or Coupon or the CGMFL Deed of Covenant for payment more than 15 days after the date on which such payment became due and payable or on which payment thereof was duly provided for, whichever occurs later (the **Relevant Date**); or
- (g) taxes imposed under Sections 871(m) or 1471 through 1474 of the Code, any regulations promulgated thereunder or official interpretations thereof, any agreement entered into pursuant to such legislation, or any law implementing an intergovernmental approach thereto.

**(C) The provisions of this paragraph (C) apply to all Notes, regardless of the Issuer**

References in the Conditions to (a) **principal** shall be deemed to include any premium payable in respect of the Notes, any Instalment Amount, Redemption Amount, Amortised Face Amount and all other amounts in the nature of principal payable pursuant to Condition 5 or the provisions of the applicable Final Terms, (b) **interest** shall be deemed to include all Interest Amounts and all other amounts in the nature of interest payable pursuant to Condition 4 or the provisions of the applicable Final Terms and (c) in any context, the payment of the principal of (or premium, if any) or interest on any Note or payment with respect to any Receipt or Coupon, such mention shall be deemed to include mention of the payment of additional interest provided for in this Condition 7 to the extent that, in such context, additional interest is, was or would be payable in respect thereof pursuant to the provisions of this Condition 7 and express mention of the payment of additional interest (if

applicable) in any provisions hereof shall not be construed as excluding additional interest in those provisions hereof where such express mention is not made.

## **8. Prescription**

Claims against the Issuer for payment in respect of the Notes and any Receipts and Coupons shall be prescribed and become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 7) in respect thereof.

## **9. Events of Default: as stated above, all references to the CFI Guarantor and the Deed of Guarantee in the Conditions including but not limited to this Condition shall be ignored in relation to Notes issued by CGMFL or Citigroup Inc.**

(a) **Event of Default** wherever used herein with respect to the Notes means any one of the following events:

- (i) default in the payment of any interest upon any Note or any payment with respect to the Coupons, if any, when it becomes due and payable, and continuance of such default for a period of 30 days; or
- (ii) default in the payment of the principal of any Note at its due date or default in the delivery of any Entitlement in respect of any Note at its due date, and continuance of any such default for a period of ten days; or
- (iii) default in the performance, or breach, of any covenant of the Issuer or the CFI Guarantor in the Conditions or the Fiscal Agency Agreement (other than a covenant a default in whose performance or whose breach is elsewhere in this Condition 9 specifically dealt with) or the CFI Guarantor under the Deed of Guarantee, and continuance of such default or breach for a period of 60 days after there has been given, by registered or certified mail, to the Issuer or the CFI Guarantor by the holders of at least 25 per cent. in principal amount of the Outstanding Notes, a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder; or
- (iv) only applicable where the Issuer is CFI or Citigroup Inc.: the entry of a decree or order for relief in respect of the Issuer or the CFI Guarantor by a court having jurisdiction in the premises in an involuntary case under the United States Federal bankruptcy laws, as now or hereafter constituted, or any other applicable United States Federal or State bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Issuer or the CFI Guarantor or of the whole or substantially the whole of their property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of 90 consecutive days; or
- (v) only applicable where the Issuer is CFI or Citigroup Inc.: the commencement by the Issuer or the CFI Guarantor of a voluntary case under the United States Federal bankruptcy laws, as now or hereafter constituted, or any other applicable United States Federal or State bankruptcy, insolvency or other similar law, or the consent by it to the entry of an order for relief in an involuntary case under any such law or to the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Issuer or the CFI Guarantor or of the whole or substantially the whole of their property, or the making by the Issuer or the CFI Guarantor of an assignment for the benefit of its creditors generally, or the admission by the Issuer or the CFI Guarantor in writing of its inability to pay its debts generally as they become due; or

- (vi) only applicable where the Issuer is CGMFL: any order is made by any component court or any resolution passed for the winding-up or dissolution of the Issuer (including, without limitation, the opening of any bankruptcy (*faillite*), insolvency, voluntary or judicial liquidation, (*insolvabilité, liquidation volontaire or judiciaire*), composition with creditors (*concordat préventif de faillite*), reprieve from payment (*sursis de paiement*), controlled management (*gestion contrôlée*), fraudulent conveyance (*actio pauliana*), general settlement with creditors or reorganisation proceedings or similar proceedings affecting the rights of creditors generally) or the appointment of a receiver of the Issuer (including, without limitation, the appointment of any receiver (*curateur*), liquidator (*liquidateur*), auditor (*commissaire*), verifier (*expert vérificateur, juge délégué or juge commissaire*) save for the purposes of amalgamation, merger, consolidation, reorganisation or other similar arrangement; or
  - (vii) the Deed of Guarantee ceases to be, or is claimed by the CFI Guarantor not to be, in full force and effect (except, for the avoidance of doubt, where this is a result of the CFI Guarantor becoming the Issuer pursuant to the Conditions). For the avoidance of doubt, for the purposes of this provision, the Deed of Guarantee shall be deemed not to have ceased to be in full force and effect in circumstances where a substitution of the CFI Guarantor is effected in accordance with Condition 15.
- (b) If an Event of Default with respect to the Notes at the time Outstanding occurs and is continuing, then in every such case the holders of not less than 25 per cent. in principal amount of the Outstanding Notes may declare the Notes, by a notice in writing to the Issuer and the CFI Guarantor (and to the Fiscal Agent in the case of Notes other than Australian Domestic Notes), to be immediately due and payable, whereupon each principal amount of the Notes equal to the Calculation Amount shall become due and repayable at the Early Redemption Amount together with, if so specified in the applicable Final Terms, accrued interest. Upon such payment in respect of any Note, all obligations of the Issuer and the CFI Guarantor in respect of such Note shall be discharged.
- (c) **Outstanding** when used with respect to the Notes, means, as of the date of determination, all Notes authenticated and delivered under the Conditions prior to such date, except:
- (i) Notes cancelled by the Fiscal Agent or the Australian Registrar (as appropriate) or delivered to the Fiscal Agent for cancellation;
  - (ii) Notes or portions thereof for whose payment or redemption money in the necessary amount has been deposited with the Fiscal Agent or any other Paying Agent or the Australian Registrar in the case of Australian Domestic Notes in accordance with the Fiscal Agency Agreement or the Registry Services Agreement; provided, however, that if such Notes or portions thereof are to be redeemed, notice of such redemption has been duly given pursuant to the Conditions or provision therefor satisfactory to the Fiscal Agent or the Australian Registrar in the case of Australian Domestic Notes has been made; and
  - (iii) Notes in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to the Conditions, other than any such Notes in respect of which there shall have been presented to the Fiscal Agent proof satisfactory to it that such Notes are held by a bona fide purchaser in whose hands such Notes are valid obligations of the Issuer,

*provided, however,* that in determining whether the holders of the requisite principal amount of Notes Outstanding have performed any act hereunder, Notes owned by the Issuer or the CFI Guarantor or any person directly or indirectly controlling or controlled by or under direct or indirect common control of the Issuer or the CFI Guarantor shall be disregarded and deemed not to be Outstanding. Notes so owned that have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Fiscal Agent or the Australian Registrar (as

appropriate) the pledgee's right to act with respect to such Notes and that the pledgee is not the Issuer or the CFI Guarantor or any person directly or indirectly controlling or controlled by or under direct or indirect common control of the Issuer or the CFI Guarantor.

## **10. Meetings of Noteholders, Modifications and Determinations**

### **(a) Meetings of Noteholders**

The Fiscal Agency Agreement or (in the case of Australian Domestic Notes) the Deed Poll contains provisions for convening meetings of holders of Notes to consider any matter affecting their interests, including modification by Extraordinary Resolution (as defined in the Fiscal Agency Agreement or (in the case of Australian Domestic Notes) the Deed Poll) of the Notes (including the Conditions insofar as the same may apply to the Notes) or the relevant Deed of Covenant or the Deed of Guarantee as they relate to the Notes. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the holders of the Notes, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest thereon, (ii) to reduce or cancel the principal amount of the Notes, the Early Redemption Amount, the Redemption Amount or any Instalment Amount or any other amount payable on redemption of the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest, (iv) if a Minimum Interest Rate and/or a Maximum Interest Rate is specified in the applicable Final Terms, to reduce any such Minimum and/or Maximum Interest Rate, (v) to change any method of calculating the Early Redemption Amount or the Redemption Amount, (vi) to change the currency or currencies of payment of the Notes, (vii) to modify the provisions concerning the quorum required at any meeting of holders of Notes or any adjournment thereof or the majority required to pass the Extraordinary Resolution or (viii) to take any steps which as specified in the applicable Final Terms may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, will only be binding if passed at a meeting of the holders of Notes (or at any adjournment thereof) at which a special quorum (provided for in the Fiscal Agency Agreement or (in the case of Australian Domestic Notes) the Deed Poll) is present.

### **(b) Modifications**

The Issuer and the CFI Guarantor may make, without the consent of the Noteholders or Couponholders:

- (i) any modification (except as mentioned above) to, as applicable, the Notes, the Receipts, the Coupons, the Talons, the Fiscal Agency Agreement, the Deed Poll, the relevant Deed of Covenant, the Registry Services Agreement and/or the Deed of Guarantee which is not prejudicial to the interests of the Noteholders (without considering the individual circumstances of any Noteholder or the tax or other consequences of such modification in any particular jurisdiction); or
- (ii) any modification to the Notes, the Receipts, the Coupons, the Talons, the Fiscal Agency Agreement, the Deed Poll, the relevant Deed of Covenant, the Registry Services Agreement and/or the Deed of Guarantee which is of a formal, minor or technical nature or is made to correct a manifest error or proven error or to comply with mandatory provisions of the law.

Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 13 as soon as practicable thereafter.

### **(c) Determinations**

Whenever any matter falls to be determined, considered, elected, selected or otherwise decided upon by the Issuer, the Calculation Agent or any other person (including where a matter is to be decided by reference to the Issuer or the Calculation Agent's or such other person's opinion), unless otherwise stated in the applicable Final Terms, that matter shall be determined, considered, elected, selected or otherwise decided upon by the Issuer, the Calculation Agent or such other person, as the case may be, in good faith and in its sole and absolute discretion.

The Calculation Agent or such other person may, with the consent of the Issuer, delegate any of its obligations and functions to a third party as it deems appropriate. The Issuer may delegate any of its obligations and functions to a third party as it deems appropriate.

(d) *Exercise of Discretion*

In exercising its discretion in respect of the Notes as provided herein, each of the Issuer and the Calculation Agent or such other person (described in (c) above) may take into account such factors as it determines appropriate in each case, which may include, in particular, any circumstances or events which have or may have a material impact on the hedging arrangements entered into by a Hedging Party (as defined in Condition 19) in respect of the Notes. The exercise of the Issuer's and/or the Calculation Agent's and/or such other person's discretion in respect of the Notes as provided herein are necessary because certain circumstances or events (for example a material modification or disruption to an Underlying to which the Notes are linked) may occur subsequent to the issuance of the Notes which may materially affect the costs to a Hedging Party of maintaining the relevant Notes or relevant hedging arrangements. Such circumstances or events may not have been reflected in the pricing of the Notes. In addition, as a result of certain circumstances or events (e.g. unavailability or disruption to any reference source) it may no longer be reasonably practicable or otherwise appropriate for certain valuations in respect of any Underlying or otherwise in connection with the Notes to be made, thus making it necessary for the Issuer and/or the Calculation Agent to exercise its discretion in such a case.

(e) *Hedging Arrangements*

As used in this Condition 10, **hedging arrangements** means the arrangements, if any, the Issuer makes to have available to it the relevant cash amounts or assets to be paid or delivered under the Notes as these fall due. This may involve a Hedging Party investing directly in an Underlying. Alternatively, a Hedging Party may make an indirect investment by entering into or acquiring a derivative contract referencing an Underlying. Such hedging arrangements may be carried out on a portfolio basis (i.e. where the Hedging Party maintains arrangements for hedging the Notes together with other obligations of the Issuer and/or its Affiliates). A Hedging Party will seek to select hedging arrangements which are efficient for it in the context of the tax, regulatory and business environment in which it operates, but will do so without having regard to the interests of Noteholders. A Hedging Party may also adjust hedging arrangements from time to time but will not always be able to avoid adverse costs, taxes or regulatory changes which affect its hedging arrangements. For the avoidance of doubt, no Hedging Party is under any obligation to enter into any hedging arrangements and, if any hedging arrangements are entered into, such arrangements will not confer any rights or entitlements on any Noteholder and no Noteholder will have recourse to any such hedging arrangements.

(f) *Determination of amounts payable or deliverable*

The Calculation Agent will employ the methodology described in the Conditions and/or the applicable Final Terms to determine amounts payable or deliverable in respect of the Notes. When making any such determination in relation to any amounts so payable or deliverable, the Calculation Agent may in its sole and absolute discretion consider any relevant information, which may but is not required to include, without limitation, one or more of the following:

- (a) quotations (either firm or indicative) supplied by one or more third parties or information sources;
- (b) information consisting of relevant market data in the relevant markets supplied by one or more third parties or information sources including, without limitation, relevant rates, prices, yields, yield curves, volatilities, spreads correlation or other relevant market data in the relevant market; or
- (c) information of the types described in (a) or (b) above from internal sources (including any Affiliates of the Calculation Agent) or other information of a type used by the Calculation Agent in the regular course of its business or in connection with similar transactions.

Whenever the Calculation Agent is required to make any determination it may, *inter alia*, decide issues of construction and legal interpretation. Any delay, deferral or forbearance by the Calculation Agent in the performance or exercise of any of its obligations or discretions under the Notes including, without limitation, the giving of any notice by it to any person, shall not affect the validity or binding nature of any later performance or exercise of such obligation or discretion.

(g) *Disclaimer of liability and responsibility*

The Calculation Agent makes no express or implied representations or warranties as to (i) the advisability of investing in or obtaining exposure to the Notes, (ii) the value of the Notes at any particular time on any particular date, or (iii) any amounts that may become payable or deliverable in respect of the Notes.

Without limiting any of the foregoing, in no event shall the Calculation Agent have any liability (whether in negligence or otherwise) to any Noteholders for any direct, indirect, special, punitive, consequential or any other damages (including loss of profits) even if notified of the possibility of such damages.

The Calculation Agent shall not have any responsibility to any holder for any errors or omissions in any calculations or determinations in respect of the Notes and acts solely as an agent of the Issuer and the CFI Guarantor and does not assume any obligations towards or relationship of agency or trust for or with any holder.

(h) *Conflict of Interest*

In addition to providing calculation agency services to the Issuer, the Calculation Agent or any of its Affiliates may perform further or alternative roles relating to the Issuer and any Series of Notes including, but not limited to, for example, being involved in arrangements relating to any Underlying(s) (for example as a calculation agent or, in the case of a proprietary index for example, as index sponsor). Furthermore, the Calculation Agent or any of its Affiliates may contract with the Issuer and/or enter into transactions which relate to the Issuer, the Notes or any Underlying and as a result the Calculation Agent may face a conflict between its obligations as Calculation Agent and its and/or its Affiliates' interests in other capacities. Subject to all regulatory obligations, neither the Issuer nor the Calculation Agent in respect of the Notes shall owe any duty or responsibility to any Noteholder to avoid any conflict or to act in the interests of any Noteholder.

## **11. Replacement of Notes, Receipts, Coupons and Talons**

If a Note, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws and stock exchange regulations, at the specified office of the Fiscal Agent (in the case of the Bearer Notes, Receipts, Coupons or Talons) or the Registrar (in the case of Registered Notes) or such other Paying Agent or Transfer Agent as may from time to time be

designated by the Issuer for the purpose and notice of whose designation is given to holders in accordance with Condition 13, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Receipt, Coupon or Talon is subsequently presented for payment (where applicable) or, as the case may be, for exchange for further Coupons, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Note, Receipt, Coupon or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

## 12. Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes (or the same in all respects save for the amount and date of the first payment of interest thereon) PROVIDED THAT, for the avoidance of doubt, references in the Conditions of such Notes to "Issue Date" shall be to the first issue date of the Notes and so that the same shall be consolidated and form a single Series with such Notes, and references in the Conditions to "Notes" shall be construed accordingly.

## 13. Notices

All notices to the holders of Registered Notes will be deemed validly given if mailed to them at their respective addresses in the Register and any such notice will be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. With respect to Registered Notes listed on the Luxembourg Stock Exchange and so long as the rules of that exchange so require, any notices to holders must be published in a daily leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange and any such notice will be deemed validly given on the date of such publication or, if published more than once or on different dates, on the date of first publication as provided above.

In addition, notices regarding Australian Domestic Notes shall also be published in a leading daily newspaper of general circulation in Australia. It is expected that such notices will normally be published in *The Australian Financial Review*. Any such notice will be deemed validly given on the date of such publication or, if published more than once or on different dates, on the date of first publication as provided above.

Notices to the holders of Bearer Notes will be deemed to be validly given if published in a daily newspaper of general circulation in London (which is expected to be the *Financial Times*) and in the case of any Notes which are listed on the Luxembourg Stock Exchange (so long as such Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require), in a daily leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange. If any such publication is not practicable, notice will be validly given if published in another leading daily English language newspaper of general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of first publication as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders of Bearer Notes in accordance with this Condition.

Until such time as any definitive Notes are issued, there may, so long as any Global Note(s) or Global Registered Note Certificate(s) representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg and/or DTC, be substituted for such mailing or such

publication in such newspaper(s) as provided above, the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg, and/or DTC for communication by them to the holders of the Notes and, in addition, for so long as the Notes are listed or admitted to trading on a stock exchange and the rules of that stock exchange so require, such notice will be published in the manner and/or place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg and/or DTC.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Fiscal Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). Whilst any of the Notes are represented by a Global Note or Global Registered Note Certificate, such notice may be given by any Noteholder to the Fiscal Agent or the Registrar, as the case may be, through Euroclear and/or Clearstream, Luxembourg, and/or DTC, as the case may be, in such manner as the Fiscal Agent or the Registrar, as the case may be, and Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, may approve for this purpose.

#### **14. Consolidation or Merger**

- (a) The Issuer shall not consolidate with or merge into any other corporation or convey, transfer or lease its properties and assets substantially as an entirety to any Person (as defined below), unless:
- (i) the corporation formed by such consolidation or into which the Issuer is merged or the Person which acquires by conveyance or transfer, or which leases, the properties and assets of the Issuer substantially as an entirety (the **successor corporation**) shall be a corporation organised and existing under the laws of any of the United States, the United Kingdom, Luxembourg, France, Germany, Belgium or The Netherlands or, in any such case, any political subdivision thereof and shall, by taking such action as may be required to be taken were such successor corporation the Substitute for the purposes of Condition 15, expressly assume the due and punctual payment of the principal on all the Notes and any Receipts or Coupons and the performance of the Conditions on the part of the Issuer to be performed or observed;
  - (ii) if the Notes are listed or traded on any stock exchange, each such stock exchange shall have confirmed that, following the proposed substitution of the Substitute, the Notes will continue to be listed or traded on such stock exchange.

For the purposes of the Conditions **Person** means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, estate, incorporated organisation or government or agency or any political subdivision thereof.

- (b) Upon any consolidation with or merger into any other corporation, or any conveyance, transfer or lease of the properties and assets of the Issuer substantially as an entirety in accordance with Condition 14(a) above, the successor corporation formed by such consolidation or into which the Issuer is merged or to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer with the same effect as if such successor corporation had been named as the Issuer herein (subject as provided in Condition 15(f)), and thereafter, except in the case of a lease, the predecessor corporation shall be relieved of all obligations and covenants under the Conditions, the Notes, any Receipts or Coupons, the relevant Deed of Covenant and the Fiscal Agency Agreement or the Registry Services Agreement (as appropriate).



**15. Substitution of the Issuer and the CFI Guarantor: as stated above, all references to the CFI Guarantor and the Deed of Guarantee in the Conditions including but not limited to this Condition shall be ignored in relation to Notes issued by CGMFL or Citigroup Inc.**

- (a) Either the Issuer or the CFI Guarantor may, at any time, without the consent of the Noteholders or the Couponholders, substitute for itself any company which is, on the date of such substitution and in the opinion of the Issuer or the CFI Guarantor, as the case may be, of at least the equivalent standing and creditworthiness to the Issuer or the CFI Guarantor, as the case may be (the **Substitute**), subject to:
- (i) all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of necessary consents) to ensure that, in the case of a substitution of the Issuer, the Notes, any Receipts, any Coupons and the relevant Deed of Covenant or, in the case of a substitution of the CFI Guarantor, the Deed of Guarantee represent legal, valid and binding obligations of the Substitute having been taken, fulfilled and done, and are in full force and effect;
  - (ii) the Substitute becoming party to the Fiscal Agency Agreement and, if the Notes are Australian Domestic Notes, the Registry Services Agreement, with any appropriate consequential amendments, as if it had been an original party to the relevant agreement in place of the Issuer or the CFI Guarantor, as the case may be;
  - (iii)
    - (A) the Substitute and the Issuer having obtained (a) legal opinions from independent legal advisers of recognised standing in the country of incorporation of the Substitute and in England that the obligations of the Substitute, in the case of a substitution of the Issuer, under the Notes, any Receipts, any Coupons and the relevant Deed of Covenant, or, in the case of a substitution of the CFI Guarantor, under the Deed of Guarantee, are legal, valid and binding obligations and (b) in the case of the substitution of the Issuer which is CFI (or any substitute thereof), legal opinions from independent legal advisers in the United States and England, that the Deed of Guarantee of the CFI Guarantor will apply to the Substitute *mutatis mutandis* as it applies to the Issuer prior to the substitution and will constitute legal, valid and binding obligations of the CFI Guarantor in respect of the Substitute (provided that no opinions as referred to in this (A) shall be required where the Substitute is the CFI Guarantor; and
    - (B) all consents and approvals as required have been obtained and that the Substitute, the Notes, any Receipts and any Coupons comply with all applicable requirements of the Securities Act;
  - (iv) such substitution being permitted by the rules of any stock exchange on which the Notes are listed and each such stock exchange confirming that, following the proposed substitution of the Substitute, the Notes will continue to be listed on such stock exchange;
  - (v) if appropriate, the Substitute appointing a process agent as its agent in England to receive service of process on its behalf in relation to any legal action or proceedings arising out of or in connection with the Notes, any Receipts and any Coupons; and
  - (vi) the Issuer or the CFI Guarantor, as the case may be, giving at least 30 days' prior notice of the date of such substitution to the holders in accordance with Condition 13.

- (b) Upon such substitution, any reference in these Conditions to the Issuer or the CFI Guarantor, as the case may be, shall be deemed to be a reference to the Substitute.
- (c) After a substitution pursuant to Condition 15(a), the Substitute may, without the consent of any holder, effect a further substitution. All the provisions specified in Condition 15(a) and 15(b) shall apply *mutatis mutandis*, and references in these Conditions to the Issuer or the CFI Guarantor, as the case may be, shall, where the context so requires, be deemed to be or include references to any such further Substitute. For the avoidance of doubt, the CFI Guarantor may be a Substitute for the Issuer and in such cases references to the CFI Guarantor and Deed of Guarantee should be construed accordingly.
- (d) After a substitution pursuant to Condition 15(a) or 15(c) any Substitute may, without the consent of any holder, reverse the substitution, *mutatis mutandis*. For the avoidance of doubt, CFI may (i) be substituted as the Issuer by Citigroup Inc. pursuant to this Condition albeit that it is the CFI Guarantor or (ii) merge into Citigroup Inc. pursuant to Condition 14, albeit that it is the CFI Guarantor without, in either case, there being any breach of the Conditions which shall be construed accordingly.
- (e) For so long as any Notes are listed on a stock exchange, such stock exchange shall be notified of any such consolidation, merger or substitution and the requirements of such stock exchange in respect of such consolidation, merger or substitution shall be complied with (including any requirement to publish a supplement).
- (f)
  - (i) If the Issuer is CFI and pursuant to Condition 14 or Condition 15(a), the successor corporation or the Substitute, as the case may be, is organised and existing under the laws of a jurisdiction other than the United States (or any jurisdiction substituted therefor pursuant to the Conditions), there shall be substituted in Condition 7(A) and Conditions 9(a)(iv) and 9(a)(v) for the United States (or such other jurisdiction) and related expressions as determined by the Issuer, the jurisdiction under which successor corporation or Substitute, as the case may be, is organised and existing.
  - (ii) If the Issuer is CGMFL and pursuant to Condition 14 or Condition 15(a), the successor corporation or the Substitute, as the case may be, is organised and existing under the laws of a jurisdiction other than Luxembourg (or any jurisdiction substituted therefor pursuant to the Conditions), there shall be (i) substituted in Condition 7(B) for Luxembourg (or such other jurisdiction) and related expressions as determined by the Issuer, the jurisdiction under which such successor corporation or Substitute, as the case may be, is organised and existing and (ii) added to the end of Condition 9(a)(vi) immediately after the words "or other similar arrangement" the following:

", or, if the Issuer is not organised and existing under the laws of Luxembourg, any event occurs which under the laws of the jurisdiction in which the Issuer is organised and existing has an analogous effect to any of the events referred to above in this Condition 9(a)(vi)".

## 16. Redenomination

If Redenomination is specified in the applicable Final Terms as being applicable, the Issuer may, without the consent of the Noteholders or Couponholders, on giving at least 30 days' prior notice to the Noteholders, the Fiscal Agent and the Paying Agents, designate a Redenomination Date, being a date (which in the case of interest bearing Notes shall be a date for payment of interest under the Notes) falling on or after the date on which the country of the Relevant Currency adopts the Euro as its lawful currency in accordance with the Treaty.

With effect from the Redenomination Date, notwithstanding the other provisions of the Conditions:

- (a) each Specified Denomination and, in the case of fixed rate Notes, each amount specified on the Coupons will be deemed to be denominated in such amount of Euro as is equivalent to its denomination or the amount of interest so specified in the Relevant Currency at the Established Rate, rounded down to the nearest Euro 0.01;
- (b) after the Redenomination Date, all payments in respect of the Notes and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in Euro as though references in the Notes to the Relevant Currency were to Euro. Payments will be made in Euro by credit or transfer to a Euro account (or any other account to which Euro may be credited or transferred) specified by the payee, or at the option of the payee, by a Euro cheque;
- (c) if the Notes are fixed rate Notes which are not also Underlying Linked Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period of less than one year, it will be calculated on the basis described as "Actual/Actual (ISDA)" in Condition 4(i);
- (d) if the Notes are Floating Rate Notes, the applicable Final Terms will specify any relevant changes to the provisions relating to interest; and
- (e) such other changes shall be made to the Conditions as the Issuer may decide, with the agreement of Fiscal Agent, and as may be specified in the notice, to conform them to conventions then applicable to Notes denominated in Euro including but not limited to where the Notes are in global form. Any such other changes will not take effect until after they have been notified to the Noteholders in accordance with Condition 13.

As used in the Conditions:

**Established Rate** means the rate for conversion of the Relevant Currency (including compliance with rules relating to roundings in accordance with applicable European Union regulations) into Euro established by the Council of the European Union pursuant to Article 140 of the Treaty.

**Redenomination Date** means (in the case of interest-bearing Notes) any date for payment of interest under the Notes or (in the case of non-interest-bearing Notes) any date, in each case specified by the Issuer in the notice given to the Noteholders pursuant to Condition 13 and which falls on or after such date as when the country of the Relevant Currency participates in the third stage of European economic and monetary union pursuant to the Treaty.

**Relevant Currency** means the currency specified in the applicable Final Terms or, if none is specified, the Specified Currency.

**Treaty** means the Treaty on the Functioning of the European Union, as amended.

None of the Issuer, the CFI Guarantor, the Registrar, the Fiscal Agent and any other Paying Agent will be liable to any Noteholder or other person for any commissions, costs, losses or expenses in relation to or resulting from the credit or transfer of Euro or any currency conversion or rounding effected in connection therewith.

Determinations by the Issuer or the Fiscal Agent pursuant to this Condition 16 will, in the absence of manifest error, be conclusive and binding on the Issuer, the CFI Guarantor, the Fiscal Agent, the Paying Agents, the Registrar and the Noteholders.

## 17. **Governing Law and Jurisdiction**

### (a) *Governing Law*

The Notes, the Receipts, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law; except that Australian Domestic Notes, the Deed Poll and the Registry Services Agreement are governed by, and shall be construed in accordance with, the laws in force in New South Wales, Australia. With regard to CGMFL and for the avoidance of doubt, Articles 86 to 94-8 of the Luxembourg Law dated 10 August 1915 on commercial companies, as amended from time to time, are hereby excluded.

### (b) *Jurisdiction*

Except in the case of Australian Domestic Notes, the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with any Notes, Receipts, Coupons or Talons (including a dispute relating to any non-contractual obligations arising out of or in connection with them) and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons or Talons (including any legal action or proceedings relating to any non-contractual obligations arising out of or in connection with them) (**Proceedings**) may be brought in such courts. Except in relation to Australian Domestic Notes, the Issuer irrevocably submits to the jurisdiction of the courts of England and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. These submissions are made for the benefit of each of the holders of the Notes, Receipts, Coupons and Talons and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

In the case of Australian Domestic Notes, the Issuer irrevocably agrees for the benefit of Noteholders that the courts of New South Wales, Australia and courts of appeal from them are to have non-exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Australian Domestic Notes, the Deed Poll or the Registry Services Agreement and that accordingly any suit, action or proceedings arising out of or in connection with the Australian Domestic Notes, the Deed Poll or the Registry Services Agreement (together referred to as **Australian Proceedings**) may be brought in such courts.

The Issuer has irrevocably waived any objection which it may have now or hereafter to the laying of the venue of any Australian Proceedings in any such court and any claim that any such Australian Proceedings have been brought in an inconvenient forum and has further irrevocably agreed that a judgment in any such Australian Proceedings brought in the courts of New South Wales and courts of appeal from them shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

### (c) *Service of Process*

The Issuer irrevocably appoints Citigroup Global Markets Limited, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom to receive, for it and on its behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not, it is forwarded to and received by the Issuer). If for any reason such process agent ceases to be able to act as such or no longer has an address in London, the Issuer irrevocably agrees to appoint a substitute process agent and shall immediately notify holders of Notes of such appointment in accordance with Condition 13. Nothing shall affect the right to serve process in any manner permitted by law.

For so long as any Australian Domestic Notes are outstanding, the Issuer has appointed the person specified in the applicable Final Terms as its agent for the time being to accept service of process on its behalf in New South Wales in respect of any legal action or proceedings as may be brought in the courts of New South Wales, Australia or the federal courts of Australia. In the event of such person ceasing to act, the Issuer will appoint another agent.

## **18. Rights of Third Parties**

The Notes confer no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

## **19. General Provisions Applicable to Underlying Linked Notes**

### *(a) Valuing the Underlying*

In respect of Underlying Linked Notes, the provisions applicable to valuing each Underlying and to making any adjustment to Valuation Dates or following Adjustment Events are specified in this Condition 19 and in the Underlying Schedule applicable to such Underlying, as amended and supplemented (where relevant) by the applicable Final Terms.

### *(b) Underlying Closing Level or Underlying Level on a Valuation Date*

The Underlying Closing Level or the Underlying Level (as applicable) of an Underlying on a Valuation Date shall be determined as specified in the Underlying Schedule applicable to such Underlying.

### *(c) Adjustments to Valuation Dates (Scheduled Trading Days)*

Subject as provided in the Underlying Schedules applicable to the relevant Underlying(s) and unless otherwise specified in the applicable Final Terms, any Specified Valuation Date(s) specified in the applicable Final Terms shall be adjusted in accordance with the following provisions:

- (i) The following sub-paragraph shall apply to Notes linked to one Underlying.

If a Specified Valuation Date is not a Scheduled Trading Day for the Underlying, then such Valuation Date shall be the first succeeding day immediately following such Specified Valuation Date which is a Scheduled Trading Day for the Underlying, unless in the opinion of the Calculation Agent such day is a Disrupted Day for the Underlying, in which case Condition 19(d) below or Condition 19(f) below (as applicable) shall apply.

- (ii) The following sub-paragraph shall apply to Notes linked to more than one Underlying if "Move In Block" is specified in the applicable Final Terms.

If a Specified Valuation Date is not a Scheduled Trading Day for any Underlying, then such Valuation Date shall be the first succeeding day immediately following such Specified Valuation Date which is a Scheduled Trading Day for all of the Underlyings, unless in the opinion of the Calculation Agent such day is a Disrupted Day for any of the Underlyings, in which case Condition 19(d) below or Condition 19(f) below (as applicable) shall apply.

- (iii) The following sub-paragraph shall apply to Notes linked to more than one Underlying if "Value What You Can" is specified in the applicable Final Terms.

If a Specified Valuation Date is not a Scheduled Trading Day for any Underlying, then:

- (A) the Valuation Date for each Underlying for which such Specified Valuation Date is a Scheduled Trading Day shall be such Specified Valuation Date, unless in the opinion of the Calculation Agent such day is a Disrupted Day for such Underlying, in which case Condition 19(d) below or Condition 19(f) below (as applicable) shall apply; and
- (B) the Valuation Date for each Underlying for which such Specified Valuation Date is not a Scheduled Trading Day shall be the first succeeding day immediately following such Specified Valuation Date which is a Scheduled Trading Day for such affected Underlying, unless in the opinion of the Calculation Agent such day is a Disrupted Day for such Underlying, in which case Condition 19(d) below or Condition 19(f) below (as applicable) shall apply.

(d) *Adjustments to Valuation Dates (Disrupted Days and Underlying Closing Levels)*

Subject as provided in the Underlying Schedules applicable to the relevant Underlying(s) and unless otherwise specified in the applicable Final Terms, any Specified Valuation Date(s) (if applicable, as adjusted in accordance with the provisions of Condition 19(c) above) shall be adjusted in accordance with the following provisions:

- (i) The following sub-paragraph shall apply to Notes linked to one Underlying, subject as provided in sub-paragraph (iv) below.

If such Specified Valuation Date for such Underlying is a Disrupted Day for such Underlying, then such Valuation Date shall be the earlier of: (I) the first succeeding day immediately following such Specified Valuation Date which is a Scheduled Trading Day and which is not a Disrupted Day for the Underlying; and (II) the Scheduled Trading Day which is the Valuation Roll number of Scheduled Trading Days immediately following such Specified Valuation Date.

- (ii) The following sub-paragraph shall apply to Notes linked to more than one Underlying if "Move In Block" is specified in the applicable Final Terms, subject as provided in sub-paragraph (iv) below.

If such Specified Valuation Date is a Disrupted Day for any Underlying, then such Valuation Date shall be the earlier of: (I) the first succeeding day immediately following such Specified Valuation Date which is a Scheduled Trading Day for all the Underlyings and which is not a Disrupted Day for all of the Underlyings; and (II) the Scheduled Trading Day for all the Underlyings which is the Valuation Roll number of Scheduled Trading Days for all the Underlyings immediately following such Specified Valuation Date.

- (iii) The following sub-paragraph shall apply to Notes linked to more than one Underlying if "Value What You Can" is specified in the applicable Final Terms, subject as provided in sub-paragraph (iv) below.

If such Specified Valuation Date is a Disrupted Day for any Underlying, then:

- (A) if such Specified Valuation Date is not a Disrupted Day for an Underlying, then the Valuation Date for such Underlying shall be such Specified Valuation Date; and
- (B) if such Specified Valuation Date is a Disrupted Day for an Underlying, then the Valuation Date for such Underlying shall be the earlier of: (1) the first succeeding day immediately following such Specified Valuation Date which is a Scheduled Trading Day for such Underlying and which is not a Disrupted Day for such

Underlying; and (2) the Scheduled Trading Day which is the Valuation Roll number of Scheduled Trading Days for such Underlying immediately following such Specified Valuation Date.

- (iv) If the Valuation Date for any Underlying determined as provided above would otherwise fall on a day falling after the second Scheduled Trading Day for such Underlying prior to the date on which a relevant payment is scheduled to be made under the Notes (the **Cut-off Valuation Date**), such Valuation Date shall be deemed to be the Cut-off Valuation Date (notwithstanding that such date either (A) is not a Scheduled Trading Day for such Underlying; or (B) is a Disrupted Day for such Underlying) and the provisions of Condition 19(e)(ii) below shall apply in respect thereof.

(e) *Adjustments to Valuation Dates (Calculation Agent's determination of Underlying Closing Levels)*

- (i) If the Valuation Date for any Underlying (as determined in accordance with Condition 19(d) above) is a Disrupted Day for such Underlying, then (unless otherwise specified in the Underlying Schedule applicable to such Underlying) the Calculation Agent shall determine the Underlying Closing Level of such Underlying on such Valuation Date using its good faith estimate of the Underlying Closing Level of such Underlying at the Valuation Time (where relevant) on or for such day.
- (ii) If the Valuation Date for any Underlying (as determined in accordance with Condition 19(d)(iv) above) is determined to occur on the Cut-off Valuation Date for such Underlying, then (unless otherwise specified in the Underlying Schedule applicable to such Underlying) the Calculation Agent shall determine the Underlying Closing Level of such Underlying on such Cut-off Valuation Date using its good faith estimate of the Underlying Closing Level of such Underlying at the Valuation Time (where relevant) on or for such day.

(f) *Adjustment to Valuation Dates (Disrupted Days and Underlying Levels)*

If the Calculation Agent determines that the Underlying Level of an Underlying cannot be determined at any time on any Valuation Date by reason of the occurrence of an event giving rise to a Disrupted Day, then (unless otherwise specified in the applicable Final Terms) the Underlying Level at such time on such day shall be disregarded for the purposes of determining any amounts payable and/or deliverable in respect of the Notes.

(g) *Adjustment Events*

If in the determination of the Calculation Agent any Adjustment Event occurs in respect of an Underlying or the Notes (as relevant), then (subject to the provisions of the Underlying Schedule applicable to such Underlying) the Calculation Agent shall (i) make such adjustment to the terms of the Notes as the Calculation Agent determines necessary or appropriate to account for the effect of such Adjustment Event subject to the provisions (if any) of such Underlying Schedule; and (ii) determine the effective date of each such adjustment.

If an "Increased Cost of Hedging" occurs, the Calculation Agent may make such adjustment to the terms of the Notes as it determines necessary or appropriate to pass onto Noteholders the relevant increased cost of hedging, which adjustment may include, but is not limited to, reducing any of the amounts which would otherwise be payable under the Notes or reducing the number of any Relevant Assets which would otherwise be deliverable under the Notes.

If so specified in the relevant Underlying Schedule, any adjustment(s) made by the Calculation Agent in response to an Adjustment Event may include a substitution of the relevant Underlying or other asset as specified in the Underlying Schedule applicable to the relevant Underlying and the

Calculation Agent may make such other adjustments to the terms of the Notes as it deems necessary or appropriate in relation to such substitution.

Except in the case of a substitution of an Underlying, the Calculation Agent shall make all adjustments arising from an Adjustment Event in such a way as to ensure that the direct economic link between the Underlying Closing Level or the Underlying Level (as relevant) of each Underlying and the value of the Notes is preserved.

(h) *Early Redemption Events*

If, in the determination of the Calculation Agent, any Early Redemption Event occurs in respect of an Underlying, then (subject to the provisions of the Underlying Schedule applicable to such Underlying) all (but not some only) of the Notes will be redeemed on a day selected by the Issuer, each Calculation Amount being redeemed by payment of an amount equal to the Early Redemption Amount.

(i) *Mandatory Early Redemption Events*

If "Mandatory Early Redemption Event" is specified as applicable in the applicable Final Terms and a Mandatory Early Redemption Event (as specified in the applicable Final Terms) occurs, then all (but not some only) of the Notes will be redeemed, each Calculation Amount being redeemed by payment of an amount equal to the relevant Mandatory Early Redemption Amount specified in the applicable Final Terms on the relevant Mandatory Early Redemption Date.

Any Mandatory Early Redemption Amount(s) and Mandatory Early Redemption Date(s) shall be as specified in the applicable Final Terms.

(j) *Realisation Disruption*

If "Realisation Disruption" is specified as applicable in the applicable Final Terms and a Realisation Disruption Event occurs, then the Issuer may either (i) direct the Calculation Agent to make such consequential adjustments to any of the terms of the Notes (including any payment or delivery obligations) as it determines appropriate in order to reflect the economic effect of the particular Realisation Disruption Event or (ii) redeem all (but not some only) of the Notes on a day selected by the Issuer, each Calculation Amount being redeemed by payment of an amount equal to the Early Redemption Amount.

Any such adjustments by the Calculation Agent may include (but are not limited to) (I) payments under the Notes in the currency (the **Local Currency**) in which the Hedging Positions are denominated or payable rather than the Specified Currency, (II) deduction of an amount equal to the applicable tax, charge or deduction from the relevant payment otherwise due under the relevant Notes or delivery of any Entitlement being subject to payment by the relevant Noteholder of an amount equal to a pro rata portion of any such tax, charge or deduction, (III) non-payment of the relevant payment or non-delivery of the relevant Entitlement otherwise due under the relevant Notes until the relevant restrictions (including but not limited to all exchange and/or conversion and/or cross-border transfer restrictions) are lifted and/or (IV) determination of any relevant exchange rate by the Calculation Agent taking into consideration all available information that it deems relevant and/or (V) (where legally permissible) in lieu of paying any cash amounts in respect of the Notes, procuring physical delivery of any Underlying(s), delivered in such manner as shall be notified to the Noteholders by the Issuer (or vice versa) PROVIDED THAT such Underlying(s) may be subject to transfer restrictions and additional certifications may be required from the Noteholders. Any such adjustments will be effective as of the date determined by the Calculation Agent.

(k) *Correction of published or announced prices or levels*



In the event that any level, price, rate or value (as applicable) of an Underlying for any time on any day which is published or announced by or on behalf of the person or entity responsible for such publication or announcement and which is used for any calculation or determination made in respect of the Notes is subsequently corrected, and the correction (the **Corrected Level**) is published by or on behalf of such person or entity within the relevant Correction Period after the original publication (and at least two Business Days prior to the relevant date on which a payment or delivery is scheduled to be made under the Notes (the **Relevant Scheduled Payment Date**)), then such Corrected Level shall be deemed to be the level, price, rate or value for the relevant Underlying for the relevant time on the relevant day and the Calculation Agent shall use such Corrected Level in determining any amounts payable and/or deliverable in respect of the Notes.

Corrections published after the day which is two Business Days prior to the Relevant Scheduled Payment Date shall be disregarded by the Calculation Agent for the purposes of determining any such amounts payable and/or deliverable under the Notes.

(l) *Notifications*

The Calculation Agent shall notify the Issuer and each Paying Agent of any determination made by it in accordance with this Condition 19 and the action that it proposes to take in respect of any such determination. The Issuer shall notify the Noteholders thereof as soon as reasonably practicable thereafter in accordance with Condition 13. Failure by the Calculation Agent to notify the Issuer or any Paying Agent or failure by the Issuer to notify the Noteholders of any such determination will not affect the validity of any such determination.

(m) *Definitions*

**Additional Adjustment Event** means, in respect of an Underlying, each event (if any) specified as such in the Underlying Schedule applicable to such Underlying.

**Additional Early Redemption Event** means, in respect of an Underlying, each event (if any) specified as such in the Underlying Schedule applicable to such Underlying or the occurrence at any time of a Section 871(m) Event.

**Adjustment Event** means, in respect of an Underlying, the occurrence at any time of a Change in Law, a Hedging Disruption, an Increased Cost of Hedging or the occurrence at any time of any Additional Adjustment Event applicable to such Underlying.

**Change in Law** means that (a) due to the adoption of or any change in any applicable law, rule, order, directive or regulation (including, without limitation, any tax law), or (b) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation, (including any action taken by a taxing authority), the Calculation Agent determines that (i) holding, acquiring or disposing of any Hedging Position becomes or will become unlawful, illegal or otherwise prohibited in whole or in part, or (ii) the Issuer will incur a materially increased cost in performing its obligations in relation to the Notes (including without limitation due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of any relevant Hedging Party).

**Correction Period** shall, in respect of an Underlying, have the meaning given to it in the Underlying Schedule applicable to such Underlying.

**Early Redemption Event** means, in respect of an Underlying, (i) following the occurrence of an Adjustment Event in respect of such Underlying, the Calculation Agent determines that no adjustment or substitution can reasonably be made under Condition 19(g) above to account for the

effect of such Adjustment Event, or (ii) the occurrence at any time of any Additional Early Redemption Event applicable to such Underlying.

**Electronic Page** means, in respect of an Underlying, the electronic page or source specified for such Underlying in the applicable Final Terms, or either (i) any successor electronic page or source or information vendor or provider that has been designated by the sponsor of the original electronic page or source; or (ii) if such sponsor has not officially designated a successor electronic page or source or information vendor or provider, the successor electronic page or source or information vendor or provider designated by the relevant information vendor or provider (if different from such sponsor) or any alternative electronic page or source designated by the Calculation Agent.

**Hedging Disruption** means that any Hedging Party is unable, after using commercially reasonable efforts to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) that the Calculation Agent deems necessary to hedge the price risk of the Issuer issuing and performing its obligations under the Notes; or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**Hedging Party** means any party which enters into any arrangement which hedges or is intended to hedge, individually or on a portfolio (or "book") basis, the Notes, which party may be the Issuer and/or any of its Affiliates and/or any other party or parties, as determined by the Calculation Agent.

**Hedging Position** means any one or more of (i) positions or contracts (as applicable) in securities, futures contracts, options contracts, other derivative contracts or foreign exchange; (ii) stock loan transactions; or (iii) other instruments or arrangements (however described) entered into by a Hedging Party in order to hedge, individually or on a portfolio (or "book") basis, the Notes.

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

**Realisation Disruption Event** means the Calculation Agent determines that:

- (i) either any restrictions or any taxes, charges or other deductions have been imposed by any applicable governmental, taxation, judicial or regulatory body on any dealing by any Hedging Party in any Hedging Positions held by any Hedging Party such that:
  - (a) any Hedging Party is or would be materially restricted from continuing to purchase, sell or otherwise deal in any Hedging Positions (or to enter into, continue or otherwise complete such transactions) and/or is or would be materially restricted from exercising its rights, or performing its obligations in respect of any Hedging Positions;
  - (b) the Issuer is materially restricted from performing its obligations under the Notes and/or any Hedging Party is materially restricted from performing its obligations under any Hedging Positions; or
  - (c) the Issuer will (or is likely to) incur a materially increased cost in performing its obligations under the Notes and/or any Hedging Party will (or is likely to) incur a

materially increased cost in performing its obligations under any Hedging Positions;  
or

- (ii) an event has occurred or circumstances exist (including without limitation either any restrictions or any charges or deductions imposed by any applicable governmental, judicial or regulatory body):
  - (a) that materially restricts the ability of any Hedging Party to (i) exchange or convert the Local Currency for the Specified Currency or the Specified Currency for the Local Currency through the customary legal channels and/or (ii) deliver the Specified Currency or the Local Currency and/or (iii) transfer the proceeds of the Hedging Positions (or any transaction relating to a Hedging Position) (A) between, accounts in the jurisdiction of the Local Currency (the **Local Jurisdiction**) and any accounts in the jurisdiction of the Specified Currency or (B) to or from a party that is a non-resident of the Local Jurisdiction and/or to a party that is a resident of the jurisdiction of the Specified Currency; and/or
  - (b) such that any Hedging Party is or would be materially restricted from transferring amounts payable under any Hedging Position or in respect of the Notes between (i) the Local Jurisdiction and the jurisdiction of a Hedging Party and/or (ii) the jurisdiction of the Specified Currency and the jurisdiction of a Hedging Party; and/or
  - (c) such that the Calculation Agent's ability to determine a rate at which the Local Currency can be exchanged for the Specified Currency (or vice versa), for any reason becomes restricted, or such determination is otherwise impracticable or such rate is subject to material charges or deductions.

The above provisions refer to "materially restricted", "materially increased" and "material" and any determination in respect of "materially" or "material" in respect of any such provision shall be made by the Calculation Agent which shall have regard to such circumstances as it deems appropriate.

**Section 871(m) Event** means that the Issuer and/or where the Issuer is CFI, the CFI Guarantor and/or any Hedging Party is (or, in the determination of the Calculation Agent, there is a reasonable likelihood that, within the next 30 Business Days, the Issuer and/or where the Issuer is CFI, the CFI Guarantor and/or any Hedging Party will become) subject to any withholding or reporting obligations pursuant to Section 871(m) of the Code with respect to the Notes and/or where the Issuer is CFI, the Deed of Guarantee, and/or any Hedging Positions.

**Specified Valuation Date** means each date specified as such in the applicable Final Terms.

**Trade Date** means the date specified as such in the applicable Final Terms or, if none is so specified, the Issue Date.

**Underlying** means each underlying reference factor specified as such and classified in the applicable Final Terms.

**Underlying Closing Level** shall, in respect of an Underlying, have the meaning given to it in the Underlying Schedule applicable to such Underlying.

**Underlying Level** shall, in respect of an Underlying and if applicable, have the meaning given to it in the Underlying Schedule applicable to such Underlying.

**Underlying Linked Notes** means Notes specified as such in the applicable Final Terms.

**Underlying Schedule** means, in respect of an Underlying, the schedule that is specified to be applicable to such Underlying as a result of the classification of such Underlying in the applicable Final Terms.

**Valuation Date** means each Specified Valuation Date, as adjusted in accordance with Condition 19(c), Condition 19(d), Condition 19(f) and/or the applicable Final Terms.

**Valuation Roll** means the number specified as such in the applicable Final Terms, or if no number is so specified, eight.

**Valuation Time** shall, in respect of an Underlying, have the meaning given to it in the Underlying Schedule applicable to such Underlying.

## TERMS AND CONDITIONS OF THE FRENCH LAW NOTES

*Except as indicated below, the following is the text of the terms and conditions of the French Law Notes (the **Notes**) which will include the additional terms and conditions contained in Underlying Schedule 1 in the case of Share Index Linked Notes, which will include the additional terms and conditions contained in Underlying Schedule 2 in the case of Inflation Index Linked Notes, which will include the additional terms and conditions contained in Underlying Schedule 3 in the case of Commodity Index Linked Notes, which will include the additional terms and conditions contained in Underlying Schedule 4 in the case of Commodity Linked Notes, which will include the additional terms and conditions contained in Underlying Schedule 5 in the case of Share Linked Notes, which will include the additional terms and conditions contained in Underlying Schedule 6 in the case of Depositary Receipt Linked Notes, which will include the additional terms and conditions contained in Underlying Schedule 7 in the case of ETF Linked Notes, which will include the additional terms and conditions contained in Underlying Schedule 8 in the case of Mutual Fund Linked Notes, which will include the additional terms and conditions contained in Underlying Schedule 9 in the case of FX Rate Linked Notes, which will include the additional terms and conditions contained in Underlying Schedule 10 in the case of Warrant Linked Notes, which will include the additional terms and conditions contained in Underlying Schedule 11 in the case of Proprietary Index Linked Notes, which will include the additional terms and conditions contained in Underlying Schedule 12 in the case of Dividend Futures Linked Notes or which will include the additional terms and conditions contained in another appropriate Underlying Schedule (each an **Underlying Schedule** and together the **Underlying Schedules**) in the case of any Notes linked to any other underlying reference item or asset. References herein to a Condition shall be deemed to be a reference to a Condition of the General Conditions of the Terms and Conditions of the French Law Notes, unless otherwise specified.*

References in these Conditions (the **General Conditions**) and in the applicable Underlying Schedules (together, subject as provided below in relation to the applicable Final Terms, the **Conditions**) to the **Notes** shall be references to the Notes of this Series.

References to the **applicable Final Terms** are to the Final Terms relating to the Notes of such Series which complete the Conditions, and references to the "Conditions" include such Final Terms. In relation to any Series of Notes, in the event of inconsistency between the applicable Final Terms and the other Conditions, the applicable Final Terms will prevail.

The Notes are the subject of a French Law Fiscal Agency Agreement dated 25 June 2012 (as amended, supplemented and/or restated from time to time, the **French Law Fiscal Agency Agreement**) between Citigroup Funding Inc. (**CFI**) and Citigroup Global Markets Funding Luxembourg S.C.A. (**CGMFL**) each as an issuer, Citigroup Inc. as guarantor in respect of the Notes issued by CFI (in its capacity as such guarantor, the **CFI Guarantor**), Citibank N.A., London Branch as fiscal agent (in such capacity the **Fiscal Agent**, which expression shall include any successor fiscal agent) and as principal paying agent and Citibank International Plc, Paris Branch, as Paris paying agent (and together with any additional paying agents appointed pursuant thereto, the **Paying Agents**, which expression includes any successor paying agents). Each of the Fiscal Agent and Citigroup Global Markets Limited is also appointed as initial calculation agent (in such capacity, the **Calculation Agent**).

In relation to any Series, any one of Citigroup Inc., CFI or CGMFL will be the Issuer thereof as specified in the applicable Final Terms and references in the Conditions to "the Issuer" shall be to whichever of Citigroup Inc., CFI or CGMFL is so specified in the applicable Final Terms.

The Notes issued by CFI are the subject of a Deed of Guarantee (as amended, supplemented and/or restated from time to time the **Deed of Guarantee**), dated 25 June 2012 executed by the CFI Guarantor.

Notes issued by CGMFL are not guaranteed by the CFI Guarantor and are not subject to the Deed of Guarantee. References in the Conditions to the CFI Guarantor and the Deed of Guarantee shall be ignored in relation to the Notes issued by CGMFL or Citigroup Inc. and the Conditions shall be construed accordingly.

The holders of the Notes (each a **Noteholder**) are deemed to have notice of all of the provisions of the French Law Fiscal Agency Agreement applicable to them.

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

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

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

## 1. **Form, Denomination and Title**

Notes will be issued in dematerialised form.

Title to Notes will be evidenced in accordance with Article L. 211-3 *et seq.* and R. 211-1 *et seq.* of the French *Code monétaire et financier* by book entries (*inscriptions en compte*). No physical document of title (including *certificats représentatifs* pursuant to Article R. 211-7 of the French *Code monétaire et financier*) will be issued in respect of Notes.

Notes are issued, at the option of the Issuer, in either bearer dematerialised form (*au porteur*), which will be inscribed in the books of Euroclear France, a subsidiary of Euroclear Bank S.A./N.V. (**Euroclear France**) which shall credit the accounts of Euroclear France Account Holders, or in registered dematerialised form (*nominatif*) and, in such latter case, at the option of the relevant Noteholder in either administered registered form (*nominatif administré*) inscribed in the books of a Euroclear France Account Holder or in fully registered form (*nominatif pur*) inscribed in an account in the books of Euroclear France maintained by the Issuer or by the registration agent (designated in the applicable Final Terms) acting on behalf of the Issuer (the **Registration Agent**).

For the purpose of the Conditions, **Euroclear France Account Holder** means any authorised financial intermediary institution entitled to hold accounts, directly or indirectly, on behalf of its customers with Euroclear France, and includes Euroclear Bank S.A./N.V. (**Euroclear**) and the depositary bank for Clearstream Banking, société anonyme, Luxembourg (**Clearstream, Luxembourg**).

Notes shall be issued in one Specified Denomination only.

Unless otherwise specified in the applicable Final Terms, the Notes will constitute *obligations* within the meaning of Article L.213-5 of the French *Code monétaire et financier*.

The applicable Final Terms will specify whether settlement shall be by way of cash payment (**Cash Settled Notes**) or by physical delivery (**Physical Delivery Notes**). Any reference in the Conditions

to Physical Delivery Notes shall mean Notes in respect of which the Entitlement(s) (being the number of underlying equity, bond, security or such other asset as may be specified in the applicable Final Terms (the **Relevant Asset(s)**)) is/are deliverable and as determined by reference to one or more Relevant Assets, all as set out in the applicable Final Terms.

References in the Conditions, unless the context otherwise requires, to Cash Settled Notes shall be deemed to include references to Physical Delivery Notes which include an option (as set out in the applicable Final Terms) at the Issuer's election for settlement upon redemption by way of cash payment pursuant to Condition 5(f) and where settlement upon redemption is to be by way of cash payment. References in the Conditions, unless the context otherwise requires, to Physical Delivery Notes shall be deemed to include references to Cash Settled Notes which include an option (as set out in the applicable Final Terms) at the Issuer's election for settlement upon redemption by way of physical delivery of the relevant Entitlement(s) pursuant to Condition 5(f) and where settlement upon redemption is to be by way of physical delivery.

Notes may, if specified in the applicable Final Terms, allow Noteholders upon redemption of such Notes to elect for settlement by way of cash payment or by way of physical delivery or by such other method of settlement as is specified in the applicable Final Terms. The Notes where the Noteholder has elected for cash payment will be Cash Settled Notes and the Notes where the Noteholder has elected for physical delivery will be Physical Delivery Notes. The rights of a Noteholder as described in this paragraph will be subject to the Issuer's right to elect cash settlement upon redemption of Notes if so indicated in the applicable Final Terms and will be subject to the Intermediary's right to deliver Substitute Assets (as defined in Condition 5(g)) or pay the Alternate Cash Redemption Amount (as defined in Condition 5(g)) or the Failure to Deliver Redemption Amount or the Disruption Cash Redemption Amount (each as defined in Condition 5(e)) in lieu of physical delivery in accordance with the Conditions.

## 2. Status

### (a) *Status of Notes*

The Notes and any interest relating thereto constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will at all times rank *pari passu* and rateably among themselves and at least *pari passu* with all other unsecured and unsubordinated outstanding obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

### (b) *Status of the Deed of Guarantee in respect of the Notes: only relevant for Notes issued by CFI*

The obligations of the CFI Guarantor in respect of the Notes issued by CFI under the Deed of Guarantee constitute direct, unconditional, unsubordinated and unsecured obligations of the CFI Guarantor and rank and will rank *pari passu* (subject to mandatorily preferred debts under applicable laws) with all other outstanding unsecured and unsubordinated obligations of the CFI Guarantor.

## 3. Interest

### (a) *Interest on Fixed Rate Notes*

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Interest Rate(s). Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

Except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Interest Period ending on (but excluding) the Interest Period End

Date falling on or about such date will amount to the **Interest Amount**. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the **Broken Amount** so specified.

Except where an applicable Interest Amount or Broken Amount is specified in the applicable Final Terms in respect of an Interest Period, interest shall be calculated in respect of any period by applying the relevant Interest Rate to the aggregate outstanding principal amount of the Fixed Rate Notes (or, if they are Partly Paid Notes, the aggregate amount paid up) and multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

(b) *Interest on Floating Rate Notes*

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable on each Interest Payment Date in respect of the Interest Period ending on (but excluding) the Interest Period End Date falling on or about such Interest Payment Date.

(A) *Screen Rate Determination*

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Interest Rate is to be determined, the Interest Rate for each Interest Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Page as at the Specified Time on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Calculation Agent. If five or more of such offered quotations are available on the Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided below) of such offered quotations.

If the Page is not available or if, in the case of (1) above, no offered quotation appears or, in the case of (2) above, fewer than three offered quotations appear, in each case as at the Specified Time, the Calculation Agent shall request each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with offered quotations, the Interest Rate for the Interest Period shall be the arithmetic mean of



the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with an offered quotation as provided in the preceding paragraph, the Interest Rate for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean of the rates, as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone interbank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates (rounded as provided below) for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Calculation Agent it is quoting to leading banks in the London interbank market (if the Reference Rate is LIBOR) or the Euro-zone interbank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any), PROVIDED THAT, if the Interest Rate cannot be determined in accordance with the foregoing provisions of this paragraph, the Interest Rate shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

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

The Calculation Agent shall not be responsible to the Issuer, the CFI Guarantor or to any third party as a result of the Calculation Agent having acted on any quotation given by any Reference Bank.

(B) *ISDA Determination*

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Interest Rate is to be determined, the Interest Rate for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (B), **ISDA Rate** for an Interest Period means the rate equal to the Floating Rate that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as calculation agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the ISDA Definitions) and under which:

- (1) the Floating Rate Option is as specified in the applicable Final Terms;
- (2) the Designated Maturity is a period specified in the applicable Final Terms; and

- (3) the relevant Reset Date is either (x) if the applicable Floating Rate Option is based on the London interbank offered rate (LIBOR) or on the Euro-zone interbank offered rate (EURIBOR), the first day of that Interest Period or (y) in any other case, as specified in the applicable Final Terms.

For the purposes of this subparagraph (B), Floating Rate, Calculation Agent, Floating Rate Option, Designated Maturity and Reset Date have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Final Terms the Minimum Interest Rate shall be deemed to be zero.

(C) *Maximum/Minimum Interest Rates and Rounding*

- (1) If any Maximum or Minimum Interest Rate is specified in the applicable Final Terms, then any Interest Rate shall be subject to such maximum or minimum, as the case may be.
- (2) For the purposes of any calculations required pursuant to the Conditions (unless otherwise specified), (x) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures will be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts which fall due and payable will be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of Yen, which shall be rounded down to the nearest Yen. For these purposes **unit** means the lowest amount of such currency which is available as legal tender in the country of such currency.

(D) *Calculations*

The Calculation Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes for the relevant Interest Period by applying the relevant Interest Rate to the aggregate outstanding principal amount of the Notes (or, if they are Partly Paid Notes, the aggregate amount paid up) and multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

(E) *Determination and Publication of Interest Rates and Interest Amounts*

As soon as practicable after each Interest Determination Date the Calculation Agent will determine the Interest Rate and calculate the Interest Amounts in respect of each Specified Denomination for the relevant Interest Period. The Interest Amounts and the Interest Rate so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 8, the accrued interest and the Interest Rate payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Interest Rate or the Interest Amount so calculated need be made.

(F) *Notification of Interest Rate and Interest Amounts*

The Calculation Agent will cause the Interest Rate and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Fiscal

Agent and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 12 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. For the purposes of this paragraph, the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(c) *Business Day Convention*

If any date referred to in the Conditions is specified in the applicable Final Terms to be subject to adjustment in accordance with a Business Day Convention and (x) such day would otherwise fall on a day which is not a Business Day or (y) there is no numerically corresponding day in the calendar months in which such date should occur, then, if the Business Day Convention specified in the applicable Final Terms is (i) the Floating Rate Convention, (1) in the case of (x) above such date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such date shall be brought forward to the immediately preceding Business Day and (B) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment or (2) in the case of (y) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) above shall apply *mutatis mutandis*, (ii) the Following Business Day Convention, such date shall be postponed to the next day which is a Business Day, (iii) the Modified Following Business Day Convention, such date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (iv) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(d) *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition by the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the CFI Guarantor, the Fiscal Agent, the Calculation Agent, the other Paying Agents, the Registration Agent (if applicable) and all Noteholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the CFI Guarantor or the Noteholders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(e) *Interest on Dual Currency Interest Notes*

The rate or amount of interest payable in respect of Dual Currency Interest Notes shall be determined in the manner specified in the applicable Final Terms.

(f) *Interest on Partly Paid Notes*

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up principal amount of such Notes and otherwise as specified in the applicable Final Terms.

(g) *Interest on other Notes*

Interest-bearing Notes where the determination of the rate of interest and amount of interest payable is not determined pursuant to the above provisions (including, but not limited to, Underlying Linked Notes), if so specified in the applicable Final Terms, will receive interest or will have any amount(s) of interest determined in the manner set out in the applicable Final Terms and the Issuer will pay the

relevant Interest Amount on the relevant Interest Payment Date, as further described in the applicable Final Terms.

(h) *Accrual of interest*

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal and/or delivery of all assets deliverable is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (i) the date on which all amounts due in respect of such Note have been paid and/or all assets deliverable in respect of such Note have been delivered; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Fiscal Agent and/or all assets in respect of such Note have been received by any agent appointed by the Issuer to deliver such assets to Noteholders and notice to that effect has been given to the Noteholders in accordance with Condition 13.

(i) *Definitions*

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

**Business Day** means:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Business Centre specified in the applicable Final Terms; and
- (ii) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than any Business Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (B) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) is open.

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

- (a) if **Actual/Actual (ICMA)** is specified in the applicable Final Terms in respect of Fixed Rate Notes:
  - (A) in the case of Notes where the number of days in the Calculation Period is equal to or shorter than the Determination Period during which the Calculation Period ends, the number of days in such Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
  - (B) in the case of Notes where the Calculation Period is longer than the Determination Period during which the Calculation Period ends, the sum of:

- (i) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
  - (ii) the number of days in such Calculation Period falling in the Determination Period in which the Calculation Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year;
- (b) if **Actual/Actual** or **Actual/Actual (ISDA)** is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (x) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (y) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
  - (c) if **Actual/365 (Fixed)** is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365;
  - (d) if **Actual/365 (Sterling)** is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365 or, in the case of a payment falling in a leap year, 366;
  - (e) if **Actual/360** is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 360;
  - (f) if **30/360** is specified in the applicable Final Terms in respect of Fixed Rate Notes, the number of days in the Calculation Period (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360;
  - (g) if **30/360**, **360/360** or **Bond Basis** is specified in the applicable Final Terms in relation to Floating Rate Notes, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

**Y<sub>1</sub>** is the year, expressed as a number, in which the first day of the Calculation Period falls;

**Y<sub>2</sub>** is the year, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

**M<sub>1</sub>** is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

**M<sub>2</sub>** is the calendar month, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

**D<sub>1</sub>** is the first calendar day, expressed as a number, of the Calculation Period, unless such number is 31, in which case D<sub>1</sub> will be 30; and

**D<sub>2</sub>** is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and **D<sub>1</sub>** is greater than 29, in which case **D<sub>2</sub>** will be 30;

- (h) if **30E/360** or **Eurobond Basis** is specified in the applicable Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

**Y<sub>1</sub>** is the year, expressed as a number, in which the first day of the Calculation Period falls;

**Y<sub>2</sub>** is the year, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

**M<sub>1</sub>** is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

**M<sub>2</sub>** is the calendar month, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

**D<sub>1</sub>** is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case **D<sub>1</sub>** will be 30; and

**D<sub>2</sub>** is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case **D<sub>2</sub>** will be 30;

- (i) if **30E/360 (ISDA)** is specified in the applicable Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

**Y<sub>1</sub>** is the year, expressed as a number, in which the first day of the Calculation Period falls;

**Y<sub>2</sub>** is the year, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

**M<sub>1</sub>** is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

**M<sub>2</sub>** is the calendar month, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

**D<sub>1</sub>** is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case **D<sub>1</sub>** will be 30; and

**D<sub>2</sub>** is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30; or

- (j) if **RBA Bond Basis** or **Australian Bond Basis** is specified in the applicable Final Terms, one divided by the number of Interest Period End Dates in a year (or where the Calculation Period does not constitute an Interest Period, "Actual/365 (Fixed)" as defined in paragraph (c) above).

**Calculation Amount** has the meaning given in the applicable Final Terms.

**Determination Period** means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date).

**Euro-zone** means the member states of the European Union that are participating in the third stage of Economic and Monetary Union.

**Interest Commencement Date** means the date of issue of the Notes (the **Issue Date**) or such other date as may be specified in the applicable Final Terms.

**Interest Determination Date** means, with respect to an Interest Rate and an Interest Period, the date specified as such in the applicable Final Terms or, if none is so specified, (i) the first day of such Interest Period if the Specified Currency is Sterling, (ii) the day falling two London Banking Days prior to the first day of such Interest Period if the Specified Currency is neither Sterling nor Euro, or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Period if the Specified Currency is Euro.

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

**Interest Period End Date** means each date specified as such in the applicable Final Terms or, if none is so specified, each Interest Payment Date.

**Interest Rate** means the rate of interest payable from time to time in respect of the Notes and which is either specified, or calculated in accordance with the provisions, herein or in the applicable Final Terms.

**London Banking Day** means a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in London.

**Page** means such display page as may be specified in the applicable Final Terms for the purpose of providing a Reference Rate, or (i) any successor display page, other published source, information vendor or provider that has been officially designated by the sponsor of the original display page or (ii) if the sponsor has not officially designated a successor display page, other published source, information vendor or provider (as the case may be), the successor display page, other published source, information vendor or provider, if any, designated by the relevant information vendor or provider (if different from the sponsor).

**Reference Banks** means, in the case of a determination of LIBOR, the principal London office of four major banks in the London interbank market and, in the case of a determination of EURIBOR,

the principal Euro-zone office of four major banks in the Euro-zone interbank market, in each case selected by the Calculation Agent or as specified in the applicable Final Terms.

**Reference Rate** means the relevant rate pursuant to which an Interest Rate for a Floating Rate Note is to be determined as specified in the applicable Final Terms.

**Specified Time** means 11.00 a.m. (London time, in the case of a determination of LIBOR, or Brussels time, in the case of a determination of EURIBOR).

**sub-unit** means, with respect to any currency other than Euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to Euro, one cent.

**TARGET Business Day** means a day on which the TARGET2 System is operating.

**4. Redemption and Purchase: as stated above, all references to the CFI Guarantor and the Deed of Guarantee in the Conditions including but not limited to this Condition shall be ignored in relation to Notes issued by CGMFL or Citigroup Inc.**

(a) *Final Redemption*

Unless otherwise provided in the applicable Final Terms, or unless previously redeemed or purchased and cancelled as provided below, each principal amount of the Notes equal to the Calculation Amount will be redeemed at the amount (the **Redemption Amount**) specified in, or determined in the manner specified in, the applicable Final Terms on the Maturity Date.

Where the Notes are Physical Delivery Notes and the Entitlement becomes deliverable pursuant to the Conditions, the Issuer shall pay the Equivalent Amounts (as specified in the applicable Final Terms) to the Intermediary and, subject to the relevant Noteholder arranging for an Asset Transfer Notice to be duly submitted on its behalf in accordance with the provisions hereof, the Issuer shall procure that the Intermediary (acting as principal) shall deliver the Entitlement in respect of each Calculation Amount in accordance with the provisions hereof to the relevant Noteholder on the Maturity Date (or, if such date is not a Settlement Business Day, the immediately succeeding Settlement Business Day), subject as provided herein. **Payment by the Issuer of the Equivalent Amounts to the Intermediary and procuring delivery of the Entitlement by the Intermediary shall fully discharge the Issuer's obligations in respect of the Notes.**

**Whenever pursuant to the Conditions, the Intermediary is expressed to be making delivery to a holder, such holder will be deemed to have instructed the Intermediary as its agent to make such delivery to it.**

(b) *Redemption for Taxation Reasons and Redemption for Illegality*

- (i) The Notes may be redeemed at the option of the Issuer or the CFI Guarantor in whole, but not in part, at any time in the case of a Note other than a Floating Rate Note or only on an Interest Payment Date in the case of a Floating Rate Note, on giving not less than 30 or more than 60 days' notice in accordance with Condition 12 (which notice shall be irrevocable), at, in respect of each principal amount of the Notes equal to the Calculation Amount, the Early Redemption Amount together with, if so specified in the applicable Final Terms, accrued interest, if the Issuer or the CFI Guarantor, as the case may be, has or will become obligated to pay additional interest on such Notes pursuant to Condition 6 as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of Luxembourg or the United States or any political subdivisions or taxing authorities thereof or therein, or any change in the application or official interpretation of such laws, regulations or rulings, which change or amendment becomes effective on or after the date on which any



person (including any person acting as underwriter, broker or dealer) agrees to purchase the first Tranche of any of such Notes pursuant to the original issuance of such first Tranche, and such obligation cannot be avoided by the Issuer or CFI Guarantor, as the case may be, taking reasonable measures available to it; PROVIDED THAT no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or the CFI Guarantor, as the case may be, would be obligated to pay such additional interest were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition 4(b)(i), the Issuer or the CFI Guarantor, as the case may be, shall deliver to the Fiscal Agent (i) a certificate signed by an officer of the Issuer or the CFI Guarantor, as the case may be, stating that the Issuer or the CFI Guarantor, as the case may be, is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer or the CFI Guarantor, as the case may be, so to redeem have occurred and (ii) a legal opinion, from lawyers of recognised standing in Luxembourg or the United States, as applicable, to the effect that the Issuer or the CFI Guarantor, as the case may be, has or will become obligated to pay such additional interest as a result of such change or amendment.

- (ii) If the Issuer or the CFI Guarantor shall determine that any payment made outside the United States by the Issuer or the CFI Guarantor, as the case may be, or any of its Paying Agents in respect of any Note or interest, if any (an **Affected Note**) would, under any present or future laws or regulations of the United States, be subject to any certification, documentation, information or other reporting requirement of any kind, the effect of which requirement is the disclosure to the Issuer or the CFI Guarantor, any Paying Agent or any governmental authority of the nationality, residence or identity (as distinguished from, for example, status as a Non-U.S. Holder (as defined below)) of a beneficial owner of such Affected Note that is a Non-U.S. Holder (other than such a requirement (A) that would not be applicable to a payment made by the Issuer or the CFI Guarantor, as the case may be, or any one of its Paying Agents (1) directly to the beneficial owner or (2) to a custodian, nominee or other agent of the beneficial owner, or (B) that can be satisfied by such custodian, nominee or other agent certifying to the effect that the beneficial owner is a Non-U.S. Holder; PROVIDED THAT, in any case referred to in clause (A)(2) or (B), payment by the custodian, nominee or agent to the beneficial owner is not otherwise subject to any such requirement), then the Issuer shall elect either (x) to redeem such Affected Notes in whole, but not in part, at, in respect of each principal amount of the Notes equal to the Calculation Amount, the Early Redemption Amount together with, if so specified in the applicable Final Terms, accrued interest or (y) if the conditions of the next succeeding paragraph are satisfied, to pay the additional interest specified in such paragraph. The Issuer or the CFI Guarantor, as the case may be, shall make such determination as soon as practicable and publish prompt notice thereof (the **Determination Notice**), stating the effective date of such certification, documentation, information or other reporting requirement, whether the Issuer elects to redeem the Affected Notes or to pay the additional interest specified in the next succeeding paragraph and (if applicable) the last date by which the redemption of the Affected Notes must take place (the **Redemption Date**), as provided in the next succeeding sentence. If any Affected Notes are to be redeemed pursuant to this paragraph, the redemption shall take place on such date, not later than one year after the publication of the Determination Notice, as the Issuer or the CFI Guarantor shall specify by notice given to the Fiscal Agent at least 60 days before the Redemption Date PROVIDED THAT if the Notes are Floating Rate Notes such date must be an Interest Payment Date. Notice of such redemption shall be given to the holders of the Affected Notes not more than 60 days or less than 30 days prior to the Redemption Date. Notwithstanding the foregoing, the Issuer shall not so redeem the Affected Notes if the Issuer or the CFI Guarantor, as the case may be, shall subsequently determine, not less than 30 days prior to the Redemption Date, that subsequent payments on the Affected Notes would not be subject to any such certification, documentation, information or other reporting requirement, in which case the Issuer or the

CFI Guarantor, as the case may be, shall publish prompt notice of such subsequent determination, and any earlier redemption notice given pursuant to this paragraph shall be revoked and of no further effect. Prior to the publication of any Determination Notice pursuant to this paragraph, the Issuer or the CFI Guarantor, as the case may be, shall deliver to the Fiscal Agent (I) a certificate signed by an officer of the Issuer or the CFI Guarantor, as the case may be, stating that the Issuer or the CFI Guarantor, as the case may be, is entitled to make such determination and setting forth a statement of facts showing that the conditions precedent to the obligation of the Issuer to redeem the Affected Notes or to pay the additional interest specified in the next succeeding paragraph have occurred and (II) a legal opinion, from lawyers of recognised standing in the United States, to the effect that such conditions have occurred.

If and so long as the certification, documentation, information or other reporting requirement referred to in the preceding paragraph would be fully satisfied by payment of a backup withholding tax or similar charge, the Issuer may elect to pay as additional interest such amounts as may be necessary so that every net payment made outside the United States following the effective date of such requirement by the Issuer or the CFI Guarantor, as the case may be, or any of its Paying Agents in respect of any Affected Note of which the beneficial owner is a Non-U.S. Holder (but without any requirement that the nationality, residence or identity of such beneficial owner be disclosed to the Issuer or the CFI Guarantor, as the case may be, any Paying Agent or any governmental authority), after deduction or withholding for or on account of such backup withholding tax or similar charge (other than a backup withholding tax or similar charge that would not be applicable in the circumstances referred to in the parenthetical clause of the first sentence of the preceding paragraph) will not be less than the amount provided in any such Affected Note to be then due and payable. If the Issuer or the CFI Guarantor, as the case may be, elects to pay additional interest pursuant to this paragraph, then the Issuer shall have the right to redeem the Affected Notes at any time in the case of a Note other than a Floating Rate Note or only on an Interest Payment Date in the case of a Floating Rate Note in whole, but not in part, at, in respect of each principal amount of the Notes equal to the Calculation Amount, the Early Redemption Amount together with, if so specified in the applicable Final Terms, accrued interest, subject to the provisions of the last three sentences of the immediately preceding paragraph. If the Issuer or the CFI Guarantor, as the case may be, elects to pay additional interest pursuant to this paragraph and the condition specified in the first sentence of this paragraph should no longer be satisfied, then the Issuer shall redeem the Affected Notes in whole, but not in part, at, in respect of each principal amount of the Notes equal to the Calculation Amount, the Early Redemption Amount together with, if so specified in the applicable Final Terms, accrued interest, subject to the provisions of the last three sentences of the immediately preceding paragraph. Any redemption payments made by the Issuer or the CFI Guarantor, as the case may be, pursuant to the two immediately preceding sentences shall be subject to the continuing obligation of the Issuer or the CFI Guarantor, as the case may be, to pay additional interest pursuant to this paragraph. If the Affected Notes are to be redeemed pursuant to this paragraph, the redemption shall take place on such date (subject as aforesaid), not later than one year after publication of the notice of redemption, as the Issuer shall specify by notice to the Fiscal Agent at least 60 days prior to the Redemption Date.

A **Non-U.S. Holder** is a beneficial owner of a Note that is, for U.S. federal income tax purposes: (A) a foreign corporation; (B) a non-resident alien individual; (C) a non-resident alien fiduciary of a foreign estate or trust; or (D) a foreign partnership one or more members of which is a Non-U.S. Holder.

- (iii) If the Issuer determines that the performance of its obligations under the Notes or the CFI Guarantor determines that the performance of its obligations under the Deed of Guarantee in respect of the Notes or that any arrangements made to hedge the Issuer's and/or the CFI

Guarantor's obligations under the Notes and/or the Deed of Guarantee, as the case may be, has or will become unlawful, illegal or otherwise prohibited in whole or in part for any reason, the Issuer may redeem the Notes early by giving notice to Noteholders in accordance with Condition 12.

Should any one or more of the provisions contained in the Conditions be or become invalid, the validity of the remaining provisions shall not in any way be affected thereby.

If the Issuer redeems the Notes early pursuant to this provision, then the Issuer will, if and to the extent permitted by applicable law, pay to each Noteholder in respect of each principal amount of Notes equal to the Calculation Amount held by such holder, an amount equal to the Early Redemption Amount together with, if so specified in the applicable Final Terms, accrued interest. Payment will be made in such manner as shall be notified to the Noteholders in accordance with Condition 12 and upon such payment in respect of such Notes all obligations of the Issuer and the CFI Guarantor in respect thereof shall be discharged.

(c) *Purchases*

The Issuer, the CFI Guarantor or any of their respective subsidiaries or Affiliates may at any time purchase Notes in the open market or otherwise at any price. Any Notes so purchased may be held or resold in accordance with Article L.213-1-A and D.213-1-A of the French *Code monétaire et financier* for the purposes of enhancing the liquidity of the Notes or surrendered for cancellation.

**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.

(d) *Early Redemption Amount*

For the purpose of Condition 4(b)(i), (ii) and (iii) above, Condition 8 and Condition 17(h), the Early Redemption Amount in respect of each principal amount of the Notes equal to the Calculation Amount will be calculated as follows:

- (i) in the case of Notes (other than Zero Coupon Notes and Underlying Linked Notes) at the amount specified in, or determined in the manner specified in, the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at an amount in respect of each Note equal to its principal amount; or
- (ii) in the case of Zero Coupon Notes, at an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

**RP** means the Reference Price;

**AY** means the Amortisation Yield expressed as a decimal; and

<sup>y</sup> is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date

fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360,

or on such other calculation basis as may be specified in the applicable Final Terms; or

- (iii) in the case of Underlying Linked Notes, at an amount equal to either (A) an amount in the Specified Currency determined by the Calculation Agent which represents the fair market value of such Calculation Amount (which, if so specified in the applicable Final Terms, shall include amounts in respect of interest) on a day selected by the Issuer (ignoring for the purposes of a redemption pursuant to Condition 4(b)(iii), the relevant unlawfulness, illegality or prohibition) less (except in the case of any early redemption pursuant to Condition 8) the proportionate cost to the Issuer and/or its Affiliates of unwinding any underlying and/or related hedging and funding arrangements in respect of the Notes (including, without limitation, any equity options hedging the Issuer's obligations under the Notes) and, for the purposes of determining the fair market value of such Calculation Amount for the purposes of Condition 8, no account shall be taken of the financial condition of the Issuer which shall be presumed to be able to perform fully its obligations in respect of the Notes, or (B) such other amount determined by reference to the provisions in the applicable Final Terms.

(e) *Redemption at the Option of the Issuer*

If Issuer Call is specified as applicable in the applicable Final Terms, the Issuer may having given the number of days' notice specified in the applicable Final Terms or, if none are so specified, not less than five nor more than 60 days' notice to the Noteholders in accordance with Condition 12 (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and, in respect of each principal amount of the Notes equal to the Calculation Amount at the Optional Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a principal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount in each case as may be specified in the applicable Final Terms.

In the case of a redemption of some only of the Notes the redemption may be effected, at the option of the Issuer as specified in the applicable Final Terms, either (i) by reducing the nominal amount of all the Notes in proportion to the aggregate nominal amount redeemed by application of a pool factor or (ii) by redeeming in full some only of the Notes (a reduction in nominal amount) and, in such latter case, the choice between those Notes that will be fully redeemed and those Notes that will not be redeemed shall be made in accordance with article R. 213-16 of the French *Code monétaire et financier* and the provisions of the applicable Final Terms, subject to compliance with any other applicable laws and stock exchange requirements.

(f) *Redemption at the Option of holders of Notes*

If Investor Put is specified as applicable in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 12 not less than 45 days' notice the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, such Note on the Optional Redemption Date and at, in respect of each principal amount of the Notes equal to the Calculation Amount, the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of a Note the holder of such Note must (i) deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent

falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a **Put Notice**) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition and (ii) transfer, or cause to be transferred, the Notes to be redeemed to the account of the Paying Agent specified in the Put Notice.

Notwithstanding the foregoing, the right to require redemption of such Notes must be exercised in accordance with the rules and procedures of the Relevant Clearing System and if there is any inconsistency between the above and the rules and procedures of the Relevant Clearing System, then the rules and procedures of the Relevant Clearing System shall prevail.

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

(g) *Redemption by Instalments*

Unless previously redeemed or purchased and cancelled as provided in this Condition 4, each Note which provides for Instalment Dates and Instalment Amounts will be partially redeemed on each Instalment Date at the Instalment Amount specified in the applicable Final Terms, whereupon the outstanding principal amount of such Note shall be reduced by the Instalment Amount for all purposes.

(h) *Cancellation*

All Notes purchased by or on behalf of the Issuer or the CFI Guarantor may (or, if so required by French law, must) be cancelled, together with all Notes redeemed by the Issuer. In the case of Notes cleared through Euroclear France, the cancellation shall be made by transfer to an account in accordance with the rules and procedures of Euroclear France. Any Notes so cancelled or, where applicable, transferred for cancellation may not be reissued or resold and the obligations of the Issuer and the CFI Guarantor (where applicable) in respect of any such Notes shall be discharged.

(i) *Late payment on Zero Coupon Notes*

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to this Condition or upon its becoming due and repayable as provided in Condition 8 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 4(d) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Fiscal Agent and notice to that effect has been given to the Noteholders in accordance with Condition 12.

**5. Payments and Physical Delivery: as stated above, all references to the CFI Guarantor and the Deed of Guarantee in the Conditions including but not limited to this Condition shall be ignored in relation to Notes issued by CGMFL or Citigroup Inc.**

(a) *Payments*

Payments of principal and interest in respect of Notes shall (in the case of Notes in bearer dematerialised form or administered registered form) be made by transfer to the account (denominated in the relevant currency) of the relevant Euroclear France Account Holders for the benefit of the Noteholders and (in the case of Notes in fully registered form) to accounts (denominated in the relevant currency) with a bank designated by the Noteholders. All payments validly made to such accounts of such Euroclear France Account Holders or Noteholders will be an effective discharge of the Issuer in respect of such payments.

(b) *Payments Subject to Law, etc.*

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 6. No commission or expenses shall be charged to the holders of Notes in respect of such payments.

(c) *Appointment of Agents*

As applicable, the Fiscal Agent, each Paying Agent, the Registration Agent and the Calculation Agent initially appointed by the Issuer and the CFI Guarantor and their respective specified offices are listed below or in the applicable Final Terms. The Fiscal Agent, each Paying Agent, the Registration Agent and the Calculation Agent act solely as agents of the Issuer and the CFI Guarantor and do not assume any obligation or relationship of agency or trust for or with any holder. The Issuer and the CFI Guarantor reserve the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Calculation Agent or the Registration Agent and to appoint additional or other agents (any of which may be the Issuer, an affiliate of the Issuer, the CFI Guarantor or an affiliate of the CFI Guarantor) PROVIDED THAT the Issuer and the CFI Guarantor will at all times maintain:

- (i) a Fiscal Agent;
- (ii) at any time at which any Note in registered form is outstanding, a Registration Agent (which may be the Issuer) in relation thereto;
- (iii) a Calculation Agent where the Conditions so require one;
- (iv) Paying Agents having a specified office in at least two major European cities (including Luxembourg so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such exchange so require);
- (v) where the Issuer is CGMFL, a Paying Agent having a specified office in Europe outside Luxembourg; and
- (vi) such other agents as may be required by the rules of any other stock exchange on which the Notes may be listed.

Each of the Issuer and the CFI Guarantor also undertakes that it will maintain a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to EC Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive unless to do so either would be unduly onerous or impracticable or is no longer market practice, in each case in the determination of the Issuer.

Notice of any such change or any change of any specified office of the Fiscal Agent, any other Paying Agent or the Registration Agent will promptly be given to the Noteholders in accordance with Condition 12.

(d) *Payment Days*

If any date for payment in respect of any Note or interest is not a Payment Day, the holder shall not be entitled to payment until the next following Payment Day nor to any interest or other sum in respect of such postponed payment. In this paragraph, **Payment Day** means a day (other than a Saturday or a Sunday) on which:

- (a) Euroclear France is open for business (where the Notes are cleared through Euroclear France),
- (b) commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the jurisdictions as shall be specified as "Business Day Jurisdictions" in the applicable Final Terms and
- (c)
  - (i) (in the case of a payment in a currency other than Euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of such relevant currency; or
  - (ii) (in the case of a payment in Euro) a day which is a TARGET Business Day.

(e) *Physical Delivery*

(i) Asset Transfer Notices

In relation to Physical Delivery Notes, in order to obtain delivery of the Entitlement(s) in respect of any Note, the relevant holder must arrange for the Euroclear France Account Holder through which its Notes are held to (i) deliver on its behalf a duly completed asset transfer notice (an **Asset Transfer Notice**) in the form set out in the French Law Fiscal Agency Agreement to the Fiscal Agent with a copy to the Intermediary not later than 10.00 a.m. (local time) on the date (the **Cut-off Date**) falling three Business Days prior to the Maturity Date (as defined below), in accordance with the provisions set out in this Condition and (ii) simultaneously transfer the relevant Notes to the Euroclear France account of the Fiscal Agent.

Copies of the Asset Transfer Notice may be obtained during normal business hours from the specified office of each Paying Agent.

The Asset Transfer Notice shall:

- (A) specify the name, address and contact telephone number of the relevant Noteholder and the person from whom the Intermediary may obtain details for the delivery of the Entitlement if delivery is to be made otherwise than in the manner specified in the applicable Final Terms;
- (B) specify the Series number of the Notes and the principal amount of the Notes which are the subject of such notice;
- (C) confirm the irrevocable instruction given to the Euroclear France Account Holder through which the relevant Notes are held to immediately transfer such Notes to the Euroclear France account of the Fiscal Agent;

- (D) include an undertaking to pay all Expenses and a confirmation that the delivery of the Entitlement is subject, *inter alia*, as provided in Condition 5(e)(iii) and an authority to the Relevant Clearing System or bank to debit a specified account of the Noteholder with the Relevant Clearing System or bank in respect thereof and to pay such Expenses or an authority to the Intermediary either to deduct from any cash amount owing to the Noteholder an amount sufficient to pay such Expenses and to pay on behalf of the Noteholder such Expenses or to convert such amount of the Relevant Asset(s) due to be delivered to such Noteholder as is necessary to pay such Expenses and to pay on behalf of the Noteholder such Expenses, as referred to in Condition 5(e)(iii) below, and a confirmation that delivery of any Entitlement is subject as provided below;
- (E) include such details as are required by the applicable Final Terms for delivery of the Entitlement which may include account details and/or the name and address of any person(s) into whose name evidence of the Entitlement is to be registered and/or any bank, broker or agent to whom documents evidencing the Entitlement are to be delivered and specify the name and number of the Noteholder's account with the Relevant Clearing System or bank to be credited with any cash payable by the Intermediary, either in respect of any cash amount constituting (1) the Entitlement or any Fractional Entitlement (if applicable) or (2) any dividends relating to the Entitlement or (3) as a result of the occurrence of a Settlement Disruption Event and the Intermediary electing to pay the Disruption Cash Redemption Amount or (4) as a result of the occurrence of a Failure to Deliver due to Illiquidity and the Intermediary electing to pay the Failure to Deliver Redemption Amount or (5) as a result of the Intermediary electing to pay the Alternate Cash Redemption Amount;
- (F) certify that the beneficial owner of each Note the subject of the relevant Asset Transfer Notice is not a U.S. person (as defined in the Asset Transfer Notice), the Note is not being redeemed within the United States or on behalf of a U.S. person and no cash, securities or other property have been or will be delivered within the United States or to, or for the account or benefit of, a U.S. person in connection with any redemption thereof; and
- (G) authorise the production of such certification in any applicable administrative or legal proceedings,

all as provided in the French Law Fiscal Agency Agreement.

As used above:

**Entitlement** means, in relation to a Physical Delivery Note, the quantity of the Relevant Asset or the Relevant Assets, as the case may be, which a Noteholder is entitled to receive on the Maturity Date in respect of each Calculation Amount following payment of any Expenses as provided herein and rounded down as provided in Condition 5(e)(iv), as determined by the Intermediary, including any documents evidencing such Entitlement.

**Expenses** means all costs, taxes, duties and/or expenses, including any applicable depository charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer, withholding taxes or tax on income profits or gains and/or other costs, duties or taxes arising from the delivery of the Entitlement(s).

**Intermediary** means the entity specified as such in the applicable Final Terms or, if no such entity is specified, the Calculation Agent.



If Condition 5(f) applies, the form of Asset Transfer Notice required to be delivered will be different from that set out above. Copies of such Asset Transfer Notice may be obtained during normal business hours from the specified office of each Paying Agent.

(ii) Information of the Issuer and the Intermediary

Upon receipt of an Asset Transfer Notice and, the relevant Notes on its Euroclear France account, the Fiscal Agent shall inform the Issuer and the Intermediary thereof.

(iii) Determinations and Delivery

Any determination as to whether an Asset Transfer Notice is duly completed and in proper form shall be made by the Fiscal Agent in consultation with the Intermediary and shall be conclusive and binding on the Issuer, the Fiscal Agent, the Intermediary and the relevant Noteholder. Subject as set out below, any Asset Transfer Notice so determined to be incomplete or not in proper form, or which is not copied to the Intermediary immediately after being delivered or sent to the Fiscal Agent as provided in Condition 5(e)(i) above, shall be null and void.

If such Asset Transfer Notice is subsequently corrected to the satisfaction of the Fiscal Agent in consultation with the Intermediary, it shall be deemed to be a new Asset Transfer Notice submitted at the time such correction was delivered to the Fiscal Agent and the Intermediary.

The Fiscal Agent or the Intermediary shall use reasonable endeavours promptly to notify the Euroclear France Account Holder submitting an Asset Transfer Notice on behalf of a Noteholder if it has been determined, as provided above, that such Asset Transfer Notice is incomplete or not in proper form. In the absence of negligence or wilful misconduct on its part, none of the Issuer, the CFI Guarantor, the Paying Agents, the Intermediary, the Calculation Agent (if any) and the Relevant Clearing System shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Noteholder.

No Asset Transfer Notice may be withdrawn after receipt thereof by the Fiscal Agent or the Intermediary, as the case may be, as provided above. After delivery of an Asset Transfer Notice, the relevant Noteholder may not transfer the Notes which are the subject of such notice.

Subject as provided herein and subject to the payment of any Expenses, the Entitlement will be delivered at the risk of the relevant Noteholder, in the manner provided below on the Maturity Date (such date, subject to adjustment in accordance with this Condition, the **Delivery Date**), PROVIDED THAT the Asset Transfer Notice is duly delivered to the Fiscal Agent with a copy to the Intermediary as provided above on or prior to the Cut-off Date.

If a Noteholder fails to have an Asset Transfer Notice given on its behalf as provided herein on or prior to the Cut-off Date, then the Entitlement will be delivered as soon as practicable after the Maturity Date (in which case, such date of delivery shall be the Delivery Date) at the risk of such Noteholder in the manner provided below. For the avoidance of doubt, in such circumstances such Noteholder shall not be entitled to any payment, whether of interest or otherwise, as a result of such Delivery Date falling after the Maturity Date and no liability in respect thereof shall attach to the Issuer or the Intermediary.

The Intermediary shall, at the risk of the relevant Noteholder, deliver or procure the delivery of the Entitlement for each Note, pursuant to the details specified in the Asset Transfer

Notice or in such commercially reasonable manner as the Intermediary shall determine and notify to the person designated by the Noteholder in the relevant Asset Transfer Notice. All Expenses arising from the delivery of the Entitlement in respect of such Notes shall be for the account of the relevant Noteholder and no delivery of the Entitlement shall be made until all Expenses have been paid to the satisfaction of the Intermediary by the relevant Noteholder. Any such Expenses shall either be:

- (A) paid to the Intermediary by such Noteholder prior to the delivery of the Entitlement; or
- (B) deducted by the Intermediary from any cash amount owing to such Noteholder and paid by the Intermediary on behalf of the Noteholder or paid by the Intermediary on behalf of such Noteholder by converting such amount of the Relevant Assets due to be delivered as necessary to pay the Expenses,

as specified by the Noteholder in the relevant Asset Transfer Notice.

If any Expenses are not paid by a Noteholder pursuant to the above, the relevant Noteholder shall be deemed to authorise the Intermediary to convert and the Intermediary may convert such amount of the Relevant Assets due to be delivered into cash sufficient to cover the Expenses in respect of the relevant Note from which the Intermediary shall deduct such Expenses. The Issuer's and the Intermediary's obligations in respect of each Note will be satisfied in relation to the Maturity Date by delivery of the remaining Entitlement in respect of such Note.

All deliveries will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of delivery.

(iv) General

Subject as provided below, Notes held by the same Noteholder will be aggregated for the purpose of determining the aggregate Entitlements in respect of such Notes, PROVIDED THAT the aggregate Entitlements in respect of the same Noteholder will be rounded down to the nearest whole Tradeable Amount of the Relevant Asset or each of the Relevant Assets, as the case may be, in such manner as the Intermediary shall determine. If the applicable Final Terms specifies that Aggregation of Entitlements does not apply, the Entitlement in respect of each Calculation Amount will be rounded down to the nearest whole multiple of the Tradeable Amount of the Relevant Asset or each of the Relevant Assets, as the case may be, in such manner as the Intermediary shall determine.

Therefore, fractions or numbers of the Relevant Asset or of each of the Relevant Assets, as the case may be, less than the relevant Tradeable Amount (the **Fractional Entitlement**) will not be delivered and no cash or other adjustment will be made in respect thereof unless "Cash Adjustment" is specified as applicable in the applicable Final Terms. If "Cash Adjustment" is specified as applicable in the applicable Final Terms, the Intermediary shall pay to the relevant Noteholder a cash amount in the Specified Currency (to be paid at the same time as delivery of the Entitlement) equal to the value (as determined by the Intermediary) of such Fractional Entitlement, calculated as specified in the applicable Final Terms.

Following the Delivery Date in respect of a Note where the Entitlement(s) includes securities, all dividends and/or other distributions on the relevant securities to be delivered will be payable to the party that would receive such dividend or distribution according to market practice for a sale of the relevant securities executed on the Delivery Date and to be

delivered in the same manner as such relevant securities. Any such dividends or distributions to be paid to a Noteholder will be paid to the account specified by the Noteholder in the relevant Asset Transfer Notice as referred to in Condition 5(e)(i).

If any Entitlement is delivered later than the date on which delivery would otherwise have taken place as provided herein, the Intermediary or any person acting on behalf of the Intermediary shall continue to be the legal owner of the assets comprising the Entitlement (the **Intervening Period**). None of the Issuer, the CFI Guarantor, the Intermediary and any other person shall at any time (A) be under any obligation to deliver or procure delivery to any Noteholder any letter, certificate, notice, circular or any other document or, except as provided herein, any payment whatsoever received by that person in its capacity as the holder of such assets, (B) be under any obligation to exercise or procure exercise of any or all rights attaching to such assets or (C) be under any liability to a Noteholder in respect of any loss or damage which such Noteholder may sustain or suffer as a result, whether directly or indirectly, of that person being registered during such Intervening Period as legal owner of such assets.

None of the Issuer, the CFI Guarantor, the Intermediary, the Paying Agents and the Calculation Agent (if any) shall under any circumstances be liable for any acts or defaults of a Relevant Clearing System in relation to the performance of its duties in relation to the Notes.

(v) Settlement Disruption

If, in the opinion of the Intermediary, delivery of the Entitlement using the Delivery Method specified in the applicable Final Terms or such other commercially reasonable manner as the Intermediary has determined is not practicable by reason of a Settlement Disruption Event subsisting on the Maturity Date, then the Delivery Date shall be postponed to the first following Settlement Business Day in respect of which there is no such Settlement Disruption Event, PROVIDED THAT the Intermediary may elect to deliver the Entitlement using such other commercially reasonable manner as it may select and in such event the Delivery Date shall be such day as the Intermediary deems appropriate in connection with delivery of the Entitlement in such other commercially reasonable manner. For the avoidance of doubt, where a Settlement Disruption Event affects some but not all of the Relevant Assets comprising the Entitlement, the Delivery Date for the Relevant Assets not affected by the Settlement Disruption Event will be the originally designated Delivery Date. For so long as delivery of the Entitlement is not practicable by reason of a Settlement Disruption Event, then in lieu of physical settlement and notwithstanding any other provision hereof the Intermediary may elect, in lieu of delivering the Entitlement, to pay to the relevant Noteholder of the Disruption Cash Redemption Amount on the fifth Business Day following the date that notice of such election is given to the Noteholders in accordance with Condition 12. Payment of the Disruption Cash Redemption Amount will be made in such manner as shall be notified to the Noteholders in accordance with Condition 12. The Intermediary shall give notice as soon as practicable to the Noteholders in accordance with Condition 12 that a Settlement Disruption Event has occurred. No Noteholder shall be entitled to any payment in respect of the relevant Note in the event of any delay in the delivery of the Entitlement due to the occurrence of a Settlement Disruption Event and no liability in respect thereof shall attach to the Issuer or the Intermediary.

For the purposes hereof:

**Disruption Cash Redemption Amount**, in respect of any relevant Note, shall be the fair market value of such Note on a day selected by the Intermediary (taking into account, where the Settlement Disruption Event affected some but not all of the Relevant Assets comprising

the Entitlement and such non-affected Relevant Assets have been duly delivered as provided above, the value of such Relevant Assets), less the cost of unwinding any underlying related hedging arrangements, all as determined by the Intermediary;

**Settlement Business Day**, in respect of each Note, has the meaning specified in the applicable Final Terms relating to such Note; and

**Settlement Disruption Event** means, in the opinion of the Intermediary, an event beyond the control of the Intermediary as a result of which the Intermediary cannot make delivery of the Relevant Asset(s) using the Delivery Method specified in the applicable Final Terms.

(vi) Failure to Deliver due to Illiquidity

If "Failure to Deliver due to Illiquidity" is specified as applying in the applicable Final Terms and in the opinion of the Intermediary, it is impossible or impracticable to deliver, when due, some or all of the Relevant Assets (the **Affected Relevant Assets**) comprising the Entitlement, where such failure to deliver is due to illiquidity in the market for the Relevant Assets (a **Failure to Deliver**), then:

- (A) subject as provided elsewhere in the Conditions, any Relevant Assets which are not Affected Relevant Assets, will be delivered on the originally designated Maturity Date in accordance with this Condition 5(e)(vi); and
- (B) in respect of any Affected Relevant Assets, *in lieu* of physical settlement and notwithstanding any other provision hereof, the Intermediary may elect, *in lieu* of delivering the Affected Relevant Assets, to pay to the relevant Noteholder the Failure to Deliver Redemption Amount on the fifth Business Day following the date that notice of such election is given to the Noteholders in accordance with Condition 12. Payment of the Failure to Deliver Redemption Amount will be made in such manner as shall be notified to the Noteholders in accordance with Condition 12. The Intermediary shall give notice as soon as practicable to the Noteholders in accordance with Condition 12 that the provisions of this Condition 5(e)(vi) apply.

For the purposes hereof, **Failure to Deliver Redemption Amount** in respect of any relevant Note shall be the fair market value of the Affected Relevant Assets on a day selected by the Intermediary, less the cost of unwinding any underlying related hedging arrangements, all as determined by the Intermediary.

(f) *Variation of Settlement*

If the applicable Final Terms indicate that the Issuer has an option to vary settlement in respect of the Notes, the Issuer may elect not to pay the relevant Noteholders the Redemption Amount or to procure delivery of the Entitlement to the relevant Noteholders, as the case may be, but, in lieu thereof, to procure delivery of the Entitlement or make payment of the Redemption Amount on the Maturity Date to the relevant Noteholders, as the case may be. Notification of such election will be given to Noteholders in accordance with Condition 12.

(g) *Intermediary's Option to Substitute Assets or to pay the Alternate Cash Redemption Amount*

The Intermediary may, in respect of Physical Delivery Notes, if it determines that the Relevant Asset or Relevant Assets, as the case may be, comprises securities which are not freely tradeable, elect either (i) to substitute for the Entitlement (or part thereof), an equivalent value (as determined by the Intermediary of such other securities which the Intermediary determines are freely tradeable (each a **Substitute Asset**) or (ii) not to deliver the Entitlement or any Substitute Asset, as the case may be, to

the relevant Noteholders, but in lieu thereof to make payment to each relevant Noteholder on the Maturity Date of an amount equal to the fair market value of the Entitlement (or part thereof) as determined by the Intermediary at such time and by reference to such sources as it considers appropriate (the **Alternate Cash Redemption Amount**). Notification of any such election will be given to Noteholders in accordance with Condition 12.

For purposes hereof, a **freely tradeable** security shall mean (i) with respect to the United States, a security which is registered under the United States Securities Act of 1933, as amended (the **Securities Act**) or not restricted under the Securities Act and which is not purchased from the issuer of such security and not purchased from an affiliate of the issuer of such security or which otherwise meets the requirements of a freely tradeable security for purposes of the Securities Act, in each case, as determined by the Intermediary or (ii) with respect to any other jurisdiction, a security not subject to any legal restrictions on transfer in such jurisdiction.

(h) *Rights of Noteholders*

The purchase of Notes does not confer on any holder of such Notes any rights (whether in respect of voting, distributions or otherwise) attaching to any Relevant Asset.

**6. Taxation: as stated above, all references to the CFI Guarantor and the Deed of Guarantee in the Conditions including but not limited to this Condition shall be ignored in relation to Notes issued by CGMFL or Citigroup Inc.**

**(A) The provisions of this paragraph (A) apply only where CFI or Citigroup Inc. is the Issuer**

The Issuer and the CFI Guarantor will, subject to the exceptions and limitations set forth below, pay as additional interest to the holder of any Note or entitled person under the Deed of Guarantee such amounts as may be necessary so that every net payment on such Note or the Deed of Guarantee, after deduction or withholding for or on account of any present or future tax, assessment or other governmental charge imposed upon or as a result of such payment by the United States (or any political subdivision or taxing authority thereof or therein) will not be less than the amount provided in such Note or the Deed of Guarantee to be then due and payable. However, neither the Issuer nor the CFI Guarantor will be required to make any such payment of additional interest for or on account of:

- (a) any tax, assessment or other governmental charge that would not have been imposed but for (i) the existence of any present or former connection between such holder or entitled person (or between a fiduciary, settlor or beneficiary of, or a person holding a power over, such holder or entitled person, if such holder or entitled person is an estate or a trust, or a member or shareholder of such holder or entitled person, if such holder or entitled person is a partnership or corporation) and the United States, including, without limitation, such holder or entitled person (or such fiduciary, settlor, beneficiary, person holding a power, member or shareholder) being or having been a citizen or resident thereof or being or having been engaged in trade or business or present therein or having or having had a permanent establishment therein or (ii) such holder's or entitled person's past or present status as a personal holding company or private foundation or other tax-exempt organisation with respect to the United States or as a corporation that accumulates earnings to avoid United States federal income tax;
- (b) any estate, inheritance, gift, sales, transfer or personal property tax or any similar tax, assessment or other governmental charge;

- (c) any tax, assessment or other governmental charge that would not have been imposed but for the due demand under the Deed of Guarantee for payment more than 15 days after the date on which such payment became due and payable or on which payment thereof was duly provided for, whichever occurs later (the **Relevant Date**);
- (d) any tax, assessment or other governmental charge that is payable otherwise than by deduction or withholding from a payment on a Note or the Deed of Guarantee;
- (e) any tax, assessment or other governmental charge required to be deducted or withheld by any Paying Agent, from a payment on a Note or the Deed of Guarantee if such payment can be made without such deduction or withholding by any other Paying Agent;
- (f) any tax, assessment or other governmental charge that would not have been imposed but for a failure to comply with applicable certification, documentation, information or other reporting requirement concerning the nationality, residence, identity or connection with the United States of the holder or beneficial owner of or entitled person under a Note or the Deed of Guarantee if, without regard to any tax treaty, such compliance is required by statute or regulation of the United States as a precondition to relief or exemption from such tax, assessment or other governmental charge;
- (g) any tax, assessment or other governmental charge imposed on a holder that actually or constructively owns 10 per cent. or more of the combined voting power of all classes of stock of the Issuer or, as the case may be, the CFI Guarantor as described in Section 871(h)(3)(B) of the United States Internal Revenue Code of 1986, as amended (the **Code**), that is a bank receiving interest described in Section 881(c)(3)(A) of the Code, that receives contingent interest described in Section 871(h)(4) of the Code or that is a controlled foreign corporation related to the Issuer or, as the case may be, the CFI Guarantor through stock ownership as described in Section 881(c)(3)(C) of the Code;
- (h) a payment on a Note or the Deed of Guarantee to a holder or entitled person that is a fiduciary or partnership or other than the sole beneficial owner of such payment to the extent a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner would not have been entitled to the additional interest had such beneficiary, settlor, member or beneficial owner been the holder or entitled person of or under such Note or the Deed of Guarantee;
- (i) any tax, assessment or other governmental charge imposed on a payment to a person and required to be made pursuant to EC Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (j) taxes imposed under Sections 871(m) or 1471 through 1474 of the Code, any regulations promulgated thereunder or official interpretations thereof, or any agreement entered into pursuant to such legislation.

**(B) The provisions of this paragraph (B) apply only where CGMFL is the Issuer**

The Issuer will, subject to the exceptions and limitations set forth below, pay as additional interest to the holder of any Note, such amounts as may be necessary so that every net payment on such Note, after deduction or withholding for or on account of any present or future tax, assessment or other governmental charge imposed upon or as a result of such payment by Luxembourg (or any political subdivision or taxing authority thereof or therein) will not be less than the amount provided in such Note to be then due and payable. However, the Issuer will not be required to make any such payment of additional interest for or on account of:

- (a) any tax assessment or other governmental charge that would not have been imposed but for the existence of any present or future connection between such holder and Luxembourg other than the mere holding of the Note; or
- (b) any payment made in Luxembourg; or
- (c) any tax, assessment or other governmental charge to which such holder would not be liable or subject by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or
- (d) any tax, assessment or governmental charge imposed on a payment to a person and required to be made pursuant to Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (e) any payment made in respect of a Note where such withholding or deduction would have been avoided if payment had been made by another Paying Agent in a Member State of the European Union; or
- (f) any tax, assessment or other governmental charge that would not have been imposed but for the due demand for payment more than 15 days after the date on which such payment became due and payable or on which payment thereof was duly provided for, whichever occurs later (the **Relevant Date**);
- (g) taxes imposed under Sections 871(m) or 1471 through 1474 of the Code, any regulations promulgated thereunder or official interpretations thereof, any agreement entered into pursuant to such legislation or any Law implementing an inter-governmental approach thereto.

**(C) The provisions of this paragraph (C) apply to all Notes, regardless of the Issuer**

References in the Conditions to (a) **principal** shall be deemed to include any premium payable in respect of the Notes, any Instalment Amount, Redemption Amount, Amortised Face Amount and all other amounts in the nature of principal payable pursuant to Condition 4 or the provisions of the applicable Final Terms, (b) **interest** shall be deemed to include all Interest Amounts and all other amounts in the nature of interest payable pursuant to Condition 3 or the provisions of the applicable Final Terms and (c) in any context, the payment of the principal of (or premium, if any) or interest on any Note, such mention shall be deemed to include mention of the payment of additional interest provided for in this Condition 6 to the extent that, in such context, additional interest is, was or would be payable in respect thereof pursuant to the provisions of this Condition 6 and express mention of the payment of additional interest (if applicable) in any provisions hereof shall not be construed as excluding additional interest in those provisions hereof where such express mention is not made.

**7. Prescription**

Claims against the Issuer for payment in respect of the Notes and any interest shall be prescribed and become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect thereof.

**Relevant Date** means as defined in Condition 6(A)(c).

**8. Events of Default: as stated above, all references to the CFI Guarantor and the Deed of Guarantee in the Conditions including but not limited to this Condition shall be ignored in relation to Notes issued by CGMFL or Citigroup Inc.**

(a) **Event of Default** wherever used herein with respect to the Notes means any one of the following events:

- (i) default in the payment of any interest upon any Note when it becomes due and payable, and continuance of such default for a period of 30 days; or
- (ii) default in the payment of the principal of any Note at its due date or default in the delivery of any Entitlement in respect of any Note at its due date, and continuance of any such default for a period of ten days; or
- (iii) default in the performance, or breach, of any covenant of the Issuer or the CFI Guarantor in the Conditions or the French Law Fiscal Agency Agreement (other than a covenant a default in whose performance or whose breach is elsewhere in this Condition 8 specifically dealt with) or the CFI Guarantor under the Deed of Guarantee, and continuance of such default or breach for a period of 60 days after there has been given, by registered or certified mail, to the Issuer or the CFI Guarantor by the holders of at least 25 per cent. in principal amount of the Outstanding Notes, a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder; or
- (iv) only applicable where the Issuer is CFI or Citigroup Inc.: the entry of a decree or order for relief in respect of the Issuer or the CFI Guarantor by a court having jurisdiction in the premises in an involuntary case under the United States Federal bankruptcy laws, as now or hereafter constituted, or any other applicable United States Federal or State bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Issuer or the CFI Guarantor or of the whole or substantially the whole of their property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of 90 consecutive days; or
- (v) only applicable where the Issuer is CFI or Citigroup Inc.: the commencement by the Issuer or the CFI Guarantor of a voluntary case under the United States Federal bankruptcy laws, as now or hereafter constituted, or any other applicable United States Federal or State bankruptcy, insolvency or other similar law, or the consent by it to the entry of an order for relief in an involuntary case under any such law or to the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Issuer or the CFI Guarantor or of the whole or substantially the whole of their property, or the making by the Issuer or the CFI Guarantor of an assignment for the benefit of its creditors generally, or the admission by the Issuer or the CFI Guarantor in writing of its inability to pay its debts generally as they become due; or
- (vi) only applicable where the Issuer is CGMFL: any order is made by any component court or any resolution passed for the winding-up or dissolution of the Issuer (including, without limitation, the opening of any bankruptcy (*faillite*), insolvency, voluntary or judicial liquidation, (*insolvabilité, liquidation volontaire or judiciaire*), composition with creditors (*concordat préventif de faillite*), reprieve from payment (*sursis de paiement*), controlled management (*gestion contrôlée*), fraudulent conveyance (*actio pauliana*), general settlement with creditors or reorganisation proceedings or similar proceedings affecting the rights of creditors generally) or the appointment of a receiver of the Issuer (including, without limitation, the appointment of any receiver (*curateur*), liquidator (*liquidateur*), auditor (*commissaire*), verifier (*expert vérificateur, juge délégué or juge commissaire*) save for the



purposes of amalgamation, merger, consolidation, reorganisation or other similar arrangement; or

- (vii) the Deed of Guarantee ceases to be, or is claimed by the CFI Guarantor not to be, in full force and effect (except, for the avoidance of doubt, where this is a result of the CFI Guarantor becoming the Issuer pursuant to the Conditions). For the avoidance of doubt, for the purposes of this provision, the Deed of Guarantee shall be deemed not to have ceased to be in full force and effect in circumstances where a substitution of the CFI Guarantor is effected in accordance with Condition 14.
- (b) If an Event of Default with respect to the Notes at the time Outstanding occurs and is continuing, then in every such case the holders of not less than 25 per cent. in principal amount of the Outstanding Notes may declare the Notes, by a notice in writing to the Issuer and the CFI Guarantor, to be immediately due and payable, whereupon each principal amount of the Notes equal to the Calculation Amount shall become due and repayable at the Early Redemption Amount together with, if so specified in the applicable Final Terms, accrued interest. Upon such payment in respect of any Note, all obligations of the Issuer and the CFI Guarantor in respect of such Note shall be discharged.
- (c) **Outstanding** when used with respect to the Notes, means, as of the date of determination, all Notes issued and delivered under the Conditions prior to such date, except:
  - (i) Notes cancelled by the Fiscal Agent or delivered to the Fiscal Agent for cancellation;
  - (ii) Notes or portions thereof for whose payment or redemption money in the necessary amount has been deposited with the Fiscal Agent; provided, however, that if such Notes or portions thereof are to be redeemed, notice of such redemption has been duly given pursuant to the Conditions or provision therefor satisfactory to the Fiscal Agent; and
  - (iii) Notes that have been redeemed in accordance with the Conditions; and
  - (iv) Notes in respect of which the date for redemption has occurred and the redemption moneys (including all interest accrued on such Notes to the date for such redemption and any interest payable after such date) have been duly paid (a) in the case of Notes in bearer dematerialised form and in administered registered form, to the relevant Euroclear France Account Holders on behalf of the Noteholder and (b) in the case of Notes in fully registered form, to the account of the Noteholder,

*provided, however,* that in determining whether the holders of the requisite principal amount of Notes Outstanding have performed any act hereunder, Notes owned by the Issuer or the CFI Guarantor or any person directly or indirectly controlling or controlled by or under direct or indirect common control of the Issuer or the CFI Guarantor shall be disregarded and deemed not to be Outstanding. Notes so owned that have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Fiscal Agent the pledgee's right to act with respect to such Notes and that the pledgee is not the Issuer or the CFI Guarantor or any person directly or indirectly controlling or controlled by or under direct or indirect common control of the Issuer or the CFI Guarantor.

## 9. Representation of Noteholders

Except as otherwise provided by the applicable Final Terms, Noteholders will, in respect of all Tranches in any Series, be grouped automatically for the defence of their common interests in a *masse* (in each case, the **Masse**).

The Masse will be governed by the provisions of the French *Code de Commerce* with, where the Notes are issued outside France within the meaning of Article L. 228-90 of the French *Code de Commerce*, the exception of Articles L. 228-48, L. 228-59, R. 228-63, R. 228-67 and R. 228-69 of the French *Code de Commerce* subject to the following provisions:

With regard to CGMFL and for the avoidance of doubt, Articles 86 to 94-8 of the Luxembourg Law dated 10 August 1915 on commercial companies, as amended from time to time, are hereby excluded.

(a) Legal Personality

The Masse will be a separate legal entity and will act in part through a representative (the **Representative**) and in part through a general meeting of the Noteholders (the **General Meeting**).

The Masse alone, to the exclusion of all individual Noteholders, shall exercise the common rights, actions and benefits which now or in the future may accrue respectively with respect to the Notes.

(b) Representative

The office of Representative may be conferred on a person of any nationality. However, the following persons may not be chosen as Representatives:

- (i) the Issuer, the members of its Supervisory Board or Board of Directors, its general manager, its statutory auditors, or its employees as well as their ascendants, descendants and spouse; or
- (ii) companies guaranteeing all or part of the obligations of the Issuer, their respective managers, general managers, members of their Supervisory Board or Board of Directors, Management Board, or Supervisory Board, their statutory auditors, or employees as well as their ascendants, descendants and spouse; or
- (iii) companies holding 10 per cent. or more of the share capital of the Issuer or companies having 10 per cent. or more of their share capital held by the Issuer; or
- (iv) persons to whom the practice of banker is forbidden or who have been deprived of the right of directing, administering or managing an enterprise in whatever capacity.

The name and address of the initial Representative of the Masse will be set out in the applicable Final Terms. The Representative appointed in respect of the first Tranche of any Series of Notes will be the Representative of the single Masse of all Tranches in such Series.

The Representative will be entitled to such remuneration in connection with its functions or duties as set out in the applicable Final Terms.

In the event of death, retirement or revocation of appointment of the Representative, such Representative will be replaced by another Representative.

All interested parties will at all times have the right to obtain the name and address of the Representative at the specified offices of any of the Paying Agents.

(c) Powers of Representative

The Representative shall have the power to take all acts of management necessary in order to defend the common interests of the Noteholders.

All legal proceedings against the Noteholders or initiated by them, must be brought by or against the Representative.

The Representative may not be involved in the management of the affairs of the Issuer.

(d) General Meeting

A General Meeting may be held at any time, on convocation either by the Issuer or by the Representative. One or more Noteholders, holding together at least 1/30th of the principal amount of the Notes outstanding, may address to the Issuer and the Representative a demand for convocation of the General Meeting. If such General Meeting has not been convened within two months after such request, the Noteholders may commission one of their members to petition a competent court in Paris to appoint an agent (*mandataire*) who will call the General Meeting.

Notice of the date, hour, place and agenda of any General Meeting will be published as provided under Condition 12.

Each Noteholder has the right to participate in a General Meeting in person or by proxy. Each Note carries the right to one vote or, in the case of Notes issued with more than one Specified Denomination, one vote in respect of each multiple of the lowest Specified Denomination comprised in the principal amount of the Specified Denomination of such Note.

(e) Powers of the General Meetings

The General Meeting is empowered to deliberate on the dismissal and replacement of the Representative and the alternate Representative and to act with respect to any other matter that relates to the common rights, actions and benefits which may accrue now or in the future with respect to the Notes, including authorising the Representative to act (in legal proceedings) as plaintiff or defendant.

The General Meeting may further deliberate on any proposal relating to the modification of the Conditions including any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions, it being specified, however, that the General Meeting may not increase amounts payable by Noteholders, nor establish any unequal treatment between the Noteholders.

General Meetings may deliberate validly on first convocation only if Noteholders present or represented hold at least a fifth of the principal amount of the Notes at such time outstanding. On second convocation, no quorum shall be required. Decisions at meetings shall be taken by a two-third majority of votes cast by Noteholders attending such General Meetings or represented thereat.

In accordance with Article R.228-71 of the French *Code de commerce*, the right of each Noteholder to participate in General Meetings will be evidenced by the entries in the books of the relevant Euroclear France Account Holder of the name of such Noteholder as of 0:00, Paris time, on the third business day in Paris preceding the date set for the meeting of the relevant general assembly.

Decisions of General Meetings must be published in accordance with the provisions in Condition 12.

(f) Information to Noteholders

Each Noteholder or Representative thereof will have the right, during the 15-day period preceding the holding of each General Meeting (on first convocation), to consult or make a copy of the text of the resolutions which will be proposed and of the reports which will be

presented at the General Meeting, all of which will be available for inspection by the relevant Noteholders at the principal office of the Issuer, at the specified offices of any of the Paying Agents and at any other place specified in the notice of the General Meeting.

(g) Expenses

The Issuer will pay all expenses relating to the operation of the Masse, including expenses relating to the calling and holding of General Meetings and, more generally, all administrative expenses resolved upon by the General Meeting, it being expressly stipulated that no expenses may be imputed against interest payable under the Notes.

(h) Single Masse

In respect of any Tranche of Notes issued or deemed to be issued outside France, this Condition 9 may, if so specified in the applicable Final Terms, be waived, amended or supplemented, and in respect of any Tranche issued inside France, this Condition 9 shall be waived in its entirety and replaced by the full provisions of the French *Code de commerce*.

## 10. Determinations etc

(a) *Determinations*

Whenever any matter falls to be determined, considered, elected, selected or otherwise decided upon by the Issuer, the Calculation Agent or any other person (including where a matter is to be decided by reference to the Issuer or the Calculation Agent's or such other person's opinion), unless otherwise stated in the applicable Final Terms, that matter shall be determined, considered, elected, selected or otherwise decided upon by the Issuer, the Calculation Agent or such other person, as the case may be, in good faith.

The Calculation Agent or such other person may, with the consent of the Issuer, delegate any of its obligations and functions to a third party as it deems appropriate. The Issuer may delegate any of its obligations and functions to a third party as it deems appropriate.

(b) *Exercise of discretion*

In exercising its discretion in respect of the Notes as provided herein, each of the Issuer and the Calculation Agent or such other person (described in (a) above) may take into account such factors as it determines appropriate in each case, which may include, in particular, any circumstances or events which have or may have a material impact on the hedging arrangements entered into by a Hedging Party (as defined in Condition 17) in respect of the Notes. The exercise of the Issuer's and/or the Calculation Agent's and/or such other person's discretion in respect of the Notes as provided herein are necessary because certain circumstances or events (for example a material modification or disruption to an Underlying to which the Notes are linked) may occur subsequent to the issuance of the Notes which may materially affect the costs to a Hedging Party of maintaining the relevant Notes or relevant hedging arrangements. Such circumstances or events may not have been reflected in the pricing of the Notes. In addition, as a result of certain circumstances or events (e.g. unavailability or disruption to any reference source) it may no longer be reasonably practicable or otherwise appropriate for certain valuations in respect of any Underlying or otherwise in connection with the Notes to be made, thus making it necessary for the Issuer and/or the Calculation Agent to exercise its discretion in such a case.

(c) *Hedging Arrangements*

As used in this Condition 10, **hedging arrangements** means the arrangements, if any, the Issuer makes to have available to it the relevant cash amounts or assets to be paid or delivered under the

Notes as these fall due. This may involve a Hedging Party investing directly in an Underlying. Alternatively, a Hedging Party may make an indirect investment by entering into or acquiring a derivative contract referencing an Underlying. Such hedging arrangements may be carried out on a portfolio basis (i.e. where the Hedging Party maintains arrangements for hedging the Notes together with other obligations of the Issuer and/or its Affiliates). A Hedging Party will seek to select hedging arrangements which are efficient for it in the context of the tax, regulatory and business environment in which it operates, but will do so without having regard to the interests of Noteholders. A Hedging Party may also adjust hedging arrangements from time to time but will not always be able to avoid adverse costs, taxes or regulatory changes which affect its hedging arrangements. For the avoidance of doubt, no Hedging Party is under any obligation to enter into any hedging arrangements and, if any hedging arrangements are entered into, such arrangements will not confer any rights or entitlements on any Noteholder and no Noteholder will have recourse to any such hedging arrangements.

(d) *Determination of amounts payable or deliverable*

The Calculation Agent will employ the methodology described in the Conditions and/or the applicable Final Terms to determine amounts payable or deliverable in respect of the Notes. When making any such determination in relation to any amounts so payable or deliverable, the Calculation Agent may consider any relevant information, which may but is not required to include, without limitation, one or more of the following:

- (a) quotations (either firm or indicative) supplied by one or more third parties or information sources;
- (b) information consisting of relevant market data in the relevant markets supplied by one or more third parties or information sources including, without limitation, relevant rates, prices, yields, yield curves, volatilities, spreads correlation or other relevant market data in the relevant market; or
- (c) information of the types described in (a) or (b) above from internal sources (including any Affiliates of the Calculation Agent) or other information of a type used by the Calculation Agent in the regular course of its business or in connection with similar transactions.

Whenever the Calculation Agent is required to make any determination it may, *inter alia*, decide issues of construction and legal interpretation. Any delay, deferral or forbearance by the Calculation Agent in the performance or exercise of any of its obligations or discretions under the Notes including, without limitation, the giving of any notice by it to any person, shall not affect the validity or binding nature of any later performance or exercise of such obligation or discretion.

(e) *Disclaimer of liability and responsibility*

The Calculation Agent makes no express or implied representations or warranties as to (i) the advisability of investing in or obtaining exposure to the Notes, (ii) the value of the Notes at any particular time on any particular date, or (iii) any amounts that may become payable or deliverable in respect of the Notes.

Without limiting any of the foregoing, in no event shall the Calculation Agent have any liability (whether in negligence or otherwise) to any Noteholders for any direct, indirect, special, punitive, consequential or any other damages (including loss of profits) even if notified of the possibility of such damages.

The Calculation Agent shall not have any responsibility to any holder for any errors or omissions in any calculations or determinations in respect of the Notes and acts solely as an agent of the Issuer

and the CFI Guarantor and does not assume any obligations towards or relationship of agency or trust for or with any holder.

(f) *Conflict of Interest*

In addition to providing calculation agency services to the Issuer, the Calculation Agent or any of its Affiliates may perform further or alternative roles relating to the Issuer and any Series of Notes including, but not limited to, for example, being involved in arrangements relating to any Underlying(s) (for example as a calculation agent or, in the case of a proprietary index for example, as index sponsor). Furthermore, the Calculation Agent or any of its Affiliates may contract with the Issuer and/or enter into transactions which relate to the Issuer, the Notes or any Underlying and as a result the Calculation Agent may face a conflict between its obligations as Calculation Agent and its and/or its Affiliates' interests in other capacities. Subject to all regulatory obligations, neither the Issuer nor the Calculation Agent in respect of the Notes shall owe any duty or responsibility to any Noteholder to avoid any conflict or to act in the interests of any Noteholder.

**11. Further Issues**

The Issuer may from time to time without the consent of the Noteholders create and issue further notes having the same terms and conditions as the Notes (or the same in all respects save for the amount and date of the first payment of interest thereon) PROVIDED THAT, for the avoidance of doubt, references in the Conditions of such Notes to "Issue Date" shall be to the first issue date of the Notes and so that the same shall be assimilated (*assimilées*) and form a single Series with such Notes, and references in the Conditions to "Notes" shall be construed accordingly.

**12. Notices**

- (a) All notices to the holders of Notes in registered form will be deemed validly given if mailed to them at their respective addresses and any such notice will be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. With respect to Notes in registered form listed on the Luxembourg Stock Exchange and so long as the rules of that exchange so require, any notices to holders must be published in a daily leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange and any such notice will be deemed validly given on the date of such publication or, if published more than once or on different dates, on the date of first publication as provided above. With respect to Notes in registered form listed on Euronext Paris, any notices to holders must be published in a daily leading newspaper having general circulation in France (which is expected to be *Les Echos*) and any such notice will be deemed validly given on the date of such publication or, if published more than once or on different dates, on the date of first publication as provided above.
- (b) Notices to the holders of Notes in bearer dematerialised form will be deemed to be validly given if published in a daily newspaper of general circulation in London (which is expected to be the *Financial Times*) and (i) in the case of any Notes which are listed on the Luxembourg Stock Exchange (so long as such Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require), in a daily leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange or (ii) the case of any Notes which are listed on Euronext Paris, in a daily leading newspaper having general circulation in France (which is expected to be *Les Echos*). If any such publication is not practicable, notice will be validly given if published in another leading daily English language newspaper of general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of first publication as provided above.

- (c) Notices required to be given to the holders of Notes (whether in registered or in bearer dematerialised form) pursuant to these Conditions may be given by delivery of the relevant notice to Euroclear France, Euroclear, Clearstream, Luxembourg and any other clearing system through which the Notes are for the time being cleared in substitution for the mailing and publication of a notice required by Conditions 12(a) and 12(b) above; except that (i) so long as the Notes are listed and admitted to trading on a Regulated Market or other stock exchange and the rules of such Regulated Market or other stock exchange so require, notices shall also be published in a leading daily newspaper of general circulation in the city where the Regulated Market or other stock exchange on which such Note(s) is/are listed and admitted to trading is located and (ii) notices relating to the convocation and decision(s) of the General Meetings pursuant to Condition 9 shall also be published) in a leading newspaper of general circulation in Europe or in accordance with the provisions of the French *Code de commerce* if the relevant Notes have been offered to the public in France.

**Regulated Market(s)** means Euronext Paris and/or such other regulated market (as defined in the Markets in Financial Instruments Directive 2004/39/EC) on which any Notes may be admitted to trading and specified in the relevant Final Terms.

### 13. Consolidation or Merger

- (a) The Issuer shall not consolidate with or merge into any other corporation or convey, transfer or lease its properties and assets substantially as an entirety to any Person (as defined below), unless:
- (i) the corporation formed by such consolidation or into which the Issuer is merged or the Person which acquires by conveyance or transfer, or which leases, the properties and assets of the Issuer substantially as an entirety (the **successor corporation**) shall be a corporation organised and existing under the laws of any of the United States, the United Kingdom, Luxembourg, France, Germany, Belgium or The Netherlands or, in any such case any political subdivision thereof and shall, by taking such action as may be required to be taken were such successor corporation the Substitute for the purposes of Condition 14, expressly assume the due and punctual payment of the principal on all the Notes and the performance of the Conditions on the part of the Issuer to be performed or observed;
  - (ii) if the Notes are listed or traded on any stock exchange, each such stock exchange shall have confirmed that, following the proposed substitution of the Substitute, the Notes will continue to be listed or traded on such stock exchange.

For the purposes of the Conditions **Person** means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, estate, incorporated organisation or government or agency or any political subdivision thereof.

- (b) Upon any consolidation with or merger into any other corporation, or any conveyance, transfer or lease of the properties and assets of the Issuer substantially as an entirety in accordance with Condition 13(a) above, the successor corporation formed by such consolidation or into which the Issuer is merged or to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer with the same effect as if such successor corporation had been named as the Issuer herein (subject as provided in Condition 14(f) and thereafter), except in the case of a lease, the predecessor corporation shall be relieved of all obligations and covenants under the Conditions, the Notes and the French Law Fiscal Agency Agreement.

- 14. Substitution of the Issuer and the CFI Guarantor: as stated above, all references to the CFI Guarantor and the Deed of Guarantee in the Conditions including but not limited to this Condition shall be ignored in relation to Notes issued by CGMFL or Citigroup Inc.**
- (a) Either the Issuer or the CFI Guarantor may, at any time, without the consent of the Noteholders, substitute for itself any company which is, on the date of such substitution and in the opinion of the Issuer or the CFI Guarantor, as the case may be, of at least the equivalent standing and creditworthiness to the Issuer or the CFI Guarantor, as the case may be (the **Substitute**), subject to:
- (i) all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of necessary consents) to ensure that, in the case of a substitution of the Issuer, the Notes or, in the case of a substitution of the CFI Guarantor, the Deed of Guarantee represent legal, valid and binding obligations of the Substitute having been taken, fulfilled and done, and are in full force and effect;
  - (ii) the Substitute becoming party to the French Law Fiscal Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to the relevant agreement in place of the Issuer or the CFI Guarantor, as the case may be;
  - (iii)
    - (A) the Substitute and the Issuer having obtained (a) legal opinions from independent legal advisers of recognised standing in the country of incorporation of the Substitute and in France (as the governing law of the Notes) that the obligations of the Substitute, in the case of a substitution of the Issuer, under the Notes or, in the case of a substitution of the CFI Guarantor, under the Deed of Guarantee, are legal, valid and binding obligations and (b) in the case of the substitution of the Issuer which is CFI (or any substitute thereof) legal opinion from independent legal advisers in the United States and England, that the Deed of Guarantee will apply to the Substitute *mutatis mutandis* as it applies to the Issuer prior to the substitution and will constitute legal, valid and binding obligations of the CFI Guarantor in respect of the Substitute (provided that no opinion as referred to in this subparagraph (b) shall be required where the Substitute is the CFI Guarantor; and
    - (B) all consents and approvals as required having been obtained and that the Substitute and the Notes comply with all applicable requirements of the Securities Act;
  - (iv) such substitution being permitted by the rules of any stock exchange on which the Notes are listed and each such stock exchange confirming that, following the proposed substitution of the Substitute, the Notes will continue to be listed on such stock exchange; and
  - (v) the Issuer or the CFI Guarantor, as the case may be, giving at least 30 days' prior notice of the date of such substitution to the holders in accordance with Condition 12.
- (b) Upon such substitution, any reference in these Conditions to the Issuer or the CFI Guarantor, as the case may be, shall be deemed to be a reference to the Substitute.
- (c) After a substitution pursuant to Condition 14(a), the Substitute may, without the consent of any holder, effect a further substitution. All the provisions specified in Condition 14(a) and 14(b) shall apply *mutatis mutandis*, and references in these Conditions to the Issuer or CFI Guarantor, as the case may be, shall, where the context so requires, be deemed to be or include references to any such further Substitute. For the avoidance of doubt, the CFI Guarantor may be a Substitute for the Issuer and in such cases references to the CFI Guarantor and Deed of Guarantee should be construed accordingly.



- (d) After a substitution pursuant to Condition 14(a) or 14(c) any Substitute may, without the consent of any holder, reverse the substitution, *mutatis mutandis*. For the avoidance of doubt, CFI may (i) be substituted as the Issuer by Citigroup Inc. pursuant to this Condition albeit that it is the CFI Guarantor or (ii) merge into Citigroup Inc. pursuant to Condition 14, albeit that it is the CFI Guarantor without, in either case, there being any breach of the Conditions which shall be construed accordingly.
- (e) For so long as any Notes are listed on a stock exchange, such stock exchange shall be notified of any such consolidation, merger or substitution and the requirements of such stock exchange in respect of such consolidation, merger or substitution shall be complied with (including any requirement to publish a supplement).
- (f)
  - (i) If the Issuer is CFI and pursuant to Condition 13 or Condition 14(a), the successor corporation or the Substitute, as the case may be, is organised and existing under the laws of a jurisdiction other than the United States (or any jurisdiction substituted therefor pursuant to the Conditions), there shall be substituted in Condition 6(A) and Conditions 8(a)(iv) and 8(a)(v) for the United States (or such other jurisdiction) and related expressions as determined by the Issuer, the jurisdiction under which successor corporation or Substitute, as the case may be, is organised and existing.
  - (ii) If the Issuer is CGMFL and pursuant to Condition 13 or Condition 14(a), the successor corporation or the Substitute, as the case may be, is organised and existing under the laws of a jurisdiction other than Luxembourg (or any jurisdiction substituted therefor pursuant to the Conditions), there shall be (i) substituted in Condition 6(B) for Luxembourg (or such other jurisdiction) and related expressions as determined by the Issuer, the jurisdiction under which such successor corporation or Substitute, as the case may be, is organised and existing and (ii) added to the end of Condition 8(a)(vi) immediately after the words "or other similar arrangement" the following:  
  
 ", or, if the Issuer is not organised and existing under the laws of Luxembourg, any event occurs which under the laws of the jurisdiction in which the Issuer is organised and existing has an analogous effect to any of the events referred to above in this Condition 8(a)(vi)".

## 15. Redenomination

If Redenomination is specified in the applicable Final Terms as being applicable, the Issuer may, without the consent of the Noteholders, on giving at least 30 days' prior notice to the Noteholders, the Fiscal Agent and the Paying Agents, designate a Redenomination Date, being a date (which in the case of interest-bearing Notes shall be a date for payment of interest under the Notes) falling on or after the date on which the country of the Relevant Currency adopts the Euro as its lawful currency in accordance with the Treaty.

With effect from the Redenomination Date, notwithstanding the other provisions of the Conditions:

- (a) each Specified Denomination and each interest amount will be deemed to be denominated in such amount of Euro as is equivalent to its denomination or the amount of interest so specified in the Relevant Currency at the Established Rate, rounded down to the nearest Euro 0.01;
- (b) after the Redenomination Date, all payments in respect of the Notes and interest, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in Euro as though references in the Notes to the Relevant Currency were to Euro. Payments will be made in Euro by credit or transfer to a Euro account (or any other

account to which Euro may be credited or transferred) specified by the payee, or at the option of the payee, by a Euro cheque;

- (c) if the Notes are fixed rate Notes which are not also Underlying Linked Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period of less than one year, it will be calculated on the basis described as "Actual/Actual (ISDA)" in Condition 3(i);
- (d) if the Notes are Floating Rate Notes, the applicable Final Terms will specify any relevant changes to the provisions relating to interest; and
- (e) such other changes shall be made to the Conditions as the Issuer may decide, with the agreement of Fiscal Agent, and as may be specified in the notice, to conform them to conventions then applicable to Notes denominated in Euro. Any such other changes will not take effect until after they have been notified to the Noteholders in accordance with Condition 12.

As used in the Conditions:

**Established Rate** means the rate for conversion of the Relevant Currency (including compliance with rules relating to roundings in accordance with applicable European Union regulations) into Euro established by the Council of the European Union pursuant to Article 140 of the Treaty.

**Redenomination Date** means (in the case of interest-bearing Notes) any date for payment of interest under the Notes or (in the case of non-interest-bearing Notes) any date, in each case specified by the Issuer in the notice given to the Noteholders pursuant to Condition 12 and which falls on or after such date as when the country of the Relevant Currency participates in the third stage of European economic and monetary union pursuant to the Treaty.

**Relevant Currency** means the currency specified in the applicable Final Terms or, if none is specified, the Specified Currency.

**Treaty** means the Treaty on the Functioning of the European Union, as amended.

None of the Issuer, the CFI Guarantor, the Registration Agent, the Fiscal Agent and any other Paying Agent will be liable to any Noteholder or other person for any commissions, costs, losses or expenses in relation to or resulting from the credit or transfer of Euro or any currency conversion or rounding effected in connection therewith.

Determinations by the Issuer or the Fiscal Agent pursuant to this Condition 15 will, in the absence of manifest error, be conclusive and binding on the Issuer, the CFI Guarantor, the Fiscal Agent, the Paying Agents, the Registration Agent and the Noteholders.

## 16. **Governing Law and Jurisdiction**

### (a) *Governing Law*

The Notes are governed by, and shall be construed in accordance with, French law.

With regard to CGMFL and for the avoidance of doubt, Articles 86 to 94-8 of the Luxembourg Law dated 10 August 1915 on commercial companies, as amended from time to time, are hereby excluded.

(b) *Jurisdiction*

Any claim against the Issuer in connection with any Notes may be brought before any competent court located within the jurisdiction of the *Cour d'Appel* of Paris.

**17. General Provisions Applicable to Underlying Linked Notes**

(a) *Valuing the Underlying*

In respect of Underlying Linked Notes, the provisions applicable to valuing each Underlying and to making any adjustment to Valuation Dates or following Adjustment Events are specified in this Condition 17 and in the Underlying Schedule applicable to such Underlying, as amended and supplemented (where relevant) by the applicable Final Terms.

(b) *Underlying Closing Level or Underlying Level on a Valuation Date*

The Underlying Closing Level or the Underlying Level (as applicable) of an Underlying on a Valuation Date shall be determined as specified in the Underlying Schedule applicable to such Underlying.

(c) *Adjustments to Valuation Dates (Scheduled Trading Days)*

Subject as provided in the Underlying Schedules applicable to the relevant Underlying(s) and unless otherwise specified in the applicable Final Terms, any Specified Valuation Date(s) specified in the applicable Final Terms shall be adjusted in accordance with the following provisions:

(i) The following sub-paragraph shall apply to Notes linked to one Underlying.

If a Specified Valuation Date is not a Scheduled Trading Day for the Underlying, then such Valuation Date shall be the first succeeding day immediately following such Specified Valuation Date which is a Scheduled Trading Day for the Underlying, unless in the opinion of the Calculation Agent such day is a Disrupted Day for the Underlying, in which case Condition 17(d) below or Condition 17(f) below (as applicable) shall apply.

(ii) The following sub-paragraph shall apply to Notes linked to more than one Underlying if "Move In Block" is specified in the applicable Final Terms.

If a Specified Valuation Date is not a Scheduled Trading Day for any Underlying, then such Valuation Date shall be the first succeeding day immediately following such Specified Valuation Date which is a Scheduled Trading Day for all of the Underlyings, unless in the opinion of the Calculation Agent such day is a Disrupted Day for any of the Underlyings, in which case Condition 17(d) below or Condition 17(f) below (as applicable) shall apply.

(iii) The following sub-paragraph shall apply to Notes linked to more than one Underlying if "Value What You Can" is specified in the applicable Final Terms.

If a Specified Valuation Date is not a Scheduled Trading Day for any Underlying, then:

- (A) the Valuation Date for each Underlying for which such Specified Valuation Date is a Scheduled Trading Day shall be such Specified Valuation Date, unless in the opinion of the Calculation Agent such day is a Disrupted Day for such Underlying, in which case Condition 17(d) below or Condition 17(f) below (as applicable) shall apply; and

- (B) the Valuation Date for each Underlying for which such Specified Valuation Date is not a Scheduled Trading Day shall be the first succeeding day immediately following such Specified Valuation Date which is a Scheduled Trading Day for such affected Underlying, unless in the opinion of the Calculation Agent such day is a Disrupted Day for such Underlying, in which case Condition 17(d) below or Condition 17(f) below (as applicable) shall apply.

(d) *Adjustments to Valuation Dates (Disrupted Days and Underlying Closing Levels)*

Subject as provided in the Underlying Schedules applicable to the relevant Underlying(s) and unless otherwise specified in the applicable Final Terms, any Specified Valuation Date(s) (if applicable, as adjusted in accordance with the provisions of Condition 17(c) above) shall be adjusted in accordance with the following provisions:

- (i) The following sub-paragraph shall apply to Notes linked to one Underlying, subject as provided in sub-paragraph (iv) below.

If such Specified Valuation Date for such Underlying is a Disrupted Day for such Underlying, then such Valuation Date shall be the earlier of: (I) the first succeeding day immediately following such Specified Valuation Date which is a Scheduled Trading Day and which is not a Disrupted Day for the Underlying; and (II) the Scheduled Trading Day which is the Valuation Roll number of Scheduled Trading Days immediately following such Specified Valuation Date.

- (ii) The following sub-paragraph shall apply to Notes linked to more than one Underlying if "Move In Block" is specified in the applicable Final Terms, subject as provided in sub-paragraph (iv) below.

If such Specified Valuation Date is a Disrupted Day for any Underlying, then such Valuation Date shall be the earlier of: (I) the first succeeding day immediately following such Specified Valuation Date which is a Scheduled Trading Day for all the Underlyings and which is not a Disrupted Day for all of the Underlyings; and (II) the Scheduled Trading Day for all the Underlyings which is the Valuation Roll number of Scheduled Trading Days for all the Underlyings immediately following such Specified Valuation Date.

- (iii) The following sub-paragraph shall apply to Notes linked to more than one Underlying if "Value What You Can" is specified in the applicable Final Terms, subject as provided in sub-paragraph (iv) below.

If such Specified Valuation Date is a Disrupted Day for any Underlying, then:

- (A) if such Specified Valuation Date is not a Disrupted Day for an Underlying, then the Valuation Date for such Underlying shall be such Specified Valuation Date; and

- (B) if such Specified Valuation Date is a Disrupted Day for an Underlying, then the Valuation Date for such Underlying shall be the earlier of: (1) the first succeeding day immediately following such Specified Valuation Date which is a Scheduled Trading Day for such Underlying and which is not a Disrupted Day for such Underlying; and (2) the Scheduled Trading Day which is the Valuation Roll number of Scheduled Trading Days for such Underlying immediately following such Specified Valuation Date.

- (iv) If the Valuation Date for any Underlying determined as provided above would otherwise fall on a day falling after the second Scheduled Trading Day for such Underlying prior to the

date on which a relevant payment is scheduled to be made under the Notes (the **Cut-off Valuation Date**), such Valuation Date shall be deemed to be the Cut-off Valuation Date (notwithstanding that such date either (A) is not a Scheduled Trading Day for such Underlying; or (B) is a Disrupted Day for such Underlying) and the provisions of Condition 17(e)(ii) below shall apply in respect thereof.

(e) *Adjustments to Valuation Dates (Calculation Agent's determination of Underlying Closing Levels)*

- (i) If the Valuation Date for any Underlying (as determined in accordance with Condition 17(d) above) is a Disrupted Day for such Underlying, then (unless otherwise specified in the Underlying Schedule applicable to such Underlying) the Calculation Agent shall determine the Underlying Closing Level of such Underlying on such Valuation Date using its good faith estimate of the Underlying Closing Level of such Underlying at the Valuation Time (where relevant) on or for such day.
- (ii) If the Valuation Date for any Underlying (as determined in accordance with Condition 17(d)(iv) above) is determined to occur on the Cut-off Valuation Date for such Underlying, then (unless otherwise specified in the Underlying Schedule applicable to such Underlying) the Calculation Agent shall determine the Underlying Closing Level of such Underlying on such Cut-off Valuation Date using its good faith estimate of the Underlying Closing Level of such Underlying at the Valuation Time (where relevant) on or for such day.

(f) *Adjustment to Valuation Dates (Disrupted Days and Underlying Levels)*

If the Calculation Agent determines that the Underlying Level of an Underlying cannot be determined at any time on any Valuation Date by reason of the occurrence of an event giving rise to a Disrupted Day, then (unless otherwise specified in the applicable Final Terms) the Underlying Level at such time on such day shall be disregarded for the purposes of determining any amounts payable and/or deliverable in respect of the Notes.

(g) *Adjustment Events*

If in the determination of the Calculation Agent any Adjustment Event occurs in respect of an Underlying or the Notes (as relevant), then (subject to the provisions of the Underlying Schedule applicable to such Underlying) the Calculation Agent shall (i) make such adjustment to the terms of the Notes as the Calculation Agent determines necessary or appropriate to account for the effect of such Adjustment Event subject to the provisions (if any) of such Underlying Schedule; and (ii) determine the effective date of each such adjustment.

If an "Increased Cost of Hedging" occurs, the Calculation Agent may make such adjustment to the terms of the Notes as it determines necessary or appropriate to pass onto Noteholders the relevant increased cost of hedging, which adjustment may include, but is not limited to, reducing any of the amounts which would otherwise be payable under the Notes or reducing the number of any Relevant Assets which would otherwise be deliverable under the Notes.

If so specified in the relevant Underlying Schedule, any adjustment(s) made by the Calculation Agent in response to an Adjustment Event may include a substitution of the relevant Underlying or other asset as specified in the Underlying Schedule applicable to the relevant Underlying and the Calculation Agent may make such other adjustments to the terms of the Notes as it deems necessary or appropriate in relation to such substitution.

Except in the case of a substitution of an Underlying, the Calculation Agent shall make all adjustments arising from an Adjustment Event in such a way as to ensure that the direct economic

link between the Underlying Closing Level or the Underlying Level (as relevant) of each Underlying and the value of the Notes is preserved.

(h) *Early Redemption Events*

If, in the determination of the Calculation Agent, any Early Redemption Event occurs in respect of an Underlying, then (subject to the provisions of the Underlying Schedule applicable to such Underlying) all (but not some only) of the Notes will be redeemed on a day selected by the Issuer, each Calculation Amount being redeemed by payment of an amount equal to the Early Redemption Amount.

(i) *Mandatory Early Redemption Events*

If "Mandatory Early Redemption Event" is specified as applicable in the applicable Final Terms and a Mandatory Early Redemption Event (as specified in the applicable Final Terms) occurs, then all (but not some only) of the Notes will be redeemed, each Calculation Amount being redeemed by payment of an amount equal to the relevant Mandatory Early Redemption Amount specified in the applicable Final Terms on the relevant Mandatory Early Redemption Date.

Any Mandatory Early Redemption Amount(s) and Mandatory Early Redemption Date(s) shall be as specified in the applicable Final Terms.

(j) *Realisation Disruption*

If "Realisation Disruption" is specified as applicable in the applicable Final Terms and a Realisation Disruption Event occurs, then the Issuer may either (i) direct the Calculation Agent to make such consequential adjustments to any of the terms of the Notes (including any payment or delivery obligations) as it determines appropriate in order to reflect the economic effect of the particular Realisation Disruption Event or (ii) redeem all (but not some only) of the Notes on a day selected by the Issuer, each Calculation Amount being redeemed by payment of an amount equal to the Early Redemption Amount.

Any such adjustments by the Calculation Agent may include (but are not limited to) (I) payments under the Notes in the currency (the **Local Currency**) in which the Hedging Positions are denominated or payable rather than the Specified Currency, (II) deduction of an amount equal to the applicable tax, charge or deduction from the relevant payment otherwise due under the relevant Notes or delivery of any Entitlement being subject to payment by the relevant Noteholder of an amount equal to a pro rata portion of any such tax, charge or deduction, (III) non-payment of the relevant payment or non-delivery of the relevant Entitlement otherwise due under the relevant Notes until the relevant restrictions (including but not limited to all exchange and/or conversion and/or cross-border transfer restrictions) are lifted and/or (IV) determination of any relevant exchange rate by the Calculation Agent taking into consideration all available information that it deems relevant and/or (V) (where legally permissible) in lieu of paying any cash amounts in respect of the Notes, procuring physical delivery of any Underlying(s), delivered in such manner as shall be notified to the Noteholders by the Issuer (or vice versa) PROVIDED THAT such Underlying(s) may be subject to transfer restrictions and additional certifications may be required from the Noteholders. Any such adjustments will be effective as of the date determined by the Calculation Agent.

(k) *Correction of published or announced prices or levels*

In the event that any level, price, rate or value (as applicable) of an Underlying for any time on any day which is published or announced by or on behalf of the person or entity responsible for such publication or announcement and which is used for any calculation or determination made in respect of the Notes is subsequently corrected, and the correction (the **Corrected Level**) is published by or

on behalf of such person or entity within the relevant Correction Period after the original publication (and at least two Business Days prior to the relevant date on which a payment or delivery is scheduled to be made under the Notes (the **Relevant Scheduled Payment Date**)), then such Corrected Level shall be deemed to be the level, price, rate or value for the relevant Underlying for the relevant time on the relevant day and the Calculation Agent shall use such Corrected Level in determining any amounts payable and/or deliverable in respect of the Notes.

Corrections published after the day which is two Business Days prior to the Relevant Scheduled Payment Date shall be disregarded by the Calculation Agent for the purposes of determining any such amounts payable and/or deliverable under the Notes.

(l) *Notifications*

The Calculation Agent shall notify the Issuer and each Paying Agent of any determination made by it in accordance with this Condition 17 and the action that it proposes to take in respect of any such determination. The Issuer shall notify the Noteholders thereof as soon as reasonably practicable thereafter in accordance with Condition 12. Failure by the Calculation Agent to notify the Issuer or any Paying Agent or failure by the Issuer to notify the Noteholders of any such determination will not affect the validity of any such determination.

(m) *Definitions*

**Additional Adjustment Event** means, in respect of an Underlying, each event (if any) specified as such in the Underlying Schedule applicable to such Underlying.

**Additional Early Redemption Event** means, in respect of an Underlying, each event (if any) specified as such in the Underlying Schedule applicable to such Underlying or the occurrence at any time of a Section 871(m) Event.

**Adjustment Event** means, in respect of an Underlying, the occurrence at any time of a Change in Law, a Hedging Disruption, an Increased Cost of Hedging or the occurrence at any time of any Additional Adjustment Event applicable to such Underlying.

**Change in Law** means that (a) due to the adoption of or any change in any applicable law, rule, order, directive or regulation (including, without limitation, any tax law), or (b) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation, (including any action taken by a taxing authority), the Calculation Agent determines that (i) holding, acquiring or disposing of any Hedging Position becomes or will become unlawful, illegal or otherwise prohibited in whole or in part, or (ii) the Issuer will incur a materially increased cost in performing its obligations in relation to the Notes (including without limitation due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of any relevant Hedging Party).

**Correction Period** shall, in respect of an Underlying, have the meaning given to it in the Underlying Schedule applicable to such Underlying.

**Early Redemption Event** means, in respect of an Underlying, (i) following the occurrence of an Adjustment Event in respect of such Underlying, the Calculation Agent determines that no adjustment or substitution can reasonably be made under Condition 17(g) above to account for the effect of such Adjustment Event, or (ii) the occurrence at any time of any Additional Early Redemption Event applicable to such Underlying.

**Electronic Page** means, in respect of an Underlying, the electronic page or source specified for such Underlying in the applicable Final Terms, or either (i) any successor electronic page or source or

information vendor or provider that has been designated by the sponsor of the original electronic page or source; or (ii) if such sponsor has not officially designated a successor electronic page or source or information vendor or provider, the successor electronic page or source or information vendor or provider designated by the relevant information vendor or provider (if different from such sponsor) or any alternative electronic page or source designated by the Calculation Agent.

**Hedging Disruption** means that any Hedging Party 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) that the Calculation Agent deems necessary to hedge the price risk of the Issuer issuing and performing its obligations under the Notes; or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**Hedging Party** means any party which enters into any arrangement which hedges or is intended to hedge, individually or on a portfolio (or "book") basis, the Notes, which party may be the Issuer and/or any of its Affiliates and/or any other party or parties, as determined by the Calculation Agent.

**Hedging Position** means any one or more of (i) positions or contracts (as applicable) in securities, futures contracts, options contracts, other derivative contracts or foreign exchange; (ii) stock loan transactions; or (iii) other instruments or arrangements (however described) entered into by a Hedging Party in order to hedge, individually or on a portfolio (or "book") basis, the Notes.

**Increased Cost of Hedging** means that any Hedging Party would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) that the Calculation Agent deems necessary to hedge the price risk of the Issuer issuing and performing its obligations under the Notes; or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s). Any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of any Hedging Party shall not be deemed an Increased Cost of Hedging.

**Realisation Disruption Event** means the Calculation Agent determines that:

- (i) either any restrictions or any taxes, charges or other deductions have been imposed by any applicable governmental, taxation, judicial or regulatory body on any dealing by any Hedging Party in any Hedging Positions held by any Hedging Party such that:
  - (a) any Hedging Party is or would be materially restricted from continuing to purchase, sell or otherwise deal in any Hedging Positions (or to enter into, continue or otherwise complete such transactions) and/or is or would be materially restricted from exercising its rights, or performing its obligations in respect of any Hedging Positions;
  - (b) the Issuer is materially restricted from performing its obligations under the Notes and/or any Hedging Party is materially restricted from performing its obligations under any Hedging Positions; or
  - (c) the Issuer will (or is likely to) incur a materially increased cost in performing its obligations under the Notes and/or any Hedging Party will (or is likely to) incur a materially increased cost in performing its obligations under any Hedging Positions; or



- (ii) an event has occurred or circumstances exist (including without limitation either any restrictions or any charges or deductions imposed by any applicable governmental, judicial or regulatory body):
  - (a) that materially restricts the ability of any Hedging Party to (i) exchange or convert the Local Currency for the Specified Currency or the Specified Currency for the Local Currency through the customary legal channels and/or (ii) deliver the Specified Currency or the Local Currency and/or (iii) transfer the proceeds of the Hedging Positions (or any transaction relating to a Hedging Position) (A) between, accounts in the jurisdiction of the Local Currency (the **Local Jurisdiction**) and any accounts in the jurisdiction of the Specified Currency or (B) to or from a party that is a non-resident of the Local Jurisdiction and/or to a party that is a resident of the jurisdiction of the Specified Currency; and/or
  - (b) such that any Hedging Party is or would be materially restricted from transferring amounts payable under any Hedging Position or in respect of the Notes between (i) the Local Jurisdiction and the jurisdiction of a Hedging Party and/or (ii) the jurisdiction of the Specified Currency and the jurisdiction of a Hedging Party; and/or
  - (c) such that the Calculation Agent's ability to determine a rate at which the Local Currency can be exchanged for the Specified Currency (or vice versa), for any reason becomes restricted, or such determination is otherwise impracticable or such rate is subject to material charges or deductions.

The above provisions refer to "materially restricted", "materially increased" and "material" and any determination in respect of "materially" or "material" in respect of any such provision shall be made by the Calculation Agent which shall have regard to such circumstances as it deems appropriate.

**Section 871(m) Event** means that the Issuer and/or where the Issuer is CFI, the CFI Guarantor and/or any Hedging Party is (or, in the determination of the Calculation Agent, there is a reasonable likelihood that, within the next 30 Business Days, the Issuer and/or where the Issuer is CFI, the CFI Guarantor and/or any Hedging Party will become) subject to any withholding or reporting obligations pursuant to Section 871(m) of the Code with respect to the Notes and/or where the Issuer is CFI, the Deed of Guarantee, and/or any Hedging Positions.

**Specified Valuation Date** means each date specified as such in the applicable Final Terms.

**Trade Date** means the date specified as such in the applicable Final Terms or, if none is so specified, the Issue Date.

**Underlying** means each underlying reference factor specified as such and classified in the applicable Final Terms.

**Underlying Closing Level** shall, in respect of an Underlying, have the meaning given to it in the Underlying Schedule applicable to such Underlying.

**Underlying Level** shall, in respect of an Underlying and if applicable, have the meaning given to it in the Underlying Schedule applicable to such Underlying.

**Underlying Linked Notes** means Notes specified as such in the applicable Final Terms.

**Underlying Schedule** means, in respect of an Underlying, the schedule that is specified to be applicable to such Underlying as a result of the classification of such Underlying in the applicable Final Terms.

**Valuation Date** means each Specified Valuation Date, as adjusted in accordance with Condition 17(c), Condition 17(d), Condition 17(f) and/or the applicable Final Terms.

**Valuation Roll** means the number specified as such in the applicable Final Terms, or if no number is so specified, eight.

**Valuation Time** shall, in respect of an Underlying, have the meaning given to it in the Underlying Schedule applicable to such Underlying.

## **UNDERLYING SCHEDULE 1 SHARE INDEX CONDITIONS**

This Underlying Schedule shall apply to each Underlying classified in the applicable Final Terms as a "Share Index".

For the avoidance of doubt, defined terms used in this Underlying Schedule shall only apply in respect of Notes linked to Share Indices.

### **1. DEFINITIONS**

**Additional Disruption Event** means any Increased Cost of Stock Borrow and/or Loss of Stock Borrow, in each case, if specified in the applicable Final Terms.

**Component Security** means, in respect of a Share Index, each component security included in such Share Index.

**Exchange** means (a) in respect of a Single Exchange Index, either (i) each exchange or quotation system specified as such in respect of such Single Exchange Index in the applicable Final Terms or any successor to any such exchange or quotation system, or any substitute exchange or quotation system to which trading in the relevant Component Securities has temporarily relocated (PROVIDED THAT the Calculation Agent has determined that there is comparable liquidity relative to the relevant Component Securities on such temporary substitute exchange or quotation system as on the original exchange or quotation system); or (ii) where "Principal Exchanges" is specified as the Exchange in respect of a Single Exchange Index, the exchange or quotation system on which each relevant Component Security is (as determined by the Calculation Agent) principally traded; and (b) in respect of a Multiple Exchange Index and each relevant Component Security, the exchange or trading system on which such Component Security is (as determined by the Calculation Agent) principally traded.

**Exchange Business Day** means (a) in respect of a Single Exchange Index, any Scheduled Trading Day for such Single Exchange Index on which each Exchange and each Related Exchange for such Single Exchange Index is open for trading during its respective regular trading session, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time; and (b) in respect of a Multiple Exchange Index, any Scheduled Trading Day for such Multiple Exchange Index on which the relevant Index Sponsor publishes the level of such Share Index and each Related Exchange for such Multiple Exchange Index is open for trading during its regular trading session, notwithstanding any relevant Exchange or Related Exchange closing prior to its Scheduled Closing Time.

**Increased Cost of Stock Borrow** means that any Hedging Party would incur a rate to borrow any Component Security that is greater than the Initial Stock Loan Rate.

**Index Sponsor** means, in respect of a Share Index, the corporation or other entity which (a) is responsible for setting and reviewing the rules and procedures and methods of calculation and adjustments, if any, related to such Share Index; and (b) announces (directly or through an agent) the level of such Share Index.

**Initial Stock Loan Rate** means, in respect of a Component Security, the rate that any Hedging Party would have incurred to borrow such Component Security as of the Trade Date, as determined by the Calculation Agent.

**Loss of Stock Borrow** means that any Hedging Party is unable, after using commercially reasonable efforts, to borrow (or to maintain a borrowing of) any Component Security at a rate equal to or less than the Maximum Stock Loan Rate.

**Market Disruption Event** shall have the meaning given to it in Condition 3(a) of the Share Index Conditions (in respect of a Single Exchange Index) or in Condition 3(b) of the Share Index Conditions (in respect of a Multiple Exchange Index).

**Maximum Stock Loan Rate** means, in respect of a Component Security, the lowest rate that any Hedging Party would have incurred, after using commercially reasonable efforts, to borrow such Component Security as of the Trade Date, as determined by the Calculation Agent.

**Multiple Exchange Index** means each Share Index specified as such in the applicable Final Terms.

**Related Exchange** means, in respect of a Share Index, each exchange or quotation system specified as such for such Share Index in the applicable Final Terms or any successor to such exchange or quotation system, or any substitute exchange or quotation system to which trading in futures contracts or options contracts relating to such Share Index has temporarily relocated (PROVIDED THAT the Calculation Agent has determined that there is comparable liquidity relative to such futures contracts or options contracts relating to such Share Index on such temporary substitute exchange or quotation system as on the original exchange or quotation system). Where "All Exchanges" is specified in the applicable Final Terms as the applicable Related Exchange in respect of a Share Index, then **Related Exchange** means each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures contracts or options contracts relating to such Share Index.

**Scheduled Closing Time** means, in respect of a Share Index, a Scheduled Trading Day and an Exchange or a Related Exchange (as relevant) for such Share Index, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after-hours trading or any other trading outside the hours of the regular trading session on such Exchange or Related Exchange.

**Scheduled Trading Day** means (a) in respect of a Single Exchange Index, any day on which each Exchange and each Related Exchange in respect of such Single Exchange Index is scheduled to be open for trading for its respective regular trading sessions; and (b) in respect of a Multiple Exchange Index, any day on which (i) the Index Sponsor in respect of such Multiple Exchange Index is scheduled to publish the level of such Multiple Exchange Index, (ii) each Related Exchange in respect of such Multiple Exchange Index is scheduled to be open for trading for its regular trading session and (iii) the X Percentage is no more than 20 per cent. of the relevant Component Securities.

**Share Index** means each Underlying classified as such in the applicable Final Terms.

**Single Exchange Index** means each Share Index specified as such in the applicable Final Terms.

**X Percentage** means, in respect of a Multiple Exchange Index and any day, the percentage of relevant Component Securities which are scheduled to be unavailable for trading on any relevant Exchange on such day by virtue of that day not being a day on which such relevant Exchange is scheduled to be open for trading during its regular trading session. For the purposes of determining the X Percentage in respect of a Multiple Exchange Index, the relevant percentage of a relevant Component Security unavailable for trading shall be based on a comparison of (a) the portion of the level of such Multiple Exchange Index attributable to such Component Security; and (b) the overall level of such Multiple Exchange Index, in each case, using the official opening weightings as published by the relevant Index Sponsor as part of the market "opening data".

## 2. VALUATION

### (a) *Closing valuations*

**Underlying Closing Level** means, in respect of a Share Index and a Valuation Date, the official closing level of such Share Index on such Valuation Date, as displayed on the applicable Electronic Page.

**Valuation Time** means (a) in respect of a Single Exchange Index, an Underlying Closing Level and a Scheduled Trading Day, the Scheduled Closing Time on the relevant Exchange on such Scheduled Trading Day and (b) in respect of a Multiple Exchange Index and a Scheduled Trading Day: (i) for the purposes of determining whether a Market Disruption Event in respect of such Multiple Exchange Index has occurred: (A) in respect of any Component Security, the Scheduled Closing Time on the Exchange in respect of such Component Security; and (B) in respect of any options contracts or future contracts on such Multiple Exchange Index, the close of trading on the relevant Related Exchange; and (ii) in all other circumstances, the time at which the official closing level of such Multiple Exchange Index is calculated and published by the relevant Index Sponsor.

### (b) *Intraday valuations*

**Underlying Level** means, in respect of a Share Index and a Valuation Date, the level of such Share Index observed continuously during such Valuation Date, as displayed on the applicable Electronic Page.

**Valuation Time** means, in respect of a Share Index, an Underlying Level and a Scheduled Trading Day for such Share Index, the time at which the level of such Share Index is being determined during such Scheduled Trading Day.

## 3. DISRUPTION TO VALUATION

**Disrupted Day** means, in respect of a Share Index, any Scheduled Trading Day for such Share Index on which a Market Disruption Event occurs.

### (a) *Single Exchange Index*

**Market Disruption Event** means, in respect of a Share Index which is a Single Exchange Index, the occurrence of any of the events set out below:

- (i) the relevant Index Sponsor fails to publish the level of such Share Index; or
- (ii) a relevant Exchange or any relevant Related Exchange fails to open for trading during its regular trading session; or
- (iii) the occurrence or existence (which the Calculation Agent determines is material) at any time during the one hour period which ends at the relevant Valuation Time of any suspension of or limitation imposed (whether by reason of movements in price exceeding permitted limits or otherwise) on the trading on any relevant Exchange of Component Securities which in aggregate comprise 20 per cent. or more of the level of such Share Index; or
- (iv) the occurrence or existence (which the Calculation Agent determines is material) at any time during the one hour period which ends at the relevant Valuation Time of any suspension of or limitation imposed (whether by reason of movements in price exceeding permitted limits or otherwise) on the trading on any relevant Related Exchange of futures contracts or option contracts relating to such Share Index; or

- (v) the occurrence or existence (which the Calculation Agent determines is material) at any time during the one hour period which ends at the relevant Valuation Time of any other event (other than an event described in sub-paragraph (vii) or sub-paragraph (viii) of this definition) which disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (on any relevant Exchange) to effect transactions in or to obtain market values for relevant Component Securities which in aggregate comprise 20 per cent. or more of the level of such Share Index; or
- (vi) the occurrence or existence (which the Calculation Agent determines is material) at any time during the one hour period which ends at the relevant Valuation Time of any other event (other than an event described in sub-paragraph (vii) or sub-paragraph (viii) of this definition) which disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (on any relevant Related Exchange) to effect transactions in or to obtain market values for any futures contracts or options contracts relating to such Share Index; or
- (vii) the closure (which the Calculation Agent determines is material) on any Exchange Business Day of any relevant Exchange in respect of Component Securities which in aggregate comprise 20 per cent. or more of the level of such Share Index prior to its Scheduled Closing Time (unless such earlier closing time is announced by such Exchange at least one hour prior to the earlier of (A) the actual closing time for the regular trading session on such Exchange on such Exchange Business Day; and (B) the deadline for the submission of orders to be entered into such Exchange system for execution at the relevant Valuation Time on such Exchange Business Day); or
- (viii) the closure (which the Calculation Agent determines is material) on any Exchange Business Day of any Related Exchange in respect of futures contracts or option contracts relating to such Share Index prior to its Scheduled Closing Time (unless such earlier closing time is announced by such Related Exchange at least one hour prior to the earlier of (A) the actual closing time for the regular trading session on such Related Exchange on such Exchange Business Day; and (B) the deadline for the submission of orders to be entered into such Related Exchange system for execution at the relevant Valuation Time on such Exchange Business Day).

(b) *Multiple Exchange Index*

**Market Disruption Event** means, in respect of a Share Index which is a Multiple Exchange Index, the occurrence of any of the events set out below:

- (i) the relevant Index Sponsor fails to publish the level of such Share Index; or
- (ii) any Related Exchange fails to open for trading during its regular trading session; or
- (iii) the occurrence or existence (which the Calculation Agent determines is material) at any time during the one hour period which ends at the relevant Valuation Time of any suspension of or limitation imposed (whether by reason of movements in price exceeding permitted limits or otherwise) on the trading on any relevant Exchange of any relevant Component Security, and the aggregate of all relevant Component Securities so affected plus the X Percentage comprises 20 per cent. or more of the level of such Share Index; or
- (iv) the occurrence or existence (which the Calculation Agent determines is material) at any time during the one hour period which ends at the relevant Valuation Time of any suspension of or limitation imposed (whether by reason of movements in price exceeding permitted limits

or otherwise) on the trading on any relevant Related Exchange of futures contracts or option contracts relating to such Share Index; or

- (v) the occurrence or existence (which the Calculation Agent determines is material) at any time during the one hour period which ends at the relevant Valuation Time of any other event (other than an event described in sub-paragraph (vii) or sub-paragraph (viii) of this definition) which disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (on any relevant Exchange) to effect transactions in or to obtain market values for any relevant Component Security, and the aggregate of all relevant Component Securities so affected plus the X Percentage comprises 20 per cent. or more of the level of such Share Index; or
- (vi) the occurrence or existence (which the Calculation Agent determines is material) at any time during the one hour period which ends at the relevant Valuation Time of any other event (other than an event described in sub-paragraph (vii) or sub-paragraph (viii) of this definition) which disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (on any relevant Related Exchange) to effect transactions in or to obtain market values for any futures contracts or options contracts relating to such Share Index; or
- (vii) the closure (which the Calculation Agent determines is material) on any Exchange Business Day of any relevant Exchange in respect of any relevant Component Security prior to its Scheduled Closing Time (unless such earlier closing time is announced by such Exchange at least one hour prior to the earlier of (A) the actual closing time for the regular trading session on such Exchange on such Exchange Business Day; and (B) the deadline for the submission of orders to be entered into such Exchange System for execution at the relevant Valuation Time on such Exchange Business Day), and the aggregate of all relevant Component Securities so affected plus the X Percentage comprises 20 per cent. or more of the level of such Share Index; or
- (viii) the closure (which the Calculation Agent determines is material) on any Exchange Business Day of any Related Exchange in respect of futures contracts or option contracts relating to such Share Index prior to its Scheduled Closing Time (unless such earlier closing time is announced by such Related Exchange at least one hour prior to the earlier of (A) the actual closing time for the regular trading session on such Related Exchange on such Exchange Business Day; and (B) the deadline for the submission of orders to be entered into such Related Exchange System for execution at the relevant Valuation Time on such Exchange Business Day).

(c) *Determining whether or not a Market Disruption Event exists*

For the purposes of determining whether or not a Market Disruption Event exists in respect of a Share Index at any time, if an event giving rise to a Market Disruption Event occurs in respect of a Component Security of such Share Index at such time, then the relevant percentage contribution of such Component Security to the level of such Share Index shall be based on a comparison of (i) the portion of the level of such Share Index attributable to such Component Security; and (ii) the overall level of such Share Index, either (A) where such Share Index is a Single Exchange Index, immediately before the occurrence of such Market Disruption Event; or (B) where such Share Index is a Multiple Exchange Index, using the official opening weightings as published by the relevant Index Sponsor as part of the market "opening data".

For the purposes of determining whether or not a Market Disruption Event exists in respect of a Component Security at any time, if an event giving rise to a Market Disruption Event occurs in respect of such Component Security at such time, then the relevant percentage contribution of such

Component Security to the level of the relevant Share Index shall be based on a comparison of (i) the portion of the level of such Share Index attributable to such Component Security; and (ii) the overall level of such Share Index, using the official opening weightings as published by the relevant Index Sponsor as part of the market "opening data".

#### 4. ADDITIONAL ADJUSTMENT EVENTS

The following Additional Adjustment Events shall apply in respect of a Share Index:

- (i) such Share Index is either (a) not calculated and announced by or on behalf of the relevant Index Sponsor but instead is calculated and announced by or on behalf of a successor to such relevant Index Sponsor acceptable to the Calculation Agent; or (b) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of such Share Index (such index, the **Successor Index**, which will be deemed to be such Share Index); and
- (ii) each Additional Disruption Event (if any) specified in the applicable Final Terms.

#### 5. ADDITIONAL EARLY REDEMPTION EVENTS

The following Additional Early Redemption Event shall apply in respect of a Share Index: the Calculation Agent determines that no calculation or substitution can reasonably be made under Condition 6(b) of the Share Index Conditions.

#### 6. ADDITIONAL PROVISIONS

- (a) *Correction of published or announced prices or levels*

**Correction Period** means, in respect of a Share Index, two Business Days.

- (b) *Modification or cancellation of a Share Index and Share Index Substitution*

- (A) *Share Index Adjustment Events*

If, in respect of a Share Index, (i) on or prior to any Valuation Date, the relevant Index Sponsor announces that it will make a material change in the formula for or the method of calculating the level of such Share Index or in any other way materially modifies such Share Index (other than a modification prescribed in that formula or method to maintain such Share Index in the event of changes in Component Securities and capitalisation and other routine events) (a **Share Index Modification**); or (ii) on or prior to any Valuation Date, the relevant Index Sponsor at any time permanently cancels such Share Index and no Successor Index (as defined in Condition 4 of the Share Index Conditions) exists (a **Share Index Cancellation**); or (iii) on or prior to any Valuation Date the relevant Index Sponsor or any person or entity on its behalf fails to calculate and announce such Share Index (a **Share Index Disruption**, and together with a Share Index Modification and a Share Index Cancellation, a **Share Index Adjustment Event**), then the Calculation Agent shall determine if such Share Index Adjustment Event has a material effect on the Notes, and if so, either:

- (i) calculate the relevant level of such Share Index at the relevant time on such Valuation Date using, in lieu of a published level for such Share Index, the level of such Share Index at the relevant time on such Valuation Date as determined by the Calculation Agent in accordance with the formula for and the method of calculating the level of such Share Index last in effect prior to the occurrence of such Share Index Adjustment Event but using only those Component Securities or other assets or instruments which comprised such Share Index immediately prior to the occurrence of such Share Index Adjustment Event (other than those



Component Securities or other assets or instruments which have since ceased to be listed on any relevant Exchange); or

- (ii) substitute such Share Index as provided in Condition 6(b)(B) of the Share Index Conditions and make such adjustments (if any) to the Conditions and/or the applicable Final Terms as it deems necessary or appropriate in relation to such substitution.

If no calculation or substitution can reasonably be made pursuant to the above, the provisions of Condition 5 of the Share Index Conditions shall apply.

*(B) Share Index Substitution*

Any adjustment made by the Calculation Agent pursuant to Condition 6(b)(A)(ii) of the Share Index Conditions shall be, and any adjustment made by the Calculation Agent in response to an Adjustment Event may include, a Share Index Substitution.

**Share Index Substitution** means, in relation to a Share Index Adjustment Event or an Adjustment Event, the replacement of the Share Index the subject of such Share Index Adjustment Event or Adjustment Event, as the case may be, with a new share index selected by the Calculation Agent (which shall be a replacement share index using, in the determination of the Calculation Agent, the same or a substantially similar formula and method of calculation as used in the calculation of the level of such Share Index or a replacement share index selected by the Calculation Agent in accordance with any other criteria specified in the applicable Final Terms). Such new share index shall be deemed to be a Share Index in place of the Share Index the subject of the Share Index Adjustment Event or Adjustment Event, as the case may be.

*(c) Determination of the Underlying Closing Level of a Share Index on a Disrupted Day*

If, in accordance with Condition 19(d) (in the case of Notes other than French Law Notes) or Condition 17(d) (in the case of French Law Notes) of the General Conditions, an Underlying Closing Level of a Share Index is to be determined on a Valuation Date which is a Disrupted Day for such Share Index, then the Calculation Agent shall determine such Underlying Closing Level of such Share Index at the Valuation Time on such Valuation Date in accordance with the formula for and method of calculating the level of such Share Index last in effect prior to the occurrence of the first Disrupted Day in respect of such Share Index, using either (i) the price traded or quoted on the relevant Exchange as of the relevant Valuation Time on such Valuation Date of each Component Security contained in such Share Index; or (ii) (if an event giving rise to a Disrupted Day has occurred in respect of the relevant Component Security on that Valuation Date) its good faith estimate of the value for the relevant Component Security as of the relevant Valuation Time on such Valuation Date.

*(d) Calculation Agent's discretion to determine non-material events*

If the Calculation Agent determines that it is not material that any day on which would otherwise have been a Valuation Date is:

- (i) not a Scheduled Trading Day for a Share Index because one or more relevant Related Exchanges is not scheduled to be open; or
- (ii) a Disrupted Day for a Share Index solely because any relevant Related Exchange fails to open,

then the Calculation Agent shall have the discretion to determine any such day either (A) to be the Valuation Date in respect of a Share Index, notwithstanding that such day is not a Scheduled Trading Day for such Share Index because one or more such Related Exchanges is not scheduled to be open;

or (B) not to be a Disrupted Day where such day would be a Disrupted Day solely because any such Related Exchange fails to open.

In determining what is "material", the Calculation Agent shall have regard to such circumstances as it deems appropriate, which may include (without limitation) the effect of the above on (I) any Underlying Closing Level or any Underlying Level (as relevant) of the affected Share Index; (II) any trading in futures contracts or options contracts on any such relevant Related Exchange; and (III) the Issuer's hedging arrangements in respect of the Notes.

## UNDERLYING SCHEDULE 2 INFLATION INDEX CONDITIONS

This Underlying Schedule shall apply to each Underlying classified in the applicable Final Terms as an "Inflation Index".

For the avoidance of doubt, defined terms used in this Underlying Schedule shall only apply in respect of Notes linked to Inflation Indices.

### 1. DEFINITIONS

**Cut-off Date** means, in respect of a Payment Date, the day which is five Business Days prior to such Payment Date.

**Fallback Bond** means, in respect of an Inflation Index, if "Fallback Bond" is specified as applicable in the applicable Final Terms, (a) the bond specified as such in the applicable Final Terms; or (b) if no such bond is specified, a bond selected by the Calculation Agent and issued by the government of the country to whose level of inflation such Inflation Index relates and which pays a coupon or redemption amount which is calculated by reference to such Inflation Index, with a maturity date which falls on (i) the same day as the Maturity Date; (ii) the next longest maturity after the Maturity Date if there is no such bond maturing on the Maturity Date; or (iii) the next shortest maturity before the Maturity Date if no bond described in (i) or (ii) above is selected by the Calculation Agent. If the Inflation Index relates to the level of inflation across the European Monetary Union (EMU), then the Calculation Agent will select an inflation-linked bond which is a debt obligation of one of the governments (but not any government agency) of France, Italy, Germany or Spain and which pays a coupon or redemption amount which is calculated by reference to the level of inflation in the EMU. In each case, the Calculation Agent will select the Fallback Bond from those inflation-linked bonds issued on or before the Issue Date and, if there is more than one inflation-linked bond maturing on the same date, then the Fallback Bond shall be selected by the Calculation Agent from those bonds. If the Fallback Bond in respect of an Inflation Index redeems, then the Calculation Agent will select a new Fallback Bond on the same basis, but selected from all eligible bonds in issue at the time the original Fallback Bond redeems (including any bond for which the redeemed bond is exchanged).

**Index Sponsor** means, in respect of an Inflation Index, the corporation or other entity which (a) is responsible for setting and reviewing the rules and procedures and methods of calculation and adjustments, if any, related to such Inflation Index; and (b) announces (directly or through an agent) the level of such Inflation Index.

**Inflation Index** means each Underlying classified as such in the applicable Final Terms or any Successor Index.

**Manifest Error Cut-off Date** means, in respect of a Payment Date, two Business Days prior to such Payment Date, unless otherwise specified in the applicable Final Terms.

**Payment Date** means, in respect of a Valuation Date, the Interest Payment Date, the Maturity Date or other date to which such Valuation Date relates, as specified in the applicable Final Terms.

**Reference Month** means, in respect of an Inflation Index and a Valuation Date, each month specified as such for such Valuation Date in the applicable Final Terms.

**Revision Cut-off Date** means, in respect of a Payment Date, two Business Days prior to such Payment Date, unless otherwise specified in the applicable Final Terms.

## 2. VALUATION

**Underlying Closing Level** means, in respect of an Inflation Index, a Valuation Date and a related Reference Month, the level of such Inflation Index in respect of such Reference Month, as displayed on the applicable Electronic Page.

Valuation Time and Underlying Level shall not apply to an Inflation Index.

## 3. DISRUPTION TO VALUATION

### (a) *Determination of the Underlying Closing Level of an Inflation Index on a Valuation Date*

Any Specified Valuation Date shall not be adjusted in relation to an Inflation Index and the Substitute Index Level provisions set out below shall apply thereto. The provisions of Condition 19(c) and Condition 19(d) (in the case of Notes other than French Law Notes) or Condition 17(c) and Condition 17(d) (in the case of French Law Notes) of the General Conditions shall only apply in relation to Underlying(s) which are not Inflation Indices (if any).

### (b) *Substitute Index Level*

If an Underlying Closing Level for a Reference Month has not been published or announced by the Cut-off Date for the relevant Payment Date, then the Calculation Agent shall, subject to any formula or provisions specified in the applicable Final Terms, determine a substitute index level (the **Substitute Index Level**) by using the following methodology:

- (i) if Fallback Bond is specified as applicable in the applicable Final Terms, the Calculation Agent will take the same action to determine the Substitute Index Level for the affected Reference Month as that taken by the relevant calculation agent pursuant to the terms and conditions of any relevant Fallback Bond; and
- (ii) if there is no Fallback Bond or sub-paragraph (i) does not result in a Substitute Index Level for the relevant Reference Month for any reason, then the Calculation Agent will determine the Substitute Index Level in accordance with the formula set out below:

$$\text{Substitute Index Level} = \text{Base Level} * (\text{Latest Level}/\text{Reference Level})$$

Where:

**Base Level** means, in respect of an Inflation Index, the level of such Inflation Index (excluding any "flash" estimate) published or announced by the relevant Index Sponsor in respect of the month which is 12 calendar months prior to the Reference Month for which the Substitute Index Level is being determined;

**Latest Level** means, in respect of an Inflation Index, the latest level of such Inflation Index (excluding any "flash" estimate) published or announced by the relevant Index Sponsor prior to the Reference Month in respect of which the Substitute Index Level is being determined;

**Reference Level** means, in respect of an Inflation Index, the level of such Inflation Index (excluding any "flash" estimate) published or announced by the relevant Index Sponsor in respect of the month which is 12 calendar months prior to the Reference Month referred to in the definition for "Latest Level" above; and

- (iii) if the Underlying Closing Level of an Inflation Index for a Reference Month is published or announced at any time after the Cut-off Date for the relevant Payment Date, then such Underlying Closing Level will not be used in any calculation. The Substitute Index Level

determined pursuant to this Condition 3 of the Inflation Index Conditions will be the Underlying Closing Level in respect of the relevant Reference Month.

#### **4. ADDITIONAL ADJUSTMENT EVENTS**

The following Additional Adjustment Event shall apply in respect of an Inflation Index: the relevant Index Sponsor imposes on the Issuer and/or any of its Affiliates increased or unexpected fees and costs for the use of such Inflation Index, which the Calculation Agent determines are material.

#### **5. ADDITIONAL EARLY REDEMPTION EVENTS**

The following Additional Early Redemption Events shall apply in respect of an Inflation Index:

- (i) the Calculation Agent determines that no Successor Index can be determined under Condition 6(d) of the Inflation Index Conditions; and
- (ii) the Calculation Agent determines that no adjustment can reasonably be made under Condition 6(e) of the Inflation Index Conditions.

#### **6. ADDITIONAL PROVISIONS**

##### *(a) Correction of published or announced prices or levels*

The provisions of Condition 19(j) (in the case of Notes other than French Law Notes) or Condition 17(j) (in the case of French Law Notes) of the General Conditions shall not apply in respect of an Inflation Index.

##### *(b) Revision of the level of an Inflation Index*

The operation of this Condition 6(b) of the Inflation Index Conditions is subject as provided in Condition 6(c) of the Inflation Index Conditions below.

If "Revision" is specified as applicable for an Inflation Index in the applicable Final Terms, then the first publication and announcement of an Underlying Closing Level of such Inflation Index, or any revision to such Underlying Closing Level made no later than the relevant Revision Cut-off Date, shall be final and conclusive.

If "No Revision" is specified as applicable for an Inflation Index in the applicable Final Terms, then the first publication and announcement of an Underlying Closing Level of such Inflation Index shall be final and conclusive, and any later revision to such Underlying Closing Level will not be used in any calculation.

If neither "Revision" nor "No Revision" is elected in the applicable Final Terms, then "No Revision" shall be deemed to apply.

##### *(c) Correction of a manifest error in the level of an Inflation Index*

If the Calculation Agent determines that the Index Sponsor of an Inflation Index has corrected an Underlying Closing Level for such Inflation Index to correct a manifest error no later than the earlier to occur of (i) the relevant Manifest Error Cut-off Date; and (ii) 30 calendar days following the first publication and announcement of such Underlying Closing Level, then the Calculation Agent may use such corrected Underlying Closing Level for the purposes of any calculation in respect of any relevant Valuation Date. Any correction to an Underlying Closing Level of such Inflation Index published after the relevant Manifest Error Cut-off Date will not be used in any calculation in respect of any relevant Valuation Date. In the event of any inconsistency (as determined by the Calculation

Agent) between this Condition 6(c) of the Inflation Index Conditions and Condition 6(b) of the Inflation Index Conditions, the operation of this Condition 6(c) shall prevail.

(d) *Substitution of an Inflation Index*

If the Calculation Agent determines that either (i) a level for an Inflation Index has not been published or announced for two consecutive months; and/or (ii) the Index Sponsor announces that it will no longer continue to publish or announce such Inflation Index; and/or (iii) the Index Sponsor cancels such Inflation Index, then the Calculation Agent may replace such Inflation Index with a successor index (a **Successor Index**) by using the following methodology:

- (i) if at any time a successor index has been designated in respect of an Inflation Index by the calculation agent under any relevant Fallback Bond pursuant to the terms and conditions of such Fallback Bond, then such successor index may be designated a "Successor Index" for such Inflation Index for the purposes of all subsequent Valuation Dates, notwithstanding that any other Successor Index may previously have been determined under sub-paragraph (ii) or (iii);
- (ii) if a Successor Index has not been determined under sub-paragraph (i) and a notice has been given or an announcement has been made by the relevant Index Sponsor, specifying that such Inflation Index will be superseded by a replacement inflation index specified by the relevant Index Sponsor, and the Calculation Agent determines that such replacement inflation index is calculated using the same or substantially similar formula or method of calculation as used in the calculation of the previously applicable Inflation Index, then such replacement index shall be such Inflation Index for purposes of the Notes from the date that such replacement Inflation Index comes into effect;
- (iii) if no Successor Index has been determined under sub-paragraph (i) or (ii) by the fifth Business Day prior to the Cut-off Date in respect of the next following Payment Date, then the Calculation Agent will determine an appropriate alternative index and such index will be deemed a "Successor Index".

If a Successor Index is determined in accordance with the above, the Calculation Agent may make such adjustment(s) to the terms of these Conditions and/or the applicable Final Terms as the Calculation Agent determines necessary or appropriate to account for such replacement and determine the effective date(s) of the adjustment(s) to the Notes.

If no Successor Index can be determined pursuant to the above, the provisions of Condition 5 of the Inflation Index Conditions shall apply.

(e) *Modification of an Inflation Index*

If, on or prior to any Cut-off Date in respect of a Payment Date, an Index Sponsor announces that it will make a material change to an Inflation Index, then the Calculation Agent shall make such adjustments to the Conditions and/or the applicable Final Terms (i) (if a Fallback Bond is specified for the relevant Inflation Index) as are consistent with any adjustment made to the relevant Fallback Bond; or (ii) (if no Fallback Bond is specified for the relevant Inflation Index) as are necessary for such modified Inflation Index to continue as an Inflation Index.

If no such adjustment can reasonably be made pursuant to the above, the provisions of Condition 5 of the Inflation Index Conditions shall apply.

(f) *Rebasing of the Inflation Index*

If the Calculation Agent determines that an Inflation Index has been or will be rebased at any time, then the Inflation Index as so rebased (the **Rebased Index**) will be used for the purposes of determining any Underlying Closing Level of such Inflation Index from the date of such rebasing.

If a Fallback Bond is specified for the relevant Inflation Index, then the Calculation Agent shall make such adjustments to the levels of such Rebased Index as are made by the calculation agent pursuant to the terms and conditions of the relevant Fallback Bond, so that the levels of such Rebased Index reflect the same rate of inflation as the relevant Inflation Index before it was rebased.

If no Fallback Bond is specified for the relevant Inflation Index, then the Calculation Agent shall make such adjustments to the levels of such Rebased Index, so that the levels of such Rebased Index reflect the same rate of inflation as the relevant Inflation Index before it was rebased.

In each case, the Calculation Agent may make such adjustment(s) to the terms of these Conditions and/or the applicable Final Terms as the Calculation Agent determines necessary or appropriate to account for such rebasing and determine the effective date(s) of the adjustment(s) to the Notes.

Any such rebasing shall not affect any prior payments made under the Notes.

### UNDERLYING SCHEDULE 3 COMMODITY INDEX CONDITIONS

This Underlying Schedule shall apply to each Underlying classified in the applicable Final Terms as a "Commodity Index".

For the avoidance of doubt, defined terms used in this Underlying Schedule shall only apply in respect of Notes linked to Commodity Indices.

#### 1. DEFINITIONS

**Commodity Index** means each Underlying classified as such in the applicable Final Terms.

**Component** means, in respect of a Commodity Index, each component included in such Commodity Index.

**Component Trading Day** means, in respect of a Component, a day on which the Exchange for such Component is scheduled to be open for trading for its regular trading session, notwithstanding such Exchange closing prior to the Scheduled Closing Time for such Component.

**Exchange** means, in respect of a Commodity Index, each exchange, quotation system, over-the-counter market or principal trading market on which each relevant Component is (as determined by the Calculation Agent) principally traded and, in respect of a Component of a Commodity Index, the exchange, quotation system, over-the-counter market or principal trading market on which such Component is (as determined by the Calculation Agent) principally traded.

**Exchange Business Day** means, in respect of a Commodity Index, any Scheduled Trading Day for such Commodity Index on which the relevant Index Sponsor publishes the level of such Commodity Index.

**Index Sponsor** means, in respect of a Commodity Index, the corporation or other entity which (a) is responsible for setting and reviewing the rules and procedures and methods of calculations and adjustments, if any, related to such Commodity Index; and (b) announces (directly or through an agent) the level of such Commodity Index on a regular basis.

**Related Exchange** means, in respect of a Commodity Index and options contracts and futures contracts on such Commodity Index, any exchange on which such options contracts or futures contracts on such Commodity Index are traded.

**Scheduled Closing Time** means (a) in respect of a Scheduled Trading Day and an Exchange or a Related Exchange, the scheduled weekday closing time on such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after-hours trading or any other trading outside the hours of the regular trading session on such Exchange and (b) in respect of a Component Trading Day, a Component and the Exchange for such Component, the scheduled weekday closing time on such Exchange on such Component Trading Day, without regard to after-hours trading or any other trading outside the hours of the regular trading session on such Exchange.

**Scheduled Trading Day** means, in respect of a Commodity Index, any day on which the relevant Index Sponsor is scheduled to publish the level of such Commodity Index and, where Commodity Component Valuation is specified as applicable in the applicable Final Terms, any day on which the Exchange for each Component of such Commodity Index is scheduled to be open for trading for its regular trading session, notwithstanding any such Exchange closing prior to the Scheduled Closing Time for the relevant Component.



**Successor Index** shall have the meaning given to it in Condition 4 of the Commodity Index Conditions.

**Tax Disruption** means, in respect of a Commodity Index, the imposition of, change in or removal of a Relevant Tax by any relevant government or taxing authority after the Trade Date, if the direct effect of such imposition, change or removal is to increase or decrease the level of the Commodity Index on a day which would otherwise be a Valuation Date from what it would have been without such imposition, change or removal. For these purposes, **Relevant Tax** means, in respect of a Component or commodity relating to such Component, any excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or other similar tax on, or measured by reference to, such Component or commodity (other than a tax on, or measured by reference to, overall gross or net income).

## 2. VALUATION

### (a) *Closing valuations*

**Underlying Closing Level** means, in respect of a Commodity Index and a Valuation Date, the official closing level of such Commodity Index on such Valuation Date or, where the level of such Commodity Index is only published once a day, the level of such Commodity Index for such Valuation Date, as displayed on the applicable Electronic Page.

**Valuation Time** means, in respect of a Commodity Index, an Underlying Closing Level and a Scheduled Trading Day, (i) for the purposes of determining whether a Disrupted Day has occurred: (A) in respect of any relevant Component, the time at which such Component is valued for the purposes of determining the relevant level of such Commodity Index, and (B) in respect of any options contracts or future contracts on the Commodity Index, the close of trading on the relevant Related Exchange; and (ii) in all other circumstances, either (A) where the level of such Commodity Index is only published once a day, the time at which the level of such Commodity Index for such day is calculated and published by the relevant Index Sponsor or (B) otherwise, the time at which the official closing level of the Commodity Index is calculated and published by the relevant Index Sponsor.

### (b) *Intraday valuations*

**Underlying Level** means, in respect of a Commodity Index and a Valuation Date, the level of such Commodity Index observed continuously during such Valuation Date, as displayed on the applicable Electronic Page.

**Valuation Time** means, in respect of a Commodity Index, an Underlying Level and a Scheduled Trading Day, the time at which the level of such Commodity Index is being determined during such Scheduled Trading Day.

## 3. DISRUPTION TO VALUATION

**Disrupted Day** means:

- (a) where Commodity Component Valuation is not specified as applicable in the applicable Final Terms, in respect of a Commodity Index, any Scheduled Trading Day on which any of the events set out below occurs:
  - (i) the relevant Index Sponsor fails to publish the level of such Commodity Index;
  - (ii) a temporary or permanent failure by the relevant Exchange to announce or publish a relevant price for any relevant Component of such Commodity Index;

- (iii) the occurrence or existence (which the Calculation Agent determines is material) at any time during the one hour period which ends at the relevant Valuation Time of any suspension of or limitation imposed (whether by reason of movements in price exceeding permitted limits or otherwise) on the trading on any relevant Exchange of relevant Components which in aggregate comprise 20 per cent. or more of the level of such Commodity Index; or
  - (iv) the occurrence or existence (which the Calculation Agent determines is material) at any time during the one hour period which ends at the relevant Valuation Time of any suspension of or limitation imposed (whether by reason of movements in price exceeding permitted limits or otherwise) on the trading on any Related Exchange of futures contracts or option contracts relating to such Commodity Index; or
  - (v) the occurrence or existence (which the Calculation Agent determines is material) at any time during the one hour period which ends at the relevant Valuation Time of any other event (other than an event described in sub-paragraph (vii) or sub-paragraph (viii) of this definition) which disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (on any relevant Exchange) to effect transactions in or to obtain market values for relevant Components which in aggregate comprise 20 per cent. or more of the level of such Commodity Index; or
  - (vi) the occurrence or existence (which the Calculation Agent determines is material) at any time during the one hour period which ends at the relevant Valuation Time of any other event (other than an event described in sub-paragraph (vii) or sub-paragraph (viii) of this definition) which disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (on any Related Exchange) to effect transactions in or to obtain market values for any futures contracts or options contracts relating to such Commodity Index; or
  - (vii) the closure (which the Calculation Agent determines is material) on any Exchange Business Day of any relevant Exchange in respect of relevant Components which in aggregate comprise 20 per cent. or more of the level of such Commodity Index prior to its Scheduled Closing Time (unless such earlier closing time is announced by such Exchange at least one hour prior to the actual closing time for the regular trading session on such Exchange on such Exchange Business Day); or
  - (viii) the closure (which the Calculation Agent determines is material) on any Exchange Business Day of any Related Exchange in respect of futures contracts or option contracts relating to such Commodity Index prior to its Scheduled Closing Time (unless such earlier closing time is announced by such Related Exchange at least one hour prior to the actual closing time for the regular trading session on such Related Exchange on such Exchange Business Day); or
- (b) where Commodity Component Valuation is specified as applicable in the applicable Final Terms:
- (A) in respect of a Commodity Index, any Scheduled Trading Day on which any of the events set out below occurs:
    - (x) the relevant Index Sponsor fails to publish the level of such Commodity Index;

- (y) such day is a Disrupted Day in respect of a Component of such Commodity Index as specified in sub-paragraphs (B)(x), (y) or (z) below.
- (B) in respect of a Component, any Component Trading Day on which any of the events set out below occurs:
  - (x) the failure of a relevant Exchange to announce or publish the settlement price for such Component (or other relevant price, or prices from which such price is calculated);
  - (y) the suspension of or limitation on trading in such Component on the relevant Exchange which the Calculation Agent determines is material; and
  - (z) the closing or settlement price for such Component is a "limit price" which means that such closing or settlement price for such Component for the relevant day has increased or decreased from the previous day's closing or settlement price by the maximum amount permitted under applicable exchange rules.

#### 4. **ADDITIONAL ADJUSTMENT EVENTS**

The following Additional Adjustment Events shall apply in respect of a Commodity Index:

- (a) such Commodity Index is either (i) not calculated and announced by or on behalf of the relevant Index Sponsor but instead is calculated and announced by or on behalf of a successor to such relevant Index Sponsor acceptable to the Calculation Agent; or (ii) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of such Commodity Index (such index, the **Successor Index**, which will be deemed to be such Commodity Index);
- (b) the relevant Index Sponsor imposes on the Issuer and/or any of its Affiliates increased or unexpected fees and costs for the use of such Commodity Index, which the Calculation Agent determines are material; or
- (c) if "Tax Disruption" is specified as applicable in the applicable Final Terms, the Calculation Agent determines in good faith that (i) a Tax Disruption has occurred or exists; and (ii) such Tax Disruption is material.

#### 5. **ADDITIONAL EARLY REDEMPTION EVENTS**

The following Additional Early Redemption Event shall apply in respect of a Commodity Index: the Calculation Agent determines that no calculation or substitution can reasonably be made under Condition 6(b) of the Commodity Index Conditions.

#### 6. **ADDITIONAL PROVISIONS**

- (a) *Correction of published or announced prices or levels*

**Correction Period** means, in respect of a Commodity Index, 30 calendar days.

(b) *Modification or cancellation of a Commodity Index and Commodity Index Substitution*

(A) *Commodity Index Adjustment Events*

If, in respect of a Commodity Index, (i) on or prior to any Valuation Date, the relevant Index Sponsor announces that it will make a material change in the formula for or the method of calculating the level of such Commodity Index or in any other way materially modifies such Commodity Index (other than a modification prescribed in that formula or method to maintain such Commodity Index in the event of changes in relevant Components and other routine events) (a **Commodity Index Modification**); or (ii) on or prior to any Valuation Date, the relevant Index Sponsor at any time permanently cancels such Commodity Index and no Successor Index (as defined in Condition 4 of the Commodity Index Conditions) exists (a **Commodity Index Cancellation**); or (iii) on or prior to any Valuation Date the relevant Index Sponsor or any person or entity on its behalf fails to calculate and announce such Commodity Index (a **Commodity Index Disruption**, and together with a Commodity Index Modification and a Commodity Index Cancellation, a **Commodity Index Adjustment Event**), then the Calculation Agent shall determine if such Commodity Index Adjustment Event has a material effect on the Notes, and if so, either:

- (i) calculate the relevant level of such Commodity Index at the relevant time on such Valuation Date using, in lieu of a published level for such Commodity Index, the level of such Commodity Index at the relevant time on such Valuation Date as determined by the Calculation Agent in accordance with the formula for and the method of calculating the level of such Commodity Index last in effect prior to the occurrence of such Commodity Index Adjustment Event but using only those Components or other assets or instruments which comprised such Commodity Index immediately prior to the occurrence of such Commodity Index Adjustment Event (other than those Components which have since ceased to be listed on any relevant Exchange); or
- (ii) the Calculation Agent shall substitute such Commodity Index as provided in Condition 6(b)(B) of the Commodity Index Conditions and make such adjustments (if any) to the Conditions and/or the applicable Final Terms as it deems necessary or appropriate in relation to such substitution.

If no calculation or substitution can reasonably be made pursuant to the above, the provisions of Condition 5 of the Commodity Index Conditions shall apply.

(B) *Commodity Index Substitution*

Any adjustment made by the Calculation Agent pursuant to Condition 6(b)(A)(ii) of the Commodity Index Conditions shall be, and any adjustment made by the Calculation Agent in response to an Adjustment Event may include, a Commodity Index Substitution.

**Commodity Index Substitution** means, in relation to a Commodity Index Adjustment Event or an Adjustment Event, the replacement of the Commodity Index the subject of such Commodity Index Adjustment Event or Adjustment Event, as the case may be, with a new commodity index selected by the Calculation Agent (which shall be a replacement commodity index using, in the determination of the Calculation Agent, the same or a substantially similar formula and method of calculation as used in the calculation of the level of such Commodity Index or a replacement commodity index selected by the Calculation Agent in accordance with any other criteria specified in the applicable Final Terms). Such new commodity index shall be deemed to be a Commodity Index in place of the Commodity Index the subject of the Commodity Index Adjustment Event or Adjustment Event, as the case may be.

(c) *Determination of the Underlying Closing Level of a Commodity Index on a Disrupted Day*

- (a) Where Commodity Component Valuation is not specified as applicable in the applicable Final Terms if an Underlying Closing Level of a Commodity Index is determined on a Scheduled Trading Day which is a Disrupted Day for such Commodity Index in accordance with Condition 19(d) (in the case of Notes other than French Law Notes) or Condition 17(d) (in the case of French Law Notes) of the General Conditions, then the Calculation Agent shall determine such Underlying Closing Level of such Commodity Index at the Valuation Time on such Scheduled Trading Day in accordance with the formula for and method of calculating the level of such Commodity Index last in effect prior to the occurrence of the first Disrupted Day in respect of such Commodity Index, using either (i) the price traded or quoted on the relevant Exchange as of the relevant Valuation Time on such Scheduled Trading Day of each relevant Component; or (ii) (if an event giving rise to a Disrupted Day has occurred in respect of the relevant Component on that Scheduled Trading Day) its good faith estimate of the value of the relevant Component as of the relevant Valuation Time on such Scheduled Trading Day.
- (b) Where Commodity Component Valuation is specified as applicable in the applicable Final Terms, if a Specified Valuation Date for a Commodity Index is a Disrupted Day for such Commodity Index, then, in order to determine the Underlying Closing Level of the relevant Commodity Index for such Valuation Date, the Calculation Agent shall determine the relevant Underlying Closing Level for such Valuation Date using the then-current method for calculating the level of such Commodity Index based on:
- (x) with respect to each Component which is not affected by the occurrence of a Disrupted Day, the closing or settlement price of each such Component on such Specified Valuation Date; and
- (y) with respect to each Component which is affected by the occurrence of a Disrupted Day, the closing or settlement price of each such Component on the earlier of: (1) the first succeeding day immediately following such Specified Valuation Date which is a Component Trading Day for the relevant Component and which is not a Disrupted Day for such Component; and (2) the Scheduled Trading Day which is the Valuation Roll number of Scheduled Trading Days for the relevant Commodity Index immediately following such Specified Valuation Date.

If, by operation of the above provision, the date for valuation of the relevant Component would fall on a day which is a Disrupted Day for such Component, the Calculation Agent shall determine the closing or settlement price of the relevant Component for the relevant Valuation Date using its good faith estimate of the closing or settlement price of such Component for such day.

If, by operation of the above provision, the date for valuation of the relevant Component would otherwise fall on a day falling after the second Scheduled Trading Day for the relevant Commodity Index prior to the date on which a relevant payment is scheduled to be made under the Notes (the **Commodity Index Cut-off Date**), such date of valuation shall be deemed to be the Commodity Index Cut-off Date (notwithstanding that such date either (A) is not a Component Trading Day for such Component; or (B) is a Disrupted Day for such Component; or (C) is a Disrupted Day for the relevant Commodity Index), and the Calculation Agent shall determine the closing or settlement price of the relevant Component for the relevant Valuation Date using its good faith estimate of the closing or settlement price of such Component for such day.

Condition 19(d) (in the case of Notes other than French Law Notes) or Condition 17(d) (in the case of French Law Notes) and Condition 19(e) (in the case of Notes other than French Law Notes) or Condition 17(e) (in the case of French Law Notes) of the General Conditions shall not apply to a Specified Valuation Date relating to a Commodity Index except that, if a Disrupted Day occurs in respect of an Underlying other than a Commodity Index and "Move in Block" is specified in the applicable Final Terms, the provisions of Condition 19(d)(ii) (in the case of Notes other than French Law Notes) or Condition 17(d)(ii) (in the case of French Law Notes) of the General Conditions shall apply thereto PROVIDED THAT if by operation of such provision the relevant Valuation Date would thereby fall after the relevant Commodity Index Cut-off Date, the provisions set out in the preceding paragraph shall apply.

In all other cases, the provisions of Condition 19(d) (in the case of Notes other than French Law Notes) or Condition 17(d) (in the case of French Law Notes) and Condition 19(e) (in the case of Notes other than French Law Notes) or Condition 17(e) (in the case of French Law Notes) of the General Conditions shall only apply in relation to Underlying(s) which are not Commodity Indices (if any).

## **UNDERLYING SCHEDULE 4 COMMODITY CONDITIONS**

This Underlying Schedule shall apply to each Underlying classified in the applicable Final Terms as a "Commodity".

For the avoidance of doubt, defined terms used in this Underlying Schedule shall only apply in respect of Notes linked to Commodities.

### **1. DEFINITIONS**

**Bullion Commodity** means a Commodity which is any of gold, palladium, platinum or silver.

**Calculation Agent Determination** means that the Calculation Agent shall determine the Underlying Closing Level or the Underlying Level (as relevant) of the relevant Commodity (or the method for determining the Relevant Price of such Commodity) for the relevant Valuation Date, taking into consideration the latest available quotation for the relevant Commodity Price and any other information it deems relevant.

**Cancellation** means an Additional Early Redemption Event shall be deemed to have occurred as set out in Condition 5 of the Commodity Conditions and the Notes will be redeemed in accordance with Condition 19(h) (in the case of Notes other than French Law Notes) or Condition 17(h) (in the case of French Law Notes) of the General Conditions.

**Commodity** means each Underlying classified as such in the applicable Final Terms.

**Commodity Dealers** means the four dealers specified in the applicable Final Terms or, if four dealers are not so specified, four leading dealers in the relevant market selected by the Calculation Agent.

**Commodity Price** means, in respect of a Commodity, the price or other unit of quotation for such Commodity specified in the applicable Final Terms.

**Delayed Publication and Announcement** means, in respect of a Commodity and a Valuation Date, that the Calculation Agent shall determine the Underlying Closing Level or the Underlying Level (as relevant) of such Commodity for such Valuation Date, using the Relevant Price for such Valuation Date that is published or announced by the relevant Price Source retrospectively on any succeeding Scheduled Trading Day. The next Disruption Fallback shall apply if the Disruption Event continues to exist or the Relevant Price for such Valuation Date continues to be unavailable for consecutive Scheduled Trading Days equal in number to the Valuation Roll (measured from and including the original day for which the Underlying Closing Level or the Underlying Level (as relevant) was sought), subject as provided in Condition 6(b) of the Commodity Conditions.

**Delivery Date** means, in respect of a Commodity and the relevant Commodity Price, the relevant date or month for delivery of such Commodity: (a) if a date is, or a month and year are, specified in the applicable Final Terms, that date or that month and year; (b) if a Nearby Month is specified in the applicable Final Terms, the month of the expiration of the relevant Futures Contract; and (c) if a method is specified in the applicable Final Terms for the purpose of determining the Delivery Date, the date or the month and year determined pursuant to such method.

**Disappearance of Commodity Price** means, in respect of a Commodity, (a) the permanent discontinuation of trading in the relevant Futures Contract on the relevant Exchange; (b) the disappearance of, or of trading in, such Commodity; (c) the disappearance or permanent discontinuation or unavailability of the relevant Commodity Price, notwithstanding the availability

of the relevant Price Source or the status of trading in the relevant Futures Contract or the relevant Commodity.

**Disrupted Day** shall have the meaning given to it in Condition 3(a) of the Commodity Conditions.

**Disruption Event** means each of a Disappearance of Commodity Price, a Material Change in Content, a Material Change in Formula, a Price Source Disruption, a Tax Disruption, and a Trading Disruption which are specified as applicable in the applicable Final Terms or which are deemed to apply as set out in Condition 3(a) of the Commodity Conditions.

**Disruption Fallback** means each of Calculation Agent Determination, Cancellation, Delayed Publication and Announcement, Fallback Commodity Dealers, Fallback Commodity Price, Postponement which are specified as applicable in the applicable Final Terms or which are deemed to apply as set out in Condition 3(b) of the Commodity Conditions.

**Exchange** means, in respect of a Commodity, the exchange or principal trading market specified for such Commodity in the applicable Final Terms or any successor to such exchange or principal trading market.

**Fallback Commodity Dealers** means, in respect of a Commodity and a Valuation Date, that the Calculation Agent shall determine the Underlying Closing Level or the Underlying Level (as relevant) of such Commodity for such Valuation Date on the basis of quotations for the Commodity Price of such Commodity provided by Commodity Dealers on such date for delivery on the relevant Delivery Date (if applicable). If four quotations are provided as requested, then the Underlying Closing Level or the Underlying Level (as relevant) of such Commodity for such Valuation Date will be the arithmetic mean of the prices provided by each Commodity Dealer, without regard to the highest price and the lowest price. If exactly three quotations are provided as requested, then the Underlying Closing Level or the Underlying Level (as relevant) of such Commodity for such Valuation Date will be the price which remains after disregarding the highest price and the lowest price. For this purpose, if more than one quotation have the same value, then one such quotation will be disregarded. If fewer than three quotations are provided, it will be deemed that the Underlying Closing Level or the Underlying Level (as relevant) of the relevant Commodity for such Valuation Date cannot be determined and the next Disruption Fallback shall apply, subject as provided in Condition 6(b) of the Commodity Conditions.

**Fallback Commodity Price** means, in respect of a Commodity and a Valuation Date, that the Calculation Agent shall determine the Underlying Closing Level or the Underlying Level (as relevant) of the relevant Commodity for such Valuation Date using the Commodity Price specified in the applicable Final Terms as an alternative Commodity Price.

**Futures Contract** means, in respect of a Commodity and the relevant Commodity Price, the contract for future delivery of a contract size in respect of the Delivery Date relating to such Commodity specified in such Commodity Price. Where "Futures Contract" is preceded by a numerical adjective, such Futures Contract shall be the Futures Contract expiring in the Nearby Month having the same numerical adjective, so that for example (a) "First Futures Contract" means the Futures Contract expiring in the First Nearby Month; and (b) "Second Futures Contract" means the Futures Contract expiring in the Second Nearby Month

**Material Change in Content** means, in respect of a Commodity, the occurrence since the Trade Date of a material change in the content, composition or constitution of such Commodity or the relevant Futures Contract.



**Material Change in Formula** means, in respect of a Commodity, the occurrence since the Trade Date of a material change in the formula for or the method of calculating the relevant Commodity Price.

**Nearby Month** means, in respect of a Delivery Date and a Valuation Date, when preceded by a numerical adjective, the month of expiration of a Futures Contract identified by means of such numerical adjective, so that for example (a) "First Nearby Month" means the month of expiration of the first Futures Contract to expire following such Valuation Date; and (b) "Second Nearby Month" means the month of expiration of the second Futures Contract to expire following such Valuation Date.

**Non-bullion Commodity** means a Commodity other than a Bullion Commodity.

**Postponement** means, in respect of a Valuation Date and any Commodity to be valued on such Valuation Date, that such Valuation Date shall be adjusted in accordance with the provisions of Condition 19(d) (in the case of Notes other than French Law Notes) or Condition 17(e) (in the case of French Law Notes) of the General Conditions, subject as provided in Condition 6(b) of the Commodity Conditions.

**Price Source** means, in respect of a Commodity, the publication or other source (including an Exchange) containing or reporting the Relevant Price for such Commodity (or other data from which such Relevant Price is calculated) specified in the applicable Final Terms in respect of such Commodity or any successor which shall, unless otherwise specified in the applicable Final Terms, be the Electronic Page.

**Price Source Disruption** means, in respect of a Commodity, (a) the failure of the relevant Price Source to announce or publish the Relevant Price for such Commodity (or other data from which such Relevant Price is calculated); (b) the temporary or permanent discontinuation or unavailability of the relevant Price Source; or (c) if a Relevant Price is "Fallback Commodity Dealers", the failure to obtain at least three quotations as requested from the relevant Commodity Dealers.

**Relevant Price** means, in respect of a Commodity and a Valuation Date, the price published or announced by or on behalf of the relevant Price Source in respect of such Valuation Date for the relevant Commodity Price or, if so specified in the applicable Final Terms, determined in accordance with "Fallback Commodity Dealers".

**Scheduled Trading Day** means (a) in respect of a Non-bullion Commodity, either (i) if the Commodity Price for such Commodity is a price published or announced by an Exchange, any day on which such Exchange is scheduled to be open for trading for its regular trading session, notwithstanding such Exchange closing prior to its scheduled closing time; and (ii) if the Commodity Price for such Commodity is not a price published or announced by an Exchange, any day in respect of which the relevant Price Source is scheduled to announce or publish a price; and (b) in respect of a Bullion Commodity, a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in London and New York City (or as otherwise specified in the applicable Final Terms).

**Tax Disruption** means, in respect of a Commodity, the imposition of, change in or removal of a Relevant Tax by any relevant government or taxing authority after the Trade Date, if the direct effect of such imposition, change or removal is to increase or decrease the Relevant Price on a day which would otherwise be a Valuation Date from what it would have been without such imposition, change or removal. For these purposes, **Relevant Tax** means, in respect of a Commodity, any excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or other similar tax on, or measured by reference to, such Commodity (other than a tax on, or measured by reference to, overall gross or net income).

**Trading Disruption** means, in respect of a Commodity, the suspension of or limitation on (which the Calculation Agent determines is material) trading in (a) such Commodity or the relevant Futures Contract on the relevant Exchange; or (b) any additional futures contract or options contract specified for such Commodity in the applicable Final Terms on any exchange, trading system or quotation system on which any such futures contract or options contract is traded. For these purposes, a suspension of trading in a Commodity or the relevant Futures Contract shall be deemed to be material only if: (a) all such trading is suspended for the entire relevant Valuation Date; or (b) all such trading is suspended subsequent to the opening of trading on the relevant Valuation Date and does not recommence prior to the scheduled close of trading on the relevant Valuation Date, and such suspension is announced less than one hour before the start of such suspension. For these purposes, a limitation on trading in a Commodity or the relevant Futures Contract on the relevant Valuation Date shall be deemed to be material only if the relevant Exchange establishes limits on the range within which the price of such Commodity or Futures Contract may fluctuate and the closing or settlement price of such Commodity or Futures Contract on such day is at the upper limit or the lower limit of such range.

## 2. VALUATION

### (a) *Closing valuations*

**Underlying Closing Level** means, in respect of a Commodity and a Valuation Date, the Relevant Price of such Commodity for such Valuation Date, as displayed on or reported by the applicable Electronic Page.

### (b) *Intraday valuations*

**Underlying Level** means, in respect of a Commodity and a Valuation Date, the Relevant Price of such Commodity observed continuously during the regular market hours on such Valuation Date, as displayed on or reported by the applicable Electronic Page.

### (c) *Valuation Time*

Valuation Time shall not apply to a Commodity.

## 3. DISRUPTION TO VALUATION

### (a) *Disrupted Day*

**Disrupted Day** means, in respect of a Commodity, any Scheduled Trading Day for such Commodity on which an applicable Disruption Event occurs.

If no Disruption Events are specified in the applicable Final Terms, then the following Disruption Events will apply:

- (i) in respect of a Bullion Commodity, (A) Price Source Disruption; (B) Trading Disruption; and (C) Disappearance of Commodity Price; and
- (ii) in respect of a Non-bullion Commodity, (A) Price Source Disruption; (B) Trading Disruption; (C) Disappearance of Commodity Price; (D) Material Change in Formula; and (E) Material Change in Content.

(b) *Disruption Fallback*

If no Disruption Fallbacks are specified in the applicable Final Terms, then, in order to determine the Underlying Closing Level for a Valuation Date, the following Disruption Fallbacks will apply in the following order:

*first*, (if an alternative Commodity Price is specified in the applicable Final Terms) Fallback Commodity Price;

*second*, Delayed Publication and Announcement and Postponement (each to operate concurrently with the other) PROVIDED THAT the price determined by Postponement shall be the Relevant Price only if "Delayed Publication and Announcement" does not yield a Relevant Price within the Valuation Roll number of Scheduled Trading Days;

*third*, Calculation Agent Determination; and

*fourth*, Cancellation.

**4. ADDITIONAL ADJUSTMENT EVENTS**

No Additional Adjustment Event shall apply in respect of a Commodity.

**5. ADDITIONAL EARLY REDEMPTION EVENTS**

The following Additional Early Redemption Event shall apply in respect of a Commodity: the occurrence or existence of a Disruption Event on a Valuation Date and the failure or deemed failure of the applicable Disruption Fallbacks to provide a Relevant Price.

**6. ADDITIONAL PROVISIONS**

(a) *Correction of published or announced prices or levels*

**Correction Period** means, in respect of a Commodity, 30 calendar days.

(b) *Determination of the Underlying Closing Level of a Commodity on a Disrupted Day*

If a day which would otherwise be a Valuation Date is a Disrupted Day for any Commodity, then, in order to determine the Underlying Closing Level for such Valuation Date, the Relevant Price of such Commodity for such Valuation Date shall be determined in accordance with the first applicable Disruption Fallback (applied in accordance with its terms) which provides the Relevant Price of such Commodity for such Valuation Date or, if no such Relevant Price can be so determined, Cancellation shall apply.

The provisions of Condition 19(d) (in the case of Notes other than French Law Notes) or Condition 17(d) (in the case of French Law Notes) of the General Conditions shall only apply in relation to a Commodity where Postponement is the applicable Disruption Fallback. Where the applicable Disruption Fallback is a Disruption Fallback other than Postponement, the relevant Specified Valuation Date shall not be adjusted in relation to a Commodity, the Disruption Fallback provisions set out below shall apply thereto and the provisions of Condition 19(d) (in the case of Notes other than French Law Notes) or Condition 17(d) (in the case of French Law Notes) of the General Conditions shall only apply in relation to Underlying(s) which are not Commodities (if any).

If an Underlying Closing Level of a Commodity is to be determined on a day which is a Disrupted Day or is not a Scheduled Trading Day for such Commodity in accordance with Condition 19(d) (in

the case of Notes other than French Law Notes) or Condition 17(d) (in the case of French Law Notes) of the General Conditions, then the next applicable Disruption Fallback will apply.

## UNDERLYING SCHEDULE 5 SHARE CONDITIONS

This Underlying Schedule shall apply to each Underlying classified in the applicable Final Terms as a "Share".

For the avoidance of doubt, defined terms used in this Underlying Schedule shall only apply in respect of Notes linked to Shares.

### 1. DEFINITIONS

**Additional Disruption Event** means any of Increased Cost of Stock Borrow and/or Loss of Stock Borrow, in each case, if specified in the applicable Final Terms.

**Exchange** means, in respect of a Share, each exchange or quotation system specified as such in respect of such Share in the applicable Final Terms or any successor to such exchange or quotation system, or any substitute exchange or quotation system to which trading in such Share has temporarily relocated (PROVIDED THAT the Calculation Agent has determined that there is comparable liquidity relative to such Share on such temporary substitute exchange or quotation system as on the original exchange or quotation system).

**Exchange Business Day** means, in respect of a Share, any Scheduled Trading Day for such Share on which each Exchange and each Related Exchange for such Share is open for trading during its respective regular trading session, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

**Extraordinary Dividend** means, in respect of a Share, a dividend or a distribution or portion thereof which is determined by the Calculation Agent to be an extraordinary dividend relating to such Share.

**Increased Cost of Stock Borrow** means, in respect of a Share, that any Hedging Party would incur a rate to borrow such Share that is greater than the Initial Stock Loan Rate.

**Initial Stock Loan Rate** means, in respect of a Share, the rate that any Hedging Party would have incurred to borrow such Share as of the Trade Date, as determined by the Calculation Agent.

**Loss of Stock Borrow** means, in respect of a Share, that any Hedging Party is unable, after using commercially reasonable efforts, to borrow (or to maintain a borrowing of) such Share at a rate equal to or less than the Maximum Stock Loan Rate.

**Maximum Stock Loan Rate** means, in respect of a Share, the lowest rate that any Hedging Party would have incurred, after using commercially reasonable efforts, to borrow such Share as of the Trade Date, as determined by the Calculation Agent.

**Reference Index** means, in respect of a Share which is the subject of a Share Substitution, an index selected by the Calculation Agent (a) in respect of which such Share is, or has been at some time during the immediately preceding six months, a component; and (b) in respect of which (in the opinion of the Calculation Agent) futures contracts are actively traded. If more than one index satisfies the criteria specified in (a) and (b) above, then the Calculation Agent shall determine which of such indices shall be the Reference Index. If no index satisfies the criteria specified in (a) and (b) above, then the Calculation Agent shall select the Reference Index by reference to such criteria it deems appropriate.

**Related Exchange** means, in respect of a Share, each exchange or quotation system specified as such for such Share in the applicable Final Terms or any successor to such exchange or quotation

system, or any substitute exchange or quotation system to which trading in futures contracts or options contracts relating to such Share has temporarily relocated (PROVIDED THAT the Calculation Agent has determined that there is comparable liquidity relative to such futures contracts or options contracts relating to such Share on such temporary substitute exchange or quotation system as on the original exchange or quotation system). Where "All Exchanges" is specified in the applicable Final Terms as the applicable Related Exchange in respect of a Share, then **Related Exchange** means each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures contracts or options contracts relating to such Share.

**Scheduled Closing Time** means, in respect of a Share, a Scheduled Trading Day and an Exchange or a Related Exchange (as relevant) for such Share, the scheduled weekday closing time on such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after-hours trading or any other trading outside the hours of the regular trading session on such Exchange or Related Exchange.

**Scheduled Trading Day** means, in respect of a Share, any day on which each Exchange and each Related Exchange in respect of such Share is scheduled to be open for trading for its respective regular trading session.

**Share** means each Underlying classified as such in the applicable Final Terms.

**Share Company** means, in respect of a Share, the issuer of such Share.

## 2. VALUATION

### (a) *Closing valuations*

**Underlying Closing Level** means, in respect of a Share and a Valuation Date, the official closing price of such Share on such Valuation Date, as displayed on the applicable Electronic Page.

**Valuation Time** means, in respect of a Share, an Underlying Closing Level and a Scheduled Trading Day, the Scheduled Closing Time on the relevant Exchange on such Scheduled Trading Day. If the relevant Exchange closes prior to its Scheduled Closing Time, the Valuation Time shall be such actual closing time.

In the case of a Share the relevant Exchange of which is in the Republic of Italy, such closing price shall be the "*Prezzo di Referimento*".

### (b) *Intraday valuations*

**Underlying Level** means, in respect of a Share and a Valuation Date, the price of such Share observed continuously during such Valuation Date, as displayed on the applicable Electronic Page.

**Valuation Time** means, in respect of a Share, an Underlying Level and a Scheduled Trading Day for such Share, the time at which the price of such Share is being determined during such Scheduled Trading Day.

## 3. DISRUPTION TO VALUATION

**Disrupted Day** means, in respect of a Share, any Scheduled Trading Day for such Share on which any of the events set out below occurs:

- (i) any relevant Exchange or any relevant Related Exchange fails to open for trading during its regular trading session; or

- (ii) the occurrence or existence (which the Calculation Agent determines is material) at any time during the one hour period which ends at the relevant Valuation Time of any suspension of or limitation imposed (whether by reason of movements in price exceeding permitted limits or otherwise) on the trading on any relevant Exchange; or
- (iii) the occurrence or existence (which the Calculation Agent determines is material) at any time during the one hour period which ends at the relevant Valuation Time of any suspension of or limitation imposed (whether by reason of movements in price exceeding permitted limits or otherwise) on the trading on any relevant Related Exchange of futures contracts or options contracts relating to such Share; or
- (iv) the occurrence or existence (which the Calculation Agent determines is material) at any time during the one hour period which ends at the relevant Valuation Time of any other event (other than an event described in sub-paragraph (vi) or sub-paragraph (vii) of this definition) which disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (on any relevant Exchange) to effect transactions in or to obtain market values for such Share; or
- (v) the occurrence or existence (which the Calculation Agent determines is material) at any time during the one hour period which ends at the relevant Valuation Time of any other event (other than an event described in sub-paragraph (vi) or sub-paragraph (vii) of this definition) which disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (on any relevant Related Exchange) to effect transactions in or to obtain market values for any futures contracts or options contracts relating to such Share; or
- (vi) the closure (which the Calculation Agent determines is material) on any Exchange Business Day of any relevant Exchange prior to its Scheduled Closing Time (unless such earlier closing time is announced by such Exchange at least one hour prior to the earlier of (A) the actual closing time for the regular trading session on such Exchange on such Exchange Business Day; and (B) the deadline for the submission of orders to be entered into such Exchange system for execution at the relevant Valuation Time on such Exchange Business Day); or
- (vii) the closure (which the Calculation Agent determines is material) on any Exchange Business Day of any Related Exchange in respect of futures contracts or options contracts relating to such Share prior to its Scheduled Closing Time (unless such earlier closing time is announced by such Related Exchange at least one hour prior to the earlier of (A) the actual closing time for the regular trading session on such Related Exchange on such Exchange Business Day; and (B) the deadline for the submission of orders to be entered into such Related Exchange system for execution at the relevant Valuation Time on such Exchange Business Day).

#### **4. ADDITIONAL ADJUSTMENT EVENTS**

The following Additional Adjustment Events shall apply in respect of a Share and the relevant Share Company (as relevant): a Corporate Action, a Delisting, an Insolvency, a Merger Event, a Nationalisation, a Tender Offer and each Additional Disruption Event (if any) specified in the applicable Final Terms.

(a) *Corporate Action*

**Corporate Action** means:

- (i) a subdivision, consolidation or reclassification of relevant Shares, unless resulting in a Merger Event; or
- (ii) a free distribution or dividend of relevant Shares to existing holders by way of bonus, capitalisation or similar issue; or
- (iii) a distribution, issue or dividend to existing holders of relevant Shares of (A) an additional amount of such Shares; or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of the liquidation of the relevant Share Company equally or proportionately with such payments to holders of such Shares; or (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the relevant Share Company as a result of a spin-off or other similar transaction; or (D) any other type of securities, rights or warrants or other assets, in any case for payment (whether in cash or otherwise) at less than their prevailing market price, as determined by the Calculation Agent; or
- (iv) an Extraordinary Dividend; or
- (v) a call by a Share Company in respect of relevant Shares which are not fully paid; or
- (vi) a repurchase by a Share Company or any of its subsidiaries of relevant Shares, whether out of profits or capital, and whether the consideration for such repurchase is cash, securities or otherwise; or
- (vii) in respect of a Share Company, an event which results in any shareholder rights being diluted or becoming separated from shares of common stock or other shares of the capital stock of such Share Company, pursuant to a shareholder rights plan or arrangement directed against hostile takeovers which provides (upon the occurrence of certain events) for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value as determined by the Calculation Agent (PROVIDED THAT any adjustment effected as a result of such an event may, in the discretion of the Calculation Agent, be readjusted upon any redemption of such rights); or
- (viii) any other event which may have, in the opinion of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the relevant Shares.

(b) *Delisting*

**Delisting** means, in respect of relevant Shares, that the relevant Exchange announces that, pursuant to the rules of such Exchange, such Shares cease (or will cease) to be listed, traded or publicly quoted on such Exchange for any reason (other than a Merger Event or a Tender Offer) and are not (or will not be) immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is located within the European Union, in any member state of the European Union) or another exchange or quotation system (that is deemed acceptable by the Calculation Agent) located in another country (that is deemed acceptable by the Calculation Agent).

(c) *Insolvency*

**Insolvency** means, in respect of a Share Company, that either (i) by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding up of or any analogous



proceeding affecting such Share Company, (A) all the Shares of such Share Company are required to be transferred to an Insolvency Officer; or (B) holders of Shares of such Share Company become legally prohibited from transferring such Shares; or (ii) an Insolvency Event occurs in respect of such Share Company.

**Insolvency Officer** means, an administrator, provisional liquidator, liquidator, conservator, receiver, trustee, custodian or other similar official.

**Insolvency Event** means, in respect of an entity, that such entity (i) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation (other than pursuant to a consolidation, amalgamation or merger); (ii) makes a general assignment or arrangement with or for the benefit of its creditors; (iii) (A) institutes, or has instituted against it by a Competent Official, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy law, insolvency law or other similar law affecting creditors' rights or a petition is presented for its winding up or liquidation by it or by such Competent Official; or (B) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditor's rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in (A) above and either (x) 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 (y) is not dismissed, discharged, stayed or restrained, in each case, within 15 days of the institution or presentation thereof; or (iv) seeks or becomes subject to the appointment of an Insolvency Officer for all or substantially all its assets; or (v) has a secured party take possession of all or substantially all its assets (and such secured party maintains possession for not less than 15 days thereafter); or (vi) 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 process is not dismissed, discharged, stayed or restrained within 15 days thereafter); or (vii) such entity causes or is subject to any event which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in (iv) to (vi) above. For these purposes, **Competent Official** means, in respect of an entity, a regulator, supervisor or other similar official with primary insolvency, rehabilitative or regulatory jurisdiction over such entity in the jurisdiction of its incorporation or organisation or in the jurisdiction of its head office or home office.

(d) *Merger Event*

**Merger Event** means, in respect of any relevant Shares, any:

- (i) reclassification or change of such Shares which results in a transfer of or an irrevocable commitment to transfer all such Shares outstanding to another entity or person; or
- (ii) consolidation, amalgamation, merger or binding share exchange of the relevant Share Company with or into another entity (other than a consolidation, amalgamation, merger or binding share exchange in which such Share Company is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding); or
- (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares of the relevant Share Company, which results in a transfer of or an irrevocable commitment to transfer all such Shares (other than those Shares owned or controlled by such other entity or person); or
- (iv) consolidation, amalgamation, merger or binding share exchange of the relevant Share Company or its subsidiaries with or into another entity in which such Share Company is the continuing entity and which does not result in the reclassification or change of all such

Shares outstanding but results in the outstanding Shares (other than those Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Shares immediately following such event,

in each case if the Merger Date is on or before (A) in the case of Cash Settled Notes, the last occurring Valuation Date in respect of the Notes or (B) in the case of Physical Delivery Notes, the Maturity Date. For these purposes, **Merger Date** means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

(e) *Nationalisation*

**Nationalisation** means, in respect of a Share Company, that all the Shares or all the assets or substantially all the assets of such Share Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

(f) *Tender Offer*

**Tender Offer** means, in respect of a Share Company, a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of such Share Company, as determined by the Calculation Agent, based on the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

**5. ADDITIONAL EARLY REDEMPTION EVENTS**

No Additional Early Redemption Event shall apply in respect of a Share.

**6. ADDITIONAL PROVISIONS**

(a) *Correction of published or announced prices or levels*

**Correction Period** means, in respect of a Share, two Business Days.

(b) *Share Substitution*

Any adjustment made by the Calculation Agent in response to an Adjustment Event may include a Share Substitution.

**Share Substitution** means, in relation to an Adjustment Event, the replacement of a Share the subject of such Adjustment Event with a new share selected by the Calculation Agent (which shall be a share contained in the Reference Index or selected by the Calculation Agent in accordance with any other criteria specified in the applicable Final Terms). Such new share shall be deemed to be a Share in place of the Share the subject of the Adjustment Event.

(c) *Determination of the Underlying Closing Level of a Share on a Disrupted Day*

Condition 19(e) (in the case of Notes other than French Law Notes) or Condition 17(e) (in the case of French Law Notes) of the General Conditions shall apply.

(d) *Calculation Agent's discretion to determine non-material events*

If the Calculation Agent determines that it is not material that any day which would otherwise have been a Valuation Date is:

- (i) not a Scheduled Trading Day because one or more relevant Related Exchanges is not scheduled to be open; or
- (ii) a Disrupted Day for a Share solely because any relevant Related Exchange fails to open,

then the Calculation Agent shall have the discretion to determine such day either (A) to be the relevant Valuation Date in respect of a Share, notwithstanding that such day is not a Scheduled Trading Day for such Share because one or more such Related Exchanges is not scheduled to be open; or (B) not to be a Disrupted Day where such day would be a Disrupted Day solely because any such Related Exchange fails to open.

In determining what is "material", the Calculation Agent shall have regard to such circumstances as it deems appropriate, which may include (without limitation) the effect of the above on (A) any Underlying Closing Level or any Underlying Level (as relevant) of the affected Share; (B) any trading in futures contracts or options contracts on any such relevant Related Exchange; and (C) the Issuer's hedging arrangements in respect of the Notes.

## UNDERLYING SCHEDULE 6 DEPOSITARY RECEIPT CONDITIONS

This Underlying Schedule shall apply to each Underlying classified in the applicable Final Terms as a "Depositary Receipt".

For the avoidance of doubt, defined terms used in this Underlying Schedule shall only apply in respect of Notes linked to Depositary Receipts.

### 1. DEFINITIONS

(a) *Definitions applicable to the Depositary Receipts*

**Additional Disruption Event** means any of Increased Cost of Stock Borrow and/or Loss of Stock Borrow, in each case, if specified in the applicable Final Terms.

**Deposit Agreement** means, in respect of a Depositary Receipt, the agreement(s) or other instrument(s) constituting such Depositary Receipt, as from time to time amended or supplemented in accordance with their terms.

**Depositary** means, in respect of a Depositary Receipt, the issuer of such Depositary Receipt.

**Depositary Receipt** means each Underlying classified as such in the applicable Final Terms.

**Depositary Receipt Exchange** means in respect of a Depositary Receipt, each exchange or quotation system specified as such in respect of such Depositary Receipt in the applicable Final Terms or any successor to such exchange or quotation system, or any substitute exchange or quotation system to which trading in such Depositary Receipt has temporarily relocated (PROVIDED THAT the Calculation Agent has determined that there is comparable liquidity relative to such Depositary Receipt on such temporary substitute exchange or quotation system as on the original exchange or quotation system).

**Depositary Receipt Exchange Business Day** means, in relation to a Depositary Receipt, any Scheduled Trading Day for such Depositary Receipt on which each Depositary Receipt Exchange and each Depositary Receipt Related Exchange for such Depositary Receipt are open for trading during their respective regular trading sessions, notwithstanding such Depositary Receipt Exchange or Depositary Receipt Related Exchange closing prior to its Scheduled Closing Time.

**Depositary Receipt Related Exchange** means in respect of a Depositary Receipt, each exchange or quotation system specified as such for such Depositary Receipt in the applicable Final Terms or any successor to such exchange or quotation system, or any substitute exchange or quotation system to which trading in futures contracts or options contracts relating to such Depositary Receipt has temporarily relocated (PROVIDED THAT the Calculation Agent has determined that there is comparable liquidity relative to such futures contracts or options contracts relating to such Depositary Receipt on such temporary substitute exchange or quotation system as on the original exchange or quotation system). Where "All Exchanges" is specified in the applicable Final Terms as the applicable Depositary Receipt Related Exchange in respect of a Depositary Receipt, then **Depositary Receipt Related Exchange** means each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures contracts or options contracts relating to such Depositary Receipt.

**Increased Cost of Stock Borrow** means, in respect of a Depositary Receipt, that any Hedging Party would incur a rate to borrow such Depositary Receipt that is greater than the Initial Stock Loan Rate.

**Initial Stock Loan Rate** means, in respect of a Depositary Receipt, the rate that any Hedging Party would have incurred to borrow such Depositary Receipt as of the Trade Date, as determined by the Calculation Agent.

**Loss of Stock Borrow** means, in respect of a Depositary Receipt, that any Hedging Party is unable, after using commercially reasonable efforts, to borrow (or to maintain a borrowing of) such Depositary Receipt at a rate equal to or less than the Maximum Stock Loan Rate.

**Maximum Stock Loan Rate** means, in respect of a Depositary Receipt, the lowest rate that any Hedging Party would have incurred, after using commercially reasonable efforts, to borrow such Depositary Receipt as of the Trade Date, as determined by the Calculation Agent.

(b) *Definitions applicable to the relevant Underlying Shares in respect of which the Depositary Receipts are issued*

**Underlying Share** means, in respect of a Depositary Receipt, the underlying share(s) or other securities in respect of which such Depositary Receipt is issued.

**Underlying Share Company** means, in respect of an Underlying Share, the issuer of such Underlying Share, as specified in the applicable Final Terms.

**Underlying Share Exchange** means in respect of an Underlying Share, each exchange or quotation system specified as such in respect of such Underlying Share in the applicable Final Terms or any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in such Underlying Share has temporarily relocated (PROVIDED THAT the Calculation Agent has determined that there is comparable liquidity relative to such Underlying Share on such temporary substitute exchange or quotation system as on the original exchange or quotation system).

**Underlying Share Exchange Business Day** means, in respect of an Underlying Share and where "Full Lookthrough" is specified as applicable in relation to the related Depositary Receipt in the applicable Final Terms, any Scheduled Trading Day for such Depositary Receipt on which each Underlying Share Exchange and each Underlying Share Related Exchange for such Underlying Share, are open for trading during their respective regular trading sessions, notwithstanding any such Underlying Share Exchange or Underlying Share Related Exchange closing prior to its Scheduled Closing Time.

**Underlying Share Related Exchange** means in respect of an Underlying Share, each exchange or quotation system specified as such for such Underlying Share in the applicable Final Terms or any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures contracts or options contracts relating to such Underlying Share has temporarily relocated (PROVIDED THAT the Calculation Agent has determined that there is comparable liquidity relative to such futures contracts or options contracts relating to such Underlying Share on such temporary substitute exchange or quotation system as on the original exchange or quotation system). Where "All Exchanges" is specified in the applicable Final Terms as the applicable Underlying Share Related Exchange in respect of an Underlying Share, then **Underlying Share Related Exchange** means each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures contracts or options contracts relating to such Underlying Share.

- (c) *Definitions applicable to both the Depositary Receipts and the Underlying Shares in respect of which the Depositary Receipts are issued*

**Extraordinary Dividend** means, in respect of a Depositary Receipt or an Underlying Share, a dividend or a distribution or a portion thereof which is determined by the Calculation Agent to be an extraordinary dividend relating to such Depositary Receipt or Underlying Share (as relevant).

**Scheduled Closing Time** means:

- (i) in respect of a Depositary Receipt, a Scheduled Trading Day and a Depositary Receipt Exchange or a Depositary Receipt Related Exchange (as relevant) for such Depositary Receipt, the scheduled weekday closing time on such Depositary Receipt Exchange or Depositary Receipt Related Exchange on such Scheduled Trading Day, without regard to after-hours trading or any other trading outside the hours of the regular trading session on such Depositary Receipt Exchange or Depositary Receipt Related Exchange; and
- (ii) in respect of an Underlying Share, a Scheduled Trading Day and an Underlying Share Exchange or an Underlying Share Related Exchange (as relevant) for such Underlying Share, the scheduled weekday closing time on such Underlying Share Exchange or Underlying Share Related Exchange on such Scheduled Trading Day, without regard to after-hours trading or any other trading outside the hours of the regular trading session on such Underlying Share Exchange or Underlying Share Related Exchange.

**Scheduled Trading Day** means, in respect of a Depositary Receipt, any day on which each Depositary Receipt Exchange and each Depositary Receipt Related Exchange in respect of such Depositary Receipt and, where "Full Lookthrough" is specified as applicable in relation to such Depositary Receipt in the applicable Final Terms, each Underlying Share Exchange and each Underlying Share Related Exchange in respect of the relevant Underlying Share is scheduled to be open for trading for its respective regular trading session.

## 2. VALUATION

- (a) *Closing valuations*

**Underlying Closing Level** means, in respect of a Depositary Receipt and a Valuation Date, the official closing price of such Depositary Receipt on such Valuation Date, as displayed on the applicable Electronic Page.

**Valuation Time** means, in respect of a Depositary Receipt, an Underlying Closing Level and a Scheduled Trading Day for such Depositary Receipt, the Scheduled Closing Time on the relevant Depositary Receipt Exchange on such Scheduled Trading Day.

- (b) *Intraday valuations*

**Underlying Level** means, in respect of a Depositary Receipt and a Valuation Date, the price of such Depositary Receipt observed continuously during such Valuation Date, as displayed on the applicable Electronic Page.

**Valuation Time** means, in respect of a Depositary Receipt, an Underlying Level and a Scheduled Trading Day for such Depositary Receipt, the time at which the price of such Depositary Receipt is being determined during such Scheduled Trading Day.

### 3. **DISRUPTION TO VALUATION**

If "Full Lookthrough" is elected in the applicable Final Terms, then sub-paragraph (i) to sub-paragraph (xiv) below (inclusive) shall apply.

If "Partial Lookthrough" is elected in the applicable Final Terms, then sub-paragraph (i) to sub-paragraph (vii) below (inclusive) only shall apply.

**Disrupted Day** means, in relation to a Depositary Receipt, any Scheduled Trading Day for such Depositary Receipt on which any of the applicable events set out below occurs.

*In respect of such Depositary Receipt*

- (i) any relevant Depositary Receipt Exchange or any relevant Depositary Receipt Related Exchange fails to open for trading during its regular trading session; or
- (ii) the occurrence or existence (which the Calculation Agent determines is material) at any time during the one hour period which ends at the relevant Valuation Time of any suspension of or limitation imposed (whether by reason of movements in price exceeding permitted limits or otherwise) on the trading on any relevant Depositary Receipt Exchange of the Depositary Receipt; or
- (iii) the occurrence or existence (which the Calculation Agent determines is material) at any time during the one hour period which ends at the relevant Valuation Time of any suspension of or limitation imposed (whether by reason of movements in price exceeding permitted limits or otherwise) on the trading on any relevant Depositary Receipt Related Exchange of futures contracts or options contracts relating to such Depositary Receipt; or
- (iv) the occurrence or existence (which the Calculation Agent determines is material) at any time during the one hour period which ends at the relevant Valuation Time of any other event (other than an event described in sub-paragraph (vi) or sub-paragraph (vii) of this definition) which disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (on any relevant Depositary Receipt Exchange) to effect transactions in or to obtain market values for such Depositary Receipt; or
- (v) the occurrence or existence (which the Calculation Agent determines is material) at any time during the one hour period which ends at the relevant Valuation Time of any other event (other than an event described in sub-paragraph (vi) or sub-paragraph (vii) of this definition) which disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (on any relevant Depositary Receipt Related Exchange) to effect transactions in or to obtain markets values for any futures contracts or options contracts relating to such Depositary Receipt; or
- (vi) the closure (which the Calculation Agent determines is material) on any Depositary Receipt Exchange Business Day of any relevant Depositary Receipt Exchange prior to its Scheduled Closing Time (unless such earlier closing time is announced by such Depositary Receipt Exchange at least one hour prior to the earlier of (A) the actual closing time for the regular trading session on such Depositary Receipt Exchange on such Depositary Receipt Exchange Business Day; and (B) the deadline for the submission of orders to be entered into such Depositary Receipt Exchange system for execution at the relevant Valuation Time on such Depositary Receipt Exchange Business Day); or
- (vii) the closure (which the Calculation Agent determines is material) on any Depositary Receipt Exchange Business Day of any Depositary Receipt Related Exchange in respect of futures

contracts or options contracts relating to such Depositary Receipt prior to its Scheduled Closing Time (unless such earlier closing time is announced by such Depositary Receipt Related Exchange at least one hour prior to the earlier of (A) the actual closing time for the regular trading session on such Depositary Receipt Related Exchange on such Depositary Receipt Exchange Business Day; and (B) the deadline for the submission of orders to be entered into such Depositary Receipt Related Exchange system for execution at the relevant Valuation Time on such Depositary Receipt Exchange Business Day);

*In respect of the relevant Underlying Shares in respect of such Depositary Receipt*

- (viii) any relevant Underlying Share Exchange or any relevant Underlying Share Related Exchange fails to open for trading during its regular trading session; or
- (ix) the occurrence or existence (which the Calculation Agent determines is material) at any time during the one hour period which ends at the relevant Valuation Time of any suspension of or limitation imposed (whether by reason of movements in price exceeding permitted limits or otherwise) on the trading on any relevant Underlying Share Exchange of the Underlying Share; or
- (x) the occurrence or existence (which the Calculation Agent determines is material) at any time during the one hour period which ends at the relevant Valuation Time of any suspension of or limitation imposed (whether by reason of movements in price exceeding permitted limits or otherwise) on the trading on any relevant Underlying Share Related Exchange of futures contracts or options contracts relating to such Underlying Share; or
- (xi) the occurrence or existence (which the Calculation Agent determines is material) at any time during the one hour period which ends at the relevant Valuation Time of any other event (other than an event described in sub-paragraph (xiii) or sub-paragraph (xiv) of this definition) which disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (on any relevant Underlying Share Exchange) to effect transactions in or to obtain market values for such Underlying Share; or
- (xii) the occurrence or existence (which the Calculation Agent determines is material) at any time during the one hour period which ends at the relevant Valuation Time of any other event (other than an event described in sub-paragraph (xiii) or sub-paragraph (xiv) of this definition) which disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (on any relevant Underlying Share Related Exchange) to effect transactions in or to obtain markets values for any futures contracts or options contracts relating to such Underlying Share; or
- (xiii) the closure (which the Calculation Agent determines is material) on any Underlying Share Exchange Business Day of any relevant Underlying Share Exchange prior to its Scheduled Closing Time (unless such earlier closing time is announced by such Underlying Share Exchange at least one hour prior to the earlier of (A) the actual closing time for the regular trading session on such Underlying Share Exchange on such Underlying Share Exchange Business Day; and (B) the deadline for the submission of orders to be entered into such Underlying Share Exchange system for execution at the relevant Valuation Time on such Underlying Share Exchange Business Day); or
- (xiv) the closure (which the Calculation Agent determines is material) on any Underlying Share Exchange Business Day of any Underlying Share Related Exchange in respect of futures contracts or options contracts relating to such Underlying Share prior to its Scheduled Closing Time (unless such earlier closing time is announced by such Underlying Share Related Exchange at least one hour prior to the earlier of (A) the actual closing time for the



regular trading session on such Underlying Share Related Exchange on such Underlying Share Exchange Business Day; and (B) the deadline for the submission of orders to be entered into such Underlying Share Related Exchange system for execution at the relevant Valuation Time on such Underlying Share Exchange Business Day).

#### 4. ADDITIONAL ADJUSTMENT EVENTS

The following Additional Adjustment Events shall apply in respect of a Depositary Receipt, the relevant Depositary, the related Underlying Share and the relevant Underlying Share Company (as relevant): a Corporate Action, a Delisting, an Insolvency, a Merger Event, a Nationalisation, a Tender Offer, an Underlying Share Event and each Additional Disruption Event (if any) specified in the applicable Final Terms.

(a) *Corporate Action*

**Corporate Action** means:

- (i) a subdivision, consolidation or reclassification of relevant Depositary Receipts and/or Underlying Shares, unless resulting in a Merger Event; or
- (ii) a free distribution or dividend of relevant Depositary Receipts and/or Underlying Shares to existing holders by way of bonus, capitalisation or similar issue; or
- (iii) a distribution, issue or dividend to existing holders of relevant Depositary Receipts and/or Underlying Shares of (A) an additional amount of such Depositary Receipts and/or such Underlying Shares; or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of the liquidation of the relevant Depositary or Underlying Share Company (as relevant) equally or proportionately with such payments to holders of such Depositary Receipts or Underlying Shares (as relevant); or (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the relevant Depositary or Underlying Share Company as a result of a spin-off or other similar transaction; or (D) any other type of securities, rights or warrants or other assets, in any case for payment (whether in cash or otherwise) at less than their prevailing market price as determined by the Calculation Agent; or
- (iv) an Extraordinary Dividend; or
- (v) a call by a Depositary or an Underlying Share Company in respect of relevant Depositary Receipts and/or Underlying Shares (as relevant), in each case, which are not fully paid; or
- (vi) a repurchase by a Depositary or an Underlying Share Company or any of its subsidiaries of relevant Depositary Receipts or Underlying Shares (as relevant), in each case, whether out of profits or capital, and whether the consideration for such repurchase is cash, securities or otherwise; or
- (vii) in respect of a Depositary or an Underlying Share Company, an event which results in any shareholder rights being diluted or becoming separated from shares of common stock or other shares of the capital stock of such Depositary or such Underlying Share Company, pursuant to a shareholder rights plan or arrangement directed against hostile takeovers which provides (upon the occurrence of certain events) for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value as determined by the Calculation Agent (PROVIDED THAT any adjustment effected as a result of such an event may, in the discretion of the Calculation Agent, be readjusted upon any redemption of such rights); or

- (viii) any other event which may have, in the opinion of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the relevant Depositary Receipts and/or Underlying Shares; or
- (ix) the making of any amendment or supplement to the terms of a relevant Deposit Agreement; or
- (x) a distribution in respect of relevant Underlying Shares to the holders of such Underlying Shares of property other than cash, shares or rights relating to such Underlying Shares.

(b) *Delisting*

**Delisting** means:

- (i) where "Full Lookthrough" is specified as applicable in relation to a Depositary Receipt in the applicable Final Terms, in respect of relevant Depositary Receipts and/or Underlying Shares, that the relevant Depositary Receipt Exchange and/or the relevant Underlying Share Exchange announces that, pursuant to the rules of such Depositary Receipt Exchange and/or such Underlying Share Exchange, such Depositary Receipts and/or Underlying Shares (as relevant) cease (or will cease) to be listed, traded or publicly quoted on such Depositary Receipt Exchange and/or such Underlying Share Exchange for any reason (other than a Merger Event or a Tender Offer) and are not (or will not be) immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as such Depositary Receipt Exchange and/or such Underlying Share Exchange (or, where such Depositary Receipt Exchange or such Underlying Share Exchange is located within the European Union, in any member state of the European Union) or another exchange or quotation system (that is deemed acceptable by the Calculation Agent) located in another country (that is deemed acceptable by the Calculation Agent); or
- (ii) where "Partial Lookthrough" is specified as applicable in relation to a Depositary Receipt in the applicable Final Terms, in respect of relevant Depositary Receipts and/or, where an Underlying Share Exchange is specified in respect of an Underlying Share in the applicable Final Terms, such Underlying Shares, that the relevant Depositary Receipt Exchange and/or the relevant Underlying Share Exchange announces that, pursuant to the rules of such Depositary Receipt Exchange and/or such Underlying Share Exchange, such Depositary Receipts and/or Underlying Shares (as relevant) cease (or will cease) to be listed, traded or publicly quoted on such Depositary Receipt Exchange and/or such Underlying Share Exchange for any reason (other than a Merger Event or a Tender Offer) and (A) such Depositary Receipt is not (or will not be) immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as such Depositary Receipt Exchange (or, where such Depositary Receipt Exchange is located within the European Union, in any member state of the European Union) or another exchange or quotation system (that is deemed acceptable by the Calculation Agent) located in another country (that is deemed acceptable by the Calculation Agent); or (B) such Underlying Share is not (or will not be) immediately re-listed, re-traded or re-quoted on an exchange or quotation system regardless of the location of such exchange or quotation system.

(c) *Insolvency*

**Insolvency** means, in respect of a Depositary or an Underlying Share Company, that either (i) by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding up of or any analogous proceeding affecting the relevant Depositary or Underlying Share Company (as relevant), (A) all the Depositary Receipts of such Depositary and/or all the Underlying Shares of such Underlying Share Company are required to be transferred to an Insolvency Officer; or (B)

holders of such Depositary Receipts or such Underlying Shares become legally prohibited from transferring such Depositary Receipts or Underlying Shares (as relevant); or (ii) an Insolvency Event occurs in respect of such Depositary or such Underlying Share Company.

**Insolvency Officer** means an administrator, provisional liquidator, liquidator, conservator, receiver, trustee, custodian or other similar official.

**Insolvency Event** means, in respect of an entity, that such entity (i) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation (other than pursuant to a consolidation, amalgamation or merger); (ii) makes a general assignment or arrangement with or for the benefit of its creditors; (iii) (A) institutes, or has instituted against it by a Competent Official a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy law, insolvency law or other similar law affecting creditors' rights or a petition is presented for its winding up or liquidation by it or by such Competent Official; or (B) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditor's rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in (A) above and either (x) 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 (y) is not dismissed, discharged, stayed or restrained, in each case, within 15 days of the institution or presentation thereof; or (iv) seeks or becomes subject to the appointment of an Insolvency Officer of all or substantially all its assets; or (v) has a secured party take possession of all or substantially all its assets (and such secured party maintains possession for not less than 15 days thereafter); or (vi) 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 process is not dismissed, discharged, stayed or restrained within 15 days thereafter); or (vii) causes or is subject to any event which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in (iv) to (vi) above. For these purposes, **Competent Official** means, in respect of an entity, a regulator, supervisor or other similar official with primary insolvency, rehabilitative or regulatory jurisdiction over such entity in the jurisdiction of its incorporation or organisation or in the jurisdiction of its head office or home office.

(d) *Merger Event*

**Merger Event** means, in respect of relevant Depositary Receipts and/or any Underlying Shares, any:

- (i) reclassification or change of such Depositary Receipts or Underlying Shares which results in a transfer of or an irrevocable commitment to transfer all such Depositary Receipts and/or Underlying Shares (as relevant) outstanding to another entity or person; or
- (ii) consolidation, amalgamation, merger or binding share exchange of the relevant Depositary or the relevant Underlying Share Company with or into another entity (other than a consolidation, amalgamation, merger or binding share exchange in which such Depositary and/or Underlying Share Company is the continuing entity and which does not result in a reclassification or change of all such Depositary Receipts or all such Underlying Shares (as relevant) outstanding); or
- (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Depositary Receipts and/or Underlying Shares, which results in a transfer of or an irrevocable commitment to transfer all such Depositary Receipts or such Underlying Shares (other than those Depositary Receipts or Underlying Shares owned or controlled by such other entity or person); or

- (iv) consolidation, amalgamation, merger or binding share exchange of the relevant Depositary or its subsidiaries or the relevant Underlying Share Company or its subsidiaries with or into another entity in which such Depositary or such Underlying Share Company (as relevant) is the continuing entity and which does not result in the reclassification or change of all such Depositary Receipts and/or all such Underlying Shares (as relevant) outstanding but results in the outstanding Depositary Receipts or Underlying Shares (as relevant) (other than those Depositary Receipts or Underlying Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Depositary Receipts or Underlying Shares (as relevant) immediately following such event,

in each case if the Merger Date is on or before (A) in the case of Cash Settled Notes, the last occurring Valuation Date or (B) in the case of Physical Delivery Notes, the Maturity Date. For these purposes, **Merger Date** means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

(e) *Nationalisation*

**Nationalisation** means that all the Depositary Receipts and/or Underlying Shares or all the assets or substantially all the assets of such Depositary and/or such Underlying Share Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

(f) *Tender Offer*

**Tender Offer** means, in respect of a Depositary and/or an Underlying Share Company, a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of such Depositary or such Underlying Share Company (as relevant), as determined by the Calculation Agent, based on the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

(g) *Underlying Share Event*

**Underlying Share Event** means, in respect of a Depositary Receipt, (i) written instructions are given at any time by the relevant Underlying Share Company to the relevant Depositary to withdraw or surrender the Underlying Shares; or (ii) the relevant Deposit Agreement is at any time terminated.

## 5. **ADDITIONAL EARLY REDEMPTION EVENTS**

No Additional Early Redemption Event shall apply in respect of a Depositary Receipt.

## 6. **ADDITIONAL PROVISIONS**

(a) *Correction of published or announced prices or levels*

**Correction Period** means, in respect of a Depositary Receipt, two Business Days.

(b) *Depositary Receipt Substitution*

Any adjustment made by the Calculation Agent in response to an Adjustment Event may include a Depositary Receipt Substitution.

**Depository Receipt Substitution** means, in relation to an Adjustment Event, the replacement of a Depository Receipt and/or an Underlying Share the subject of such Adjustment Event with a new depository receipt and/or share selected by the Calculation Agent in accordance with the criteria (if any) specified in the applicable Final Terms (the **Depository Receipt Substitution Criteria**). Such new depository receipt shall be deemed to be a Depository Receipt in place of the Depository Receipt the subject of the Adjustment Event and/or such new share shall be deemed to be an Underlying Share in place of the Underlying Share the subject of the Adjustment Event.

(c) *Determination of the Underlying Closing Level of a Depository Receipt on a Disrupted Day*

Condition 19(e) (in the case of Notes other than French Law Notes) or Condition 17(e) (in the case of French Law Notes) of the General Conditions shall apply.

(d) *Calculation Agent's discretion to determine non-material events*

If the Calculation Agent determines that it is not material that any day which would otherwise have been a Valuation Date is:

- (i) not a Scheduled Trading Day because one or more relevant Depository Receipt Related Exchanges and/or, if "Full Lookthrough" is specified as applicable in the applicable Final Terms, one or more relevant Underlying Share Related Exchanges is/are not scheduled to be open; and/or
- (ii) a Disrupted Day for the relevant Depository Receipt solely because any relevant Depository Receipt Related Exchange and/or, if "Full Lookthrough" is specified as applicable in the applicable Final Terms, one or more relevant Underlying Share Related Exchanges fails to open,

then the Calculation Agent shall have the discretion to determine such day either (A) to be the relevant Valuation Date in respect of a Depository Receipt, notwithstanding that such day is not a Scheduled Trading Day for such Depository Receipt because one or more relevant Depository Receipt Related Exchanges and/or Underlying Share Related Exchanges is/are not scheduled to be open; or (B) not to be a Disrupted Day where such day would be a Disrupted Day solely because any relevant Depository Receipt Related Exchange and/or any relevant Underlying Share Related Exchange fails to open.

In determining what is "material", the Calculation Agent shall have regard to such circumstances as it deems appropriate, which may include (without limitation) the effect of the above on (I) any Underlying Closing Level or the Underlying Level (as relevant) of the affected Depository Receipt; (II) any trading in futures contracts or options contracts on any such relevant Depository Receipt Related Exchange and/or any such relevant Underlying Share Related Exchange; or (III) the Issuer's hedging arrangements in respect of the Notes.

(e) *Manner in which an adjustment may be made in response to an Adjustment Event*

The adjustment(s) made by the Calculation Agent in response to an Adjustment Event may (but need not) be determined by reference to any adjustment in respect of such Adjustment Event made by the relevant Depository under the relevant Deposit Agreement.

**UNDERLYING SCHEDULE 7**  
**EXCHANGE-TRADED FUND (ETF) SHARE CONDITIONS**

This Underlying Schedule shall apply to each Underlying classified in the applicable Final Terms as an "ETF Share".

For the avoidance of doubt, defined terms used in this Underlying Schedule shall only apply in respect of Notes linked to ETF Shares.

**1. DEFINITIONS**

**Additional Disruption Event** means any of Increased Cost of Stock Borrow and/or Loss of Stock Borrow, in each case, if specified in the applicable Final Terms.

**ETF Share** means each Underlying classified as such in the applicable Final Terms.

**Exchange** means, in respect of an ETF Share, each exchange or quotation system specified as such in respect of such ETF Share in the applicable Final Terms or any successor to such exchange or quotation system, or any substitute exchange or quotation system to which trading in such ETF Share has temporarily relocated (PROVIDED THAT the Calculation Agent has determined that there is comparable liquidity relative to such ETF Share on such temporary substitute exchange or quotation system as on the original exchange or quotation system).

**Exchange Business Day** means, in respect of an ETF Share, any Scheduled Trading Day for such ETF Share on which each Exchange and each Related Exchange for such ETF Share is open for trading during its respective regular trading session, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

**Extraordinary Dividend** means, in respect of an ETF Share, a dividend or a distribution or a portion thereof which is determined by the Calculation Agent to be an extraordinary dividend relating to such ETF Share.

**Fund** means, in respect of an ETF Share, the issuer of such ETF Share, as specified in the applicable Final Terms.

**Fund Administrator** means, in respect of an ETF Share and the related Fund, the fund administrator, manager, trustee or similar person with the primary administrative responsibilities for such Fund in respect of such ETF Share according to the Fund Documents of such Fund and such ETF Share.

**Fund Adviser** means, in respect of an ETF Share and the related Fund, any person appointed in the role of discretionary investment manager or non-discretionary investment adviser (including a non-discretionary investment adviser to a discretionary investment manager or to another non-discretionary investment adviser) to such Fund in respect of such ETF Share, or any successor.

**Fund Documents** means, in respect of an ETF Share and the related Fund, the constitutive and governing documents of such Fund in respect of such ETF Share, and the subscription agreements and other agreements, in each case, relating to such ETF Shares and as amended from time to time.

**Fund Service Provider** means, in respect of an ETF Share and the related Fund, any person who is appointed to provide services, directly or indirectly, for such Fund in respect of such ETF Share, whether or not specified in the relevant Fund Documents or any successor, including without limitation any Fund Administrator, Fund Adviser, operator, management company, depository,

custodian, sub-custodian, prime broker, administrator, trustee, registrar and transfer agent or domiciliary agent.

**Increased Cost of Stock Borrow** means, in respect of an ETF Share, that any Hedging Party would incur a rate to borrow such ETF Share that is greater than the Initial Stock Loan Rate.

**Initial Stock Loan Rate** means, in respect of an ETF Share, the rate that any Hedging Party would have incurred to borrow such ETF Share as of the Trade Date, as determined by the Calculation Agent.

**Loss of Stock Borrow** means, in respect of an ETF Share, that any Hedging Party is unable, after using commercially reasonable efforts, to borrow (or to maintain a borrowing of) such ETF Share at a rate equal to or less than the Maximum Stock Loan Rate.

**Maximum Stock Loan Rate** means, in respect of a ETF Share, the lowest rate that any Hedging Party would have incurred, after using commercially reasonable efforts, to borrow such ETF Share as of the Trade Date, as determined by the Calculation Agent.

**Related Exchange** means, in respect of an ETF Share, each exchange or quotation system specified as such for such ETF Share in the applicable Final Terms or any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures contracts or options contracts relating to such ETF Share has temporarily relocated (PROVIDED THAT the Calculation Agent has determined that there is comparable liquidity relative to such futures contracts or options contracts relating to such ETF Share on such temporary substitute exchange or quotation system as on the original exchange or quotation system). Where "All Exchanges" is specified in the applicable Final Terms as the applicable Related Exchange in respect of an ETF Share, then **Related Exchange** means each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures contracts or option contracts relating to such ETF Share.

**Scheduled Closing Time** means, in respect of an ETF Share, a Scheduled Trading Day and an Exchange or a Related Exchange (as relevant) for such ETF Share, the scheduled weekday closing time on such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after-hours trading or any other trading outside the hours of the regular trading session on such Exchange or Related Exchange.

**Scheduled Trading Day** means, in respect of an ETF Share, any day on which each Exchange and each Related Exchange in respect of such ETF Share is scheduled to be open for trading for its respective regular trading session.

## 2. VALUATION

### (a) *Closing valuations*

**Underlying Closing Level** means, in respect of an ETF Share and a Valuation Date, the official closing price of such ETF Share on such Valuation Date, as displayed on the applicable Electronic Page.

**Valuation Time** means, in respect of an ETF Share, an Underlying Closing Level and a Scheduled Trading Day, the Scheduled Closing Time on the relevant Exchange on such Scheduled Trading Day.

(b) *Intraday valuations*

**Underlying Level** means, in respect of an ETF Share and a Valuation Date, the price of such ETF Share observed continuously during such Valuation Date, as displayed on the applicable Electronic Page.

**Valuation Time** means, in respect of an ETF Share, an Underlying Level and a Scheduled Trading Day, the time at which the price of such ETF Share is being determined during such Scheduled Trading Day.

**3. DISRUPTION TO VALUATION**

**Disrupted Day** means, in respect of an ETF Share, any Scheduled Trading Day for such ETF Share on which any of the events set out below occurs:

- (a) any relevant Exchange or any relevant Related Exchange fails to open for trading during its regular trading session; or
- (b) the occurrence or existence (which the Calculation Agent determines is material) at any time during the one hour period which ends at the relevant Valuation Time of any suspension of or limitation imposed (whether by reason of movements in price exceeding permitted limits or otherwise) on the trading on any relevant Exchange of the ETF Share; or
- (c) the occurrence or existence (which the Calculation Agent determines is material) at any time during the one hour period which ends at the relevant Valuation Time of any suspension of or limitation imposed (whether by reason of movements in price exceeding permitted limits or otherwise) on the trading on any relevant Related Exchange of futures contracts or options contracts relating to such ETF Share; or
- (d) the occurrence or existence (which the Calculation Agent determines is material) at any time during the one hour period which ends at the relevant Valuation Time of any other event (other than an event described in sub-paragraph (f) or sub-paragraph (g) of this definition) which disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (on any relevant Exchange) to effect transactions in or to obtain market values for such ETF Share; or
- (e) the occurrence or existence (which the Calculation Agent determines is material) at any time during the one hour period which ends at the relevant Valuation Time of any other event (other than an event described in sub-paragraph (f) or sub-paragraph (g) of this definition) which disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (on any relevant Related Exchange) to effect transactions in or to obtain market values for any futures contracts or options contracts relating to such ETF Share; or
- (f) the closure (which the Calculation Agent determines is material) on any Exchange Business Day of any relevant Exchange prior to its Scheduled Closing Time (unless such earlier closing time is announced by such Exchange at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange on such Exchange Business Day; and (ii) the deadline for the submission of orders to be entered into such Exchange for execution at the relevant Valuation Time on such Exchange Business Day); or
- (g) the closure (which the Calculation Agent determines is material) on any Exchange Business Day of any Related Exchange in respect of futures contracts or options contracts relating to such ETF Share prior to its Scheduled Closing Time (unless such earlier closing time is



announced by such Related Exchange at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Related Exchange on such Exchange Business Day; and (ii) the deadline for the submission of orders to be entered into such Related Exchange for execution at the relevant Valuation Time on such Exchange Business Day).

#### 4. ADDITIONAL ADJUSTMENT EVENTS

The following Additional Adjustment Events shall apply in respect of an ETF Share and the relevant Fund: a Corporate Action, a Delisting, an Insolvency, a Merger Event, a Nationalisation, a Tender Offer, a Fund Modification, a Strategy Breach, a Regulatory Action, a Cross-contamination and each Additional Disruption Event (if any) specified in the applicable Final Terms.

##### (a) *Corporate Action*

**Corporate Action** means:

- (i) a subdivision, consolidation or reclassification of relevant ETF Shares, unless resulting in a Merger Event; or
- (ii) a free distribution or dividend of relevant ETF Shares to existing holders by way of bonus, capitalisation or similar issue;
- (iii) a distribution, issue or dividend to existing holders of relevant ETF Shares of (A) an additional amount of such ETF Shares; or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of the liquidation of the relevant Fund equally or proportionately with such payments to holders of such ETF Shares; or (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the relevant Fund as a result of a spin-off or other similar transaction; or (D) any other type of securities, rights or warrants or other assets, in any case for payment (whether in cash or otherwise) at less than their prevailing market price, as determined by the Calculation Agent; or
- (iv) an Extraordinary Dividend; or
- (v) a repurchase by a Fund of relevant ETF Shares, whether the consideration for such repurchase is cash or otherwise other than in respect of a redemption of ETF Shares initiated by an investor in such ETF Share that is consistent with the relevant Fund Documents; or
- (vi) any other event which may have, in the opinion of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the relevant ETF Shares.

##### (b) *Delisting*

**Delisting** means, in respect of relevant ETF Shares, that the relevant Exchange announces that, pursuant to the rules of such Exchange, such ETF Shares cease (or will cease) to be listed, traded or publicly quoted on such Exchange for any reason (other than a Merger Event or a Tender Offer) and are not (or will not be) immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is located within the European Union, in any member state of the European Union) or another exchange or quotation system (that is deemed acceptable by the Calculation Agent) located in another country (that is deemed acceptable by the Calculation Agent).

##### (c) *Insolvency*

**Insolvency** means, in respect of a Fund, that either (i) by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding up of or any analogous proceeding affecting such Fund, (A) all the ETF Shares are required to be transferred to an Insolvency Officer; or (B) holders of such ETF Shares of such Fund become legally prohibited from transferring or redeeming such ETF Shares; or (ii) an Insolvency Event occurs in respect of such Fund or any of its Fund Service Providers.

**Insolvency Officer** means an administrator, provisional liquidator, liquidator, conservator, receiver, trustee, custodian or other similar official.

**Insolvency Event** means, in respect of an entity, that such entity (i) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation (other than pursuant to a consolidation, amalgamation or merger); (ii) makes a general assignment or arrangement with or for the benefit of its creditors; (iii) (A) institutes, or has instituted against it by a Competent Official, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy law, insolvency law or other similar law affecting creditors' rights or a petition is presented for its winding up or liquidation by it or by such Competent Official; or (B) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditor's rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in (A) above and either (x) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or (y) the making of an order for its winding-up or liquidation or is not dismissed, discharged, stayed or restrained, in each case, within 15 days of the institution or presentation thereof; or (iv) seeks or becomes subject to the appointment of an Insolvency Officer for all or substantially all its assets; or (v) has a secured party take possession of all or substantially all its assets (and such secured party maintains possession for not less than 15 days thereafter); or (vi) 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 process is not dismissed, discharged, stayed or restrained within 15 days thereafter); or (vii) causes or is subject to any event which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in (iv) to (vi) above. For these purposes, **Competent Official** means, in respect of an entity, a regulator, supervisor or other similar official with primary insolvency, rehabilitative or regulatory jurisdiction over such entity in the jurisdiction of its incorporation or organisation or in the jurisdiction of its head office or home office.

(d) *Merger Event*

**Merger Event** means, in respect of any relevant ETF Shares, any:

- (i) reclassification or change of such ETF Shares which results in a transfer of or an irrevocable commitment to transfer all such ETF Shares outstanding to another entity or person; or
- (ii) consolidation, amalgamation, merger or binding share exchange of the relevant Fund with or into another entity (other than a consolidation, amalgamation, merger or binding share exchange in which such Fund is the continuing entity and which does not result in a reclassification or change of all such ETF Shares outstanding); or
- (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding ETF Shares of the relevant Fund, which results in a transfer of or an irrevocable commitment to transfer all such ETF Shares (other than those ETF Shares owned or controlled by such other entity or person); or

- (iv) consolidation, amalgamation, merger or binding share exchange of the relevant Fund with or into another entity in which such Fund is the continuing entity and which does not result in the reclassification or change of all such ETF Shares outstanding but results in the outstanding ETF Shares (other than those ETF Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding ETF Shares immediately following such event,

in each case if the Merger Date is on or before (A) in the case of Cash Settled Notes, the last occurring Valuation Date or (B) in the case of Physical Delivery Notes, the Maturity Date. For these purposes, **Merger Date** means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

(e) *Tender Offer*

**Tender Offer** means, in respect of a Fund, a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of such Fund, as determined by the Calculation Agent, based on the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

(f) *Nationalisation*

**Nationalisation** means, in respect of a Fund, that all the ETF Shares of such Fund or all the assets or substantially all the assets of such Fund are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

(g) *Fund Modification*

**Fund Modification** means, in respect of an ETF Share and the related Fund, any change or modification of the Fund Documents of such Fund in respect of such ETF Share which could reasonably be expected to affect (i) the value of such ETF Share; or (ii) the rights or remedies of any holder of any ETF Share as compared with those rights and remedies prevailing on the Issue Date.

(h) *Strategy Breach*

**Strategy Breach** means, in respect of an ETF Share and the related Fund, any breach or violation of any strategy or investment guidelines stated in the Fund Documents of such Fund in respect of such ETF Share which is reasonably likely, in the determination of the Calculation Agent, to affect: (i) the value of such ETF Share; or (ii) the rights or remedies of any holder of any such ETF Share as compared with those rights or remedies prevailing on the Issue Date.

(i) *Regulatory Action*

**Regulatory Action** means, in respect of an ETF Share and the related Fund, (i) the cancellation, suspension, revocation of the registration or approval of such Fund or such ETF Share by any governmental, legal or regulatory entity with authority over such Fund or such ETF Share; (ii) any change in the legal, tax, accounting or regulatory treatment of such ETF Share, such Fund or its Fund Adviser which is reasonably likely, in the determination of the Calculation Agent, to have an adverse impact on the value of such ETF Share or on any investor in such ETF Share; or (iii) such Fund or any of its Fund Administrator or its Fund Adviser becomes subject to any investigation, proceeding or litigation by any relevant governmental, legal or regulatory authority involving the

alleged violation of applicable law for any activity relating to or resulting from the operation of such Fund, Fund Administrator or Fund Adviser.

(j) *Cross-contamination*

**Cross-contamination** means, in respect of an ETF Share and the related Fund, the occurrence of a cross-contamination or other failure to segregate effectively assets between different classes, series or sub-funds of such Fund, and such event continues, in the determination of the Calculation Agent, for the foreseeable future.

**5. ADDITIONAL EARLY REDEMPTION EVENTS**

No Additional Early Redemption Event shall apply in respect of an ETF Share.

**6. ADDITIONAL PROVISIONS**

(a) *Correction of published or announced prices or levels*

**Correction Period** means, in respect of an ETF Share, two Business Days.

(b) *ETF Share Substitution*

Any adjustment made by the Calculation Agent in response to an Adjustment Event may include an ETF Share Substitution.

**ETF Share Substitution** means, in relation to an Adjustment Event, the replacement of an ETF Share the subject of such Adjustment Event with a new exchange-traded fund share selected by the Calculation Agent in accordance with the criteria (if any) specified in the applicable Final Terms (the **ETF Share Substitution Criteria**). Such new exchange-traded fund share shall be deemed to be an ETF Share in place of the ETF Share the subject of the Adjustment Event.

(c) *Determination of the Underlying Closing Level of an ETF Share on a Disrupted Day*

Condition 19(e) (in the case of Notes other than French Law Notes) or Condition 17(e) (in the case of French Law Notes) of the General Conditions shall apply.

(d) *Calculation Agent's discretion to determine non-material events*

If the Calculation Agent determines that it is not material that any day which would otherwise have been a Valuation Date is:

- (i) not a Scheduled Trading Day because one or more relevant Related Exchanges is not scheduled to be open; or
- (ii) a Disrupted Day for an ETF Share solely because any relevant Related Exchange fails to open,

then the Calculation Agent shall have the discretion to determine such day either (A) to be the relevant Valuation Date in respect of an ETF Share, notwithstanding that such day is not a Scheduled Trading Day for such ETF Share because one or more such Related Exchanges is not scheduled to be open; or (B) not to be a Disrupted Day where such day would be a Disrupted Day solely because any such Related Exchange fails to open.

In determining what is "material", the Calculation Agent shall have regard to such circumstances as it deems appropriate, which may include (without limitation) the effect of the above on (I) any

Underlying Closing Level or any Underlying Level (as relevant) of the affected ETF Share; (II) any trading in futures contracts or options contracts on any such relevant Related Exchange; and (III) the Issuer's hedging arrangements in respect of the Notes.

## **UNDERLYING SCHEDULE 8 MUTUAL FUND CONDITIONS**

This Underlying Schedule shall apply to each Underlying classified in the applicable Final Terms as a "Mutual Fund Interest".

For the avoidance of doubt, defined terms used in this Underlying Schedule shall only apply in respect of Notes linked to Mutual Funds.

### **1. DEFINITIONS**

**Additional Disruption Event** means any of Fees or Charges Event, Fund Adviser Event, Holding Ratio Change, Limitation Event, NAV Trigger Event, New Information Event, Non Currency Redemption, Asset Trigger Event, Delisting and/or Related Agreement Termination, in each case, if specified in the applicable Final Terms.

**Actual Interim Valuation Date** means, in respect of a Mutual Fund Interest and the related Mutual Fund, a date on which such Mutual Fund (or its Fund Service Provider which generally determines such value) actually determines the value (however expressed) of such Mutual Fund Interest of such Mutual Fund or, if such Mutual Fund only reports its aggregate net asset value, a date on which such Mutual Fund actually determines its aggregate net asset value.

**Actual Redemption Valuation Date** means, in respect of a Mutual Fund Interest and the related Mutual Fund, a date on which such Mutual Fund (or its Fund Service Provider which generally determines such value) would determine the value (however expressed) of a Mutual Fund Interest of such Mutual Fund, for the purpose of calculating the redemption proceeds to be paid to a Hypothetical Investor who has submitted a valid and timely redemption notice for a redemption of such Mutual Fund Interests.

**Asset Trigger Event** means, in respect of a Mutual Fund, the aggregate net asset value of the Mutual Fund Interests held by the Issuer and/or any of its Affiliates is more than 10 per cent. of the aggregate net asset value of such Mutual Fund, as determined by the Calculation Agent, at any time.

**Delisting** means, in respect of a Mutual Fund Interest, that the relevant Exchange announces that, pursuant to the rules of such Exchange, such Mutual Fund Interest ceases (or will cease) to be listed, traded or publicly quoted on such Exchange for any reason (other than a Merger Event) and is not (or will not be) immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange or another exchange or quotation system (that is deemed acceptable by the Calculation Agent) located in another country (that is deemed acceptable by the Calculation Agent).

**Extraordinary Dividend** means, in respect of a Mutual Fund Interest, a dividend or a distribution or portion thereof which is determined by the Calculation Agent to be an extraordinary dividend relating to such Mutual Fund Interest.

**Fees or Charges Event** means, in respect of a Mutual Fund, the imposition of any fees or charges in relation to redemptions, subscriptions or transfers of relevant Mutual Fund Interests other than any such fee or charge in existence on the Trade Date.

**Fund Administrator** means, in respect of a Mutual Fund Interest and the related Mutual Fund, the fund administrator, manager, trustee or similar person with the primary administrative responsibilities for such Mutual Fund in respect of such Mutual Fund Interest according to the Fund Documents of such Mutual Fund and such Mutual Fund Interest, or any successor acceptable to the Calculation Agent.

**Fund Adviser** means, in respect of a Mutual Fund Interest and the related Mutual Fund, any person appointed in the role of discretionary investment manager or non-discretionary investment adviser (including a non-discretionary investment adviser to a discretionary investment manager or to another non-discretionary investment adviser) to such Mutual Fund in respect of such Mutual Fund Interest, or any successor acceptable to the Calculation Agent.

**Fund Adviser Event** means, in respect of a Mutual Fund, that the Calculation Agent determines (a) that at any time after the Issue Date, the total value of the assets managed by the relevant Fund Adviser (including in relation to such Mutual Fund) is equal to or less than 100,000,000 United States dollars (or its equivalent) or such other amount specified in the applicable Final Terms (the **AUM Threshold**) or (b) that over any period of twelve months, the total value of the assets managed by the relevant Fund Adviser (including in relation to such Mutual Fund) has decreased by fifty per cent. (either due to redemptions or decrease in the value of such assets or otherwise).

**Fund Documents** means, in respect of a Mutual Fund Interest and the related Mutual Fund, the constitutive and governing documents of such Mutual Fund in respect of such Mutual Fund Interest and the subscription agreements and other agreements, in each case, relating to such Mutual Fund Interests and as amended from time to time.

**Fund Service Provider** means, in respect of a Mutual Fund Interest and the related Mutual Fund, any person who is appointed to provide services, directly or indirectly, for such Mutual Fund in respect of such Mutual Fund Interest, whether or not specified in the relevant Fund Documents or any successor acceptable to the Calculation Agent, including without limitation any Fund Administrator, Fund Adviser, operator, management company, depositary, custodian, sub-custodian, prime broker, administrator, trustee, registrar and transfer agent or domiciliary agent.

**Holding Ratio Change** means, in respect of a Mutual Fund, the reduction of such Mutual Fund's aggregate net asset value under an amount that, in the determination of the Calculation Agent, has, or is likely to have, a material adverse effect on the performance or management of such Mutual Fund or would increase the proportion of the Mutual Fund Interests held, or likely to be held, by any Hedging Party, to the extent that the full redemption of the Mutual Fund Interests held by such Hedging Party is likely to be delayed or become subject to "gating" by such Mutual Fund.

**Hypothetical Investor** means, in respect of a Mutual Fund, a hypothetical investor in Mutual Fund Interests of such Mutual Fund deemed (a) to have the benefits and obligations, as provided in the relevant Fund Documents, of an investor holding, as of the Issue Date, an interest in such Mutual Fund equal to the relevant number (determined by the Calculation Agent) of such Mutual Fund Interests; (b) in the case of any deemed investment in such Mutual Fund Interests, to have submitted a duly completed and timely notice requesting a subscription for the relevant number of such Mutual Fund Interests; and (c) in the case of any deemed redemption of an investment in such Mutual Fund Interests, to have submitted a duly completed and timely notice requesting a redemption of the relevant number of such Mutual Fund Interests.

**Limitation Event** means, in respect of a Mutual Fund, (a) a material limitation is imposed on dealings in any relevant Mutual Fund Interests, (b) such Mutual Fund's dealing schedule is changed (including, but not limited to, a change in notice periods for redemptions or imposition of gating provisions), (c) subscription and/or redemption liquidity in any relevant Mutual Fund Interests is reduced, (d) there is a material reduction in the assets under management of such Mutual Fund since the Trade Date or (e) any other event occurs which restricts, in whole or in part (on a permanent or temporary basis), dealings of any nature with respect to any relevant Mutual Fund Interest (whether or not the relevant event occurs pursuant to any provisions permitting such Mutual Fund to restrict in any way dealings with respect to the relevant Mutual Fund Interest).

**Mutual Fund** means, in respect of a Mutual Fund Interest, the issuer of such Mutual Fund Interest, as specified in the applicable Final Terms.

**Mutual Fund Interest** means each mutual fund share or unit classified as such in the applicable Final Terms.

**NAV Trigger Event** means, in respect of a Mutual Fund, such Mutual Fund has violated any leverage restriction that is applicable to, or affecting, it or its assets by operation of any law, any order or judgment of any court or other agency of government applicable to it or any of its assets, the relevant Fund Documents or any contractual restriction binding on or affecting the Mutual Fund or any of its assets.

**New Information Event** means, in respect of a Mutual Fund, (a) any information provided to the Calculation Agent by or in connection with such Mutual Fund, the relevant Fund Adviser, the relevant Fund Administrator or other Fund Service Provider is misleading or inaccurate in any respect or (b) the publication or dissemination (through any medium) of information is or becomes available which, if considered by itself or with information previously provided to the Calculation Agent, would be likely to cause a Hypothetical Investor to refrain from investing in or to seek to realise any investment in any relevant Mutual Fund Interests, as determined by the Calculation Agent.

**Non Currency Redemption** means, in respect of a Mutual Fund, any relevant Mutual Fund Interests are redeemed otherwise than in cash or are redeemed in a currency(ies) other than the currency(ies) in which as of the Trade Date (and according to the relevant Fund Documents or as otherwise communicated to the Calculation Agent) it is intended redemptions of the relevant Mutual Fund Interests shall occur.

**Related Agreement Termination** means, in respect of a Mutual Fund, such Mutual Fund or any of its Fund Administrator or Fund Adviser or other relevant party specified in the applicable Final Terms is in breach of or has terminated any existing agreement with the Issuer or any of its Affiliates or agents in respect of, but not limited to, retrocession, dealing fees, liquidity and licensing.

**Relevant Price** means, in respect of a Mutual Fund Interest, the value of such Mutual Fund Interest, as determined by the Calculation Agent.

**Scheduled Trading Day** means, in respect of a Mutual Fund, any Scheduled Interim Valuation Date in respect of such Mutual Fund and/or any Scheduled Redemption Valuation Date in respect of such Mutual Fund, as specified in the applicable Final Terms.

**Scheduled Interim Valuation Date** means, in respect of a Mutual Fund Interest and the related Mutual Fund, any day on which such Mutual Fund (or its Fund Service Provider which generally determines such value) is scheduled according to the Fund Documents of such Mutual Fund in respect of such Mutual Fund Interest (without giving effect to any gating, deferral, suspension or other provisions permitting such Mutual Fund to delay or to refuse redemption of such Mutual Fund Interests) to determine the value (however expressed) of such Mutual Fund Interest or, if such Mutual Fund only reports its aggregate net asset value, the date as of which such Mutual Fund is scheduled to determine its aggregate net asset value.

**Scheduled Redemption Valuation Date** means, in respect of a Mutual Fund Interest and the related Mutual Fund, any day on which such Mutual Fund (or its Fund Service Provider which generally determines such value) is scheduled according to the Fund Documents of such Mutual Fund in respect of such Mutual Fund Interest (without giving effect to any gating, deferral, suspension or other provisions permitting such Mutual Fund to delay or to refuse redemption of such Mutual Fund Interests) to determine the value (however expressed) of such Mutual Fund Interest, for the purpose



of calculating the redemption proceeds to be paid to a Hypothetical Investor who has submitted a valid and timely redemption notice for a redemption of such Mutual Fund Interests (such redemption to be effected on the basis of the value determined as of such day).

## 2. VALUATION

**Underlying Closing Level** means, in respect of a Mutual Fund Interest and a Valuation Date, the Relevant Price of such Mutual Fund Interest in respect of such Valuation Date.

In determining a Relevant Price, the Calculation Agent may have regard to any value of the relevant Mutual Fund Interest or aggregate value of the relevant Mutual Fund, in each case, as reported by the Fund Service Provider that generally reports such value on behalf of the relevant Mutual Fund to its investors or a publishing service and displayed on the applicable Electronic Page.

Valuation Time and Underlying Level shall not apply to a Mutual Fund Interest.

## 3. DISRUPTION TO VALUATION

**Disrupted Day** means, in respect of a Mutual Fund Interest and the related Mutual Fund, any Scheduled Trading Day for such Mutual Fund Interest on which there is:

- (i) in the case of Scheduled Trading Days that are specified in the applicable Final Terms to be Scheduled Interim Valuation Dates, a failure of any Scheduled Interim Valuation Date to be an Actual Interim Valuation Date;
- (ii) in the case of Scheduled Trading Days that are specified in the applicable Final Terms to be Scheduled Redemption Valuation Dates, a failure of any Scheduled Redemption Valuation Date to be an Actual Redemption Valuation Date; or
- (iii) a failure by such Mutual Fund on or before such day to pay the full amount (whether expressed as a percentage or otherwise) of any fund redemption proceeds with respect to any Mutual Fund Interest scheduled to have been paid on or before such day according to the relevant Fund Documents (without giving effect to any gating, deferral, suspension or other provisions permitting such Mutual Fund to delay or to refuse redemption of Mutual Fund Interests).

## 4. ADDITIONAL ADJUSTMENT EVENTS

The following Additional Adjustment Events shall apply in respect of a Mutual Fund Interest and the related Mutual Fund: a Corporate Action, an Insolvency, a Merger Event, a Nationalisation, an Adviser Resignation Event, a Fund Modification, a Strategy Breach, a Regulatory Action, a Reporting Disruption, a Cross-contamination, a Failure by a Fund Service Provider and each Additional Disruption Event (if any) specified in the applicable Final Terms.

### (a) *Corporate Action*

**Corporate Action** means:

- (i) a subdivision, consolidation or reclassification of relevant Mutual Fund Interests, unless resulting in Merger Event; or
- (ii) a free distribution or dividend of relevant Mutual Fund Interests to existing holders by way of bonus, capitalisation or similar issue; or

- (iii) a distribution, issue or dividend to existing holders of relevant Mutual Fund Interests of (A) an additional amount of such Mutual Fund Interests; or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of the liquidation of the relevant Mutual Fund equally or proportionately with such payments to holders of such Mutual Fund Interests; or (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the relevant Mutual Fund as a result of a spin-off or other similar transaction; or (D) any other type of securities, rights or warrants or other assets, in any case for payment (whether in cash or otherwise) at less than their prevailing market price, as determined by the Calculation Agent; or
- (iv) an Extraordinary Dividend; or
- (v) a repurchase by a Mutual Fund of relevant Mutual Fund Interests, whether the consideration for such repurchase is cash, securities or otherwise other than in respect of a redemption of Mutual Fund Interests initiated by an investor in such Mutual Fund Interests that is consistent with the relevant Fund Documents; or
- (vi) any other event which may have, in the opinion of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the relevant Mutual Fund Interests.

(b) *Insolvency*

**Insolvency** means, in respect of a Mutual Fund, that either (i) by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding up of or any analogous proceeding affecting such Mutual Fund, (A) all the Mutual Fund Interest of such Mutual Fund are required to be transferred to an Insolvency Officer; or (B) holders of Mutual Fund Interests of such Mutual Fund become legally prohibited from transferring or redeeming such Mutual Fund Interests; or (ii) an Insolvency Event occurs in respect of such Mutual Fund or any of its Fund Service Providers.

**Insolvency Officer** means an administrator, provisional liquidator, liquidator, conservator, receiver, trustee, custodian or other similar official.

**Insolvency Event** means, in respect of an entity, that such entity (i) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation (other than pursuant to a consolidation, amalgamation or merger); (ii) makes a general assignment or arrangement with or for the benefit of its creditors; (iii) (A) institutes, or has instituted against it by a Competent Official, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy law, insolvency law or other similar law affecting creditors' rights or a petition is presented for its winding up or liquidation by it or by such Competent Official; or (B) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditor's rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in (A) above and either (x) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or (y) the making of an order for its winding-up or liquidation or is not dismissed, discharged, stayed or restrained, in each case, within 15 days of the institution or presentation thereof; or (iv) seeks or becomes subject to the appointment of an Insolvency Officer for all or substantially all its assets; or (v) has a secured party take possession of all or substantially all its assets (and such secured party maintains possession for not less than 15 days thereafter); or (vi) 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 process is not dismissed, discharged, stayed or restrained within 15 days thereafter); or (vii) causes or is subject to any event which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in (iv) to (vi) above. For these purposes, **Competent Official** means, in respect of an entity, a regulator,

supervisor or other similar official with primary insolvency, rehabilitative or regulatory jurisdiction over such entity in the jurisdiction of its incorporation or organisation or in the jurisdiction of its head office or home office.

(c) *Merger Event*

**Merger Event** means, in respect of any relevant Mutual Fund Interest, any:

- (i) reclassification or change of such Mutual Fund Interest which results in a transfer of or an irrevocable commitment to transfer all such Mutual Fund Interests outstanding to another entity or person; or
- (ii) consolidation, amalgamation, merger or binding share exchange of the relevant Mutual Fund with or into another entity (other than a consolidation, amalgamation, merger or binding share exchange in which such Mutual Fund is the continuing entity and which does not result in a reclassification or change of all such Mutual Fund Interests outstanding); or
- (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Mutual Fund Interests of the relevant Mutual Fund, which results in a transfer of or an irrevocable commitment to transfer all such Mutual Fund Interests (other than those Mutual Fund Interests owned or controlled by such other entity or person); or
- (iv) consolidation, amalgamation, merger or binding share exchange of the relevant Mutual Fund with or into another entity in which such Mutual Fund is the continuing entity and which does not result in the reclassification or change of all such Mutual Fund Interests outstanding but results in the outstanding Mutual Fund Interests (other than those Mutual Fund Interests owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Mutual Fund Interests immediately following such event,

in each case if the Merger Date is on or before (A) in the case of Cash Settled Notes, the last occurring Valuation Date or (B) in the case of Physical Delivery Notes, the Maturity Date. For these purposes, **Merger Date** means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

(d) *Nationalisation*

**Nationalisation** means, in respect of a Mutual Fund, that all the Mutual Fund Interests of such Mutual Fund or all the assets or substantially all the assets of such Mutual Fund are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

(e) *Adviser Resignation Event*

**Adviser Resignation Event** means, in respect of a Mutual Fund Interest and the related Mutual Fund, the resignation, termination of the appointment or replacement of the Fund Adviser in respect of such Mutual Fund Interest and any such Fund Adviser is not immediately replaced by another fund adviser acceptable to the Calculation Agent.

(f) *Fund Modification*

**Fund Modification** means, in respect of a Mutual Fund Interest and the related Mutual Fund, any change or modification of the Fund Documents of such Mutual Fund in respect of such Mutual Fund

Interest which could reasonably be expected to affect (i) the value of such Mutual Fund Interest; or (ii) the rights or remedies of any holder of any Mutual Fund Interest as compared with those rights and remedies prevailing on the Issue Date.

(g) *Strategy Breach*

**Strategy Breach** means, in respect of a Mutual Fund Interest and the related Mutual Fund, any breach or violation of any strategy or investment guidelines stated in the Fund Documents of such Mutual Fund in respect of such Mutual Fund Interest which is reasonably likely, in the determination of the Calculation Agent, to affect (i) the value of such Mutual Fund Interest; or (ii) the rights or remedies of any holder of any such Mutual Fund Interest as compared with those rights or remedies prevailing on the Issue Date.

(h) *Regulatory Action*

**Regulatory Action** means, in respect of a Mutual Fund Interest and the related Mutual Fund, (i) the cancellation, suspension, revocation of the registration or approval of such Mutual Fund or such Mutual Fund Interest by any governmental, legal or regulatory entity with authority over such Mutual Fund or such Mutual Fund Interest; (ii) any change in the legal, tax, accounting or regulatory treatment of such Mutual Fund Interest, such Mutual Fund or its Fund Adviser which is reasonably likely, in the determination of the Calculation Agent, to have an adverse impact on the value of such Mutual Fund Interest or on any investor in such Mutual Fund Interest; or (iii) such Mutual Fund or any of its Fund Administrator or its Fund Adviser becomes subject to any investigation, proceeding or litigation by any relevant governmental, legal or regulatory authority involving the alleged violation of applicable law for any activity relating to or resulting from the operation of such Mutual Fund, Fund Administrator or Fund Adviser.

(i) *Reporting Disruption*

**Reporting Disruption** means, in respect of a Mutual Fund Interest and the related Mutual Fund, the occurrence of any event affecting such Mutual Fund which would make it impossible or impracticable to determine the value of such Mutual Fund Interest, and such event continues, in the determination of the Calculation Agent, for the foreseeable future.

(j) *Cross-contamination*

**Cross-contamination** means, in respect of a Mutual Fund, the occurrence of a cross-contamination or other failure to segregate effectively assets between different classes, series or sub-funds of such Mutual Fund.

(k) *Failure by a Fund Service Provider*

**Failure by a Fund Service Provider** means, in respect of a Mutual Fund Interest and the related Mutual Fund, a failure by a Fund Service Provider in respect of such Mutual Fund Interest and such Mutual Fund to perform any of its obligations in respect of such Mutual Fund Interest and such Mutual Fund and such Fund Service Provider is not immediately replaced by another fund service provider acceptable to the Calculation Agent.

## 5. ADDITIONAL EARLY REDEMPTION EVENTS

The following Additional Early Redemption Event shall apply in respect of a Mutual Fund: the Calculation Agent determines that no Monetisation can reasonably be effected under Condition 6(d) of the Mutual Fund Conditions.

## 6. ADDITIONAL PROVISIONS

### (a) *Correction of published or announced prices or levels*

**Correction Period** means, in respect of a Mutual Fund Interest, two Business Days.

### (b) *Mutual Fund Interest Substitution*

Any adjustment made by the Calculation Agent in response to an Adjustment Event may include a Mutual Fund Substitution.

**Mutual Fund Substitution** means, in relation to an Adjustment Event, the replacement of a Mutual Fund Interest the subject of such Adjustment Event with a new mutual fund share or unit selected by the Calculation Agent in accordance with the criteria (if any) specified in the applicable Final Terms (the **Mutual Fund Substitution Criteria**). Such new mutual fund share or unit shall be deemed to be a Mutual Fund Interest in place of the Mutual Fund Interest the subject of the Adjustment Event.

### (c) *Determination of the Underlying Closing Level of a Mutual Fund Interest on a Disrupted Day*

Condition 19(e) (in the case of Notes other than French Law Notes) or Condition 17(e) (in the case of French Law Notes) of the General Conditions shall apply.

### (d) *Adjustments following an Adjustment Event*

Any adjustment made by the Calculation Agent in response to an Adjustment Event pursuant to Condition 19(g) (in the case of Notes other than French Law Notes) or Condition 17(g) (in the case of French Law Notes) of the General Conditions may include substitution of the relevant Underlying in whole or in part as specified therein and, in the event that, in the determination of the Calculation Agent, any such substitution of the relevant Underlying cannot reasonably be made, may also include Monetisation in respect of the relevant Underlying and the Calculation Agent may make such other adjustments to the terms of the Notes as it deems appropriate in relation to such Monetisation.

For the purposes of the above, **Monetisation** means:

- (i) on a date selected by the Calculation Agent (the **Affected Mutual Fund Valuation Date**), the Calculation Agent shall value the amount of the Mutual Fund Interest affected by the Adjustment Event (the **Affected Mutual Fund Interests**) relating to a Calculation Amount (such value, less any costs and expenses of unwinding any related Hedge Positions, the **Affected Mutual Fund Value**); and
- (ii) the Calculation Agent shall adjust the formulae or method of determining any amounts payable in respect of the Notes to reflect the Affected Mutual Fund Value in lieu of the Relevant Price of the Affected Mutual Fund Interest, and shall adjust the Redemption Amount to include an amount in respect of interest (compounded on a daily basis) on the Affected Mutual Fund Value, as determined by the Calculation Agent, accrued at an overnight rate relating to the Specified Currency selected by the Calculation Agent during the period from (and including) the Affected Mutual Fund Valuation Date to (but excluding) the Maturity Date.

## **UNDERLYING SCHEDULE 9 FX RATE CONDITIONS**

This Underlying Schedule shall apply to each Underlying classified in the applicable Final Terms as an "FX Rate".

For the avoidance of doubt, defined terms used in this Underlying Schedule shall only apply in respect of Notes linked to FX Rates.

### **1. DEFINITIONS**

**Base Currency** means, in respect of an FX Rate, the currency specified as such in respect of such FX Rate in the applicable Final Terms.

**Currency Pair** means, in respect of an FX Rate, the Quote Currency and the Base Currency specified for such FX Rate in the applicable Final Terms.

**Event Currency** means, in respect of an FX Rate, the Quote Currency and/or the Base Currency, unless otherwise specified in the applicable Final Terms.

**Event Currency Jurisdiction** means, in respect of an Event Currency, the country for which such Event Currency is the lawful currency.

**FX Rate** means each Underlying specified as such in the applicable Final Terms, being the currency exchange rate of the relevant Currency Pair or cross-rates constituting such Currency Pair determined as set out in the applicable Final Terms.

**Governmental Authority** means (i) any de facto or de jure government (or any agency, instrumentality, ministry or department thereof), court, tribunal, administrative or other governmental authority or (ii) any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in each case in any relevant jurisdiction.

**Non-Event Currency** means, in respect of an FX Rate and the relevant Currency Pair, the currency of such Currency Pair which is not the Event Currency.

**Price Materiality Percentage** means, in respect of Price Materiality, the percentage specified in the applicable Final Terms.

**Primary Rate** means, in respect of Price Materiality, the currency exchange rate determined as set out in the applicable Final Terms.

**Quote Currency** means, in respect of an FX Rate, the currency specified as such in respect of such FX Rate in the applicable Final Terms.

**Scheduled Trading Day** means, in respect of an FX Rate, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits), or but for the occurrence of a Disrupted Day would have settled payments and been open for general business (including dealing in foreign exchange and foreign currency deposits) in each of the Specified Financial Centres specified for such FX Rate in the applicable Final Terms.

**Secondary Rate** means, in respect of Price Materiality, the currency exchange rate determined as set out in the applicable Final Terms.

**Specified Financial Centre(s)** means the financial centre(s) specified in the applicable Final Terms.

## 2. VALUATION

### (a) *Closing Valuations*

**Underlying Closing Level** means, in respect of a Valuation Date, the FX Rate for such Valuation Date, as displayed on the applicable Electronic Page(s).

### (b) *Intraday Valuations*

**Underlying Level** means, in respect of a Valuation Date, the FX Rate observed continuously during such Valuation Date, as displayed on the applicable Electronic Page.

## 3. DISRUPTION TO VALUATION

**Disrupted Day** means, in respect of an FX Rate, any Scheduled Trading Day for such FX Rate on which a Market Disruption Event occurs.

For the purposes hereof:

**Currency Disruption Event** means any of Dual Exchange Rate, General Inconvertibility, General Non-Transferability, Governmental Authority Default, Illiquidity, Material Change in Circumstances, Nationalisation, Price Materiality, Specific Inconvertibility and Specific Non-Transferability and any other event specified as such in the applicable Final Terms, each such term as defined below:

**Dual Exchange Rate** means, in respect of an FX Rate and as determined by the Calculation Agent, the split of any currency exchange rate specified in such FX Rate into dual or multiple currency exchange rates.

**General Inconvertibility** means, in respect of an FX Rate and as determined by the Calculation Agent, the occurrence of any event that generally makes it impossible or not reasonably practicable to convert any relevant Event Currency into the relevant Non-Event Currency in the relevant Event Currency Jurisdiction through customary legal channels.

**General Non-Transferability** means, in respect of an FX Rate and as determined by the Calculation Agent, the occurrence of any event that generally makes it impossible or not reasonably practicable to deliver (a) any relevant Non-Event Currency from accounts inside the relevant Event Currency Jurisdiction to accounts outside the relevant Event Currency Jurisdiction or (b) any relevant Event Currency between accounts inside the relevant Event Currency Jurisdiction or to a party that is a non-resident of such Event Currency Jurisdiction.

**Governmental Authority Default** means, with respect to any security or indebtedness for borrowed money of, or guaranteed by, any Governmental Authority, the occurrence of a default, event of default, or other similar condition or event (however described), as determined by the Calculation Agent, including, but not limited to, (a) the failure of timely payment in full of any principal, interest, or other amounts due (without giving effect to any applicable grace periods) in respect of any such security, indebtedness for borrowed money, or guarantee, (b) a declared moratorium, standstill, waiver, deferral, Repudiation, or rescheduling of any principal, interest, or other amounts due in respect of any such security, indebtedness for borrowed money, or guarantee or (c) the amendment or modification of the terms and conditions of payment of any principal, interest, or other amounts due in respect of any such security, indebtedness for borrowed money, or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any

default, event of default, or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for borrowed money, or guarantee.

**Illiquidity** means, in respect of an FX Rate and a Valuation Date and as determined by the Calculation Agent, it becomes impossible or otherwise impracticable to obtain a firm quote of the relevant Underlying Closing Level or Underlying Level (as relevant) for any relevant amount at the relevant time on the relevant Valuation Date (or, if different, the day on which rates for that Valuation Date would, in the ordinary course, be published or announced by the relevant price source).

**Material Change in Circumstances** means the occurrence of an event in an Event Currency Jurisdiction beyond the control of any Hedging Party which makes it impossible or not reasonably practicable for (a) any Hedging Party to fulfil its obligations under any Hedging Position and (b) for any entity generally to fulfil obligations similar to such Hedging Party's obligations under any Hedging Position.

**Nationalisation** means, in the determination of the Calculation Agent, any expropriation, confiscation, requisition, nationalisation or other action by a Governmental Authority which deprives any Hedging Party of all or substantially all of its assets in any Event Currency Jurisdiction.

**Price Materiality** means the Primary Rate differs from the Secondary Rate by at least the Price Materiality Percentage.

**Specific Inconvertibility** means, in respect of an FX Rate and as determined by the Calculation Agent, the occurrence of any event that has the direct or indirect effect of hindering, limiting, restricting, making it impossible or not reasonably practicable for any Hedging Party to convert the whole, or part thereof, of any relevant amount in any relevant Event Currency into the relevant Non-Event Currency in the relevant Event Currency Jurisdiction (including, without limitation, by reason of any delays, increased costs or discriminatory rates of exchange or any current or future restrictions on the repatriation of any relevant Event Currency into the relevant Non-Event Currency) other than where such hindrance, limitation, restriction, impossibility or impracticality is due solely to the failure by such Hedging Party to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Trade Date and it is impossible or not reasonably practicable for such Hedging Party, due to an event beyond its control, to comply with such law, rule or regulation).

**Specific Non-Transferability** means, in respect of an FX Rate and as determined by the Calculation Agent, the occurrence of any event that has the direct or indirect effect of hindering, limiting, restricting, making it impossible or not reasonably practicable for any Hedging Party to deliver (a) any relevant amount in any relevant Non-Event Currency from accounts inside the relevant Event Currency Jurisdiction to accounts outside such Event Currency Jurisdiction or (b) any relevant amount in any relevant Event Currency between accounts inside the relevant Event Currency Jurisdiction or to a party that is a non-resident of such Event Currency Jurisdiction (including, without limitation, by reason of any delays, increased costs or discriminatory rates of exchange or any current or future restrictions on the repatriation of any relevant Event Currency into the relevant Non-Event Currency), other than where such hindrance, limitation, restriction, impossibility or impracticality is due solely to the failure by such Hedging Party to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Trade Date and it is impossible or not reasonably practicable for such Hedging Party, due to an event beyond its control, to comply with such law, rule or regulation).



**Market Disruption Event** means, in respect of an FX Rate, the occurrence or existence, as determined by the Calculation Agent, of any Price Source Disruption and/or any Trading Suspension or Limitation and/or any Currency Disruption Event specified in respect of such FX Rate in the applicable Final Terms.

**Price Source Disruption** means, in respect of an FX Rate and a Valuation Date and as determined by the Calculation Agent, it becomes impossible or otherwise impracticable to obtain the relevant rate(s) required to calculate the Underlying Closing Level or Underlying Level (as relevant) on such Valuation Date (or, if different, the day on which rates for such Valuation Date would, in the ordinary course, be published or announced on the relevant Electronic Page).

**Repudiation** means, in respect of a Governmental Authority Default, the relevant Governmental Authority disaffirms, disclaims, repudiates, or rejects, in whole or in part, or challenges the validity of any security, indebtedness for borrowed money, or guarantee of such Governmental Authority in any material respect.

**Trading Suspension or Limitation** means, in respect of an FX Rate and a Valuation Date and as determined by the Calculation Agent, the suspension of and/or limitation of trading in the rate(s) required to calculate such FX Rate (which may be, without limitation, rates quoted on any over-the-counter or quotation-based market, whether regulated or unregulated) for such Valuation Date provided that such suspension or limitation of trading is material in the opinion of the Calculation Agent.

#### 4. **ADDITIONAL ADJUSTMENT EVENTS**

The following Additional Adjustment Event shall apply in respect of an FX Rate: after the Issue Date and on or before any relevant payment date, a relevant country has lawfully eliminated, converted, redenominated, or exchanged its currency in effect on the Issue Date or any lawful successor currency thereto (the **Successor Currency**), as the case may be (the **Original Currency**), for a Successor Currency.

#### 5. **ADDITIONAL EARLY REDEMPTION EVENTS**

No Additional Early Redemption Events shall apply in respect of FX Rates.

#### 6. **ADDITIONAL PROVISIONS**

(a) *Corrections of published or announced rates*

**Correction Period** means, in respect of an FX Rate, five Business Days.

(b) *Certain Published and Displayed Sources*

If any currency exchange rate specified in any applicable FX Rate is published or announced by more than one price source (including the relevant Electronic Page) and the Electronic Page fails to publish or announce that currency exchange rate on any relevant Valuation Date (or, if different, the day on which rates for such Valuation Date would, in the ordinary course, be published or announced on the relevant Electronic Page), then the relevant Underlying Closing Level or Underlying Level (as relevant) for such Valuation Date may be determined as if the applicable Final Terms had specified any other available price source which actually publishes or announces such currency exchange rate on such Valuation Date (or, if different, the day on which rates for such Valuation Date would, in the ordinary course, be published or announced by such price source) as the applicable Electronic Page.

If any currency exchange rate specified in any applicable FX Rate is reported, sanctioned, recognised, published, announced, or adopted (or other similar action) by the relevant Governmental Authority, and such currency exchange rate ceases to exist and is replaced by a successor currency exchange rate that is reported, sanctioned, recognised, published, announced, or adopted (or other similar action) by such Governmental Authority (the **Official Successor Rate**), then the Underlying Closing Level or Underlying Level (as applicable) for the relevant Valuation Date may be determined as if the applicable Final Terms had specified any available price source which publishes or announces the Official Successor Rate (including, but not limited to, an official publication of that Governmental Authority) on such Valuation Date (or, if different, the day on which rates for that Valuation Date would, in the ordinary course, be published or announced by the relevant price source) as the applicable Electronic Page.

(c) *Settlement Disruption*

If, in the opinion of the Calculation Agent, payment of any amount due in respect of the Notes cannot be made by the Issuer in the Specified Currency on any date on which payment is scheduled to be made under the Notes (a **Relevant Scheduled Payment Date**) due to:

- (i) the imposition of laws or regulations by any Governmental Authority of the country for which the Specified Currency is the lawful currency (the **Specified Currency Jurisdiction**) which (a) require non-residents of the Specified Currency Jurisdiction to obtain permission from such central banking authority or other authority to obtain the Specified Currency, or (b) otherwise restrict a non-resident's ability to obtain the Specified Currency, or (c) otherwise regulate the purchase or holding of the Specified Currency by non-residents of the Specified Currency Jurisdiction such that costs are imposed in obtaining the Specified Currency which would not be imposed in the absence of such regulations, or (d) has the direct or indirect effect of hindering, limiting or restricting the transfer of the Specified Currency between non-residents of the Specified Currency Jurisdiction or (e) materially restricts non-residents from transferring the Specified Currency from the Specified Currency Jurisdiction to the country of incorporation of such non-resident; or
- (ii) Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system suspending or ceasing to accept the Specified Currency as a settlement currency; or
- (iii) the Specified Currency's replacement or disuse or the Specified Currency, or any Successor Currency, no longer being used by the government of the Specified Currency Jurisdiction or for the settlement of transactions by public institutions within the international banking community; or
- (iv) the illiquidity of the Specified Currency in the relevant market; or
- (v) any other circumstances beyond the control of the Issuer (including but not limited to a natural or man-made disaster, armed conflict, act of terrorism, riot or labour disruption),

(each a **Currency Settlement Disruption Event**) then the Issuer shall be entitled to satisfy its obligations to the Holders by either (i) delaying any such payment until after the Currency Settlement Disruption Event ceases to exist or (ii) making such payment in United States dollars (**USD**) (such payment converted into USD by reference to such currency exchange rate displayed on such price source or otherwise as the Calculation Agent shall determine) on, or as soon as reasonably practicable (in the opinion of the Calculation Agent) after, the Relevant Scheduled Payment Date. Any such delayed payment or payment in USD will not constitute a default and Holders shall not be entitled to further interest or any other payment in respect of any such delay.

## **UNDERLYING SCHEDULE 10 WARRANT CONDITIONS**

This Underlying Schedule shall apply to each Underlying classified in the applicable Final Terms as a "Warrant".

For the avoidance of doubt, defined terms used in this Underlying Schedule shall only apply in respect of Notes linked to Warrants.

### **1. DEFINITIONS**

**Scheduled Trading Day** means, in respect of a Warrant, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London.

**Warrant** means each Underlying classified as such in the applicable Final Terms.

**Warrant Termination Event** means, in respect of a Warrant, the cancellation or termination of such Warrant for any reason other than (i) by reason of its scheduled exercise by a holder thereof or (ii) its automatic exercise pursuant to its terms.

### **2. VALUATION**

**Underlying Closing Level** means, in respect of a Warrant and a Valuation Date, the value of such Warrant on such Valuation Date, as determined by the Calculation Agent and displayed on the applicable Electronic Page.

Valuation Time and Underlying Level shall not apply to a Warrant.

### **3. DISRUPTION TO VALUATION**

Disrupted Day shall not apply to a Warrant and the provisions of Condition 19(d) (in the case of Notes other than French Law Notes) or Condition 17(d) (in the case of French Law Notes) of the General Conditions shall not apply.

### **4. ADDITIONAL ADJUSTMENT EVENTS**

No Additional Adjustment Events shall apply in respect of a Warrant and the provisions of Condition 19(g) (in the case of Notes other than French Law Notes) or Condition 17(g) (in the case of French Law Notes) of the General Conditions shall not apply.

### **5. ADDITIONAL EARLY REDEMPTION EVENTS**

The following Additional Early Redemption Event shall apply in respect of a Warrant: a Warrant Termination Event.

### **6. ADDITIONAL PROVISIONS**

#### *(a) Correction of published or announced prices or levels*

The provisions of Condition 19(j) (in the case of Notes other than French Law Notes) or Condition 17(j) (in the case of French Law Notes) of the General Conditions shall not apply in respect of a Warrant.

(b) *Early Redemption Event*

If, in the determination of the Calculation Agent, any Early Redemption Event occurs in respect of a Warrant, then, for the purposes of Condition 19(h) (in the case of Notes other than French Law Notes) or Condition 17(h) (in the case of French Law Notes) of the General Conditions, the Early Redemption Amount shall be an amount per Calculation Amount as specified in the applicable Final Terms.

## UNDERLYING SCHEDULE 11 PROPRIETARY INDEX CONDITIONS

This Underlying Schedule shall apply to each Underlying classified in the applicable Final Terms as a "Proprietary Index".

For the avoidance of doubt, defined terms used in this Underlying Schedule shall only apply in respect of Notes linked to Proprietary Indices.

### 1. DEFINITIONS

**Additional Disruption Event** means any event specified in the applicable Final Terms.

**Component** means, in respect of a Proprietary Index, each component index, security, commodity or other asset included in such Proprietary Index.

**Index Conditions** means, in respect of a Proprietary Index, the terms and conditions of the relevant Proprietary Index from time to time, as published by the relevant Index Sponsor.

**Index Sponsor** means, in respect of a Proprietary Index, the corporation or other entity which (a) is responsible for setting and reviewing the rules and procedures and methods of calculations and adjustments, if any, related to such Proprietary Index; and (b) announces (directly or through an agent) the level of such Proprietary Index on a regular basis.

**Proprietary Index** means each Underlying classified as such in the applicable Final Terms.

**Scheduled Trading Day** means, in respect of a Proprietary Index and unless otherwise specified in the applicable Final Terms, a day for which the level of the Proprietary Index is scheduled to be calculated, however described in the relevant Index Conditions and as determined by the Calculation Agent.

**Successor Index** shall have the meaning given to it in Condition 4 of the Proprietary Index Conditions.

**Tax Disruption** means, in respect of a Component, the imposition of, change in or removal of a Relevant Tax by any relevant government or taxing authority after the Trade Date, if the direct effect of such imposition, change or removal is to increase or decrease the level of the Proprietary Index on a day which would otherwise be a Valuation Date from what it would have been without such imposition, change or removal. For these purposes, **Relevant Tax** means, in respect of a Component or other asset relating to such Component, any excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or other similar tax on, or measured by reference to, such Component or other asset (other than a tax on, or measured by reference to, overall gross or net income).

### 2. VALUATION

#### (a) *Closing valuations*

**Underlying Closing Level** means, in respect of a Proprietary Index and a Valuation Date, the official closing level of such Proprietary Index on such Valuation Date or, where the level of such Proprietary Index is only published once in respect of any day, the level of such Proprietary Index for such Valuation Date, in each case, as displayed on the applicable Electronic Page. If so specified in the applicable Final Terms, the level of the relevant Proprietary Index for a Valuation Date may be published on a succeeding Scheduled Trading Day.

(b) *Intraday valuations*

**Underlying Level** means, in respect of a Proprietary Index and a Valuation Date, the level of such Proprietary Index observed continuously during such Valuation Date, as displayed on the applicable Electronic Page.

**3. DISRUPTION TO VALUATION**

**Disrupted Day** means, in respect of a Proprietary Index, any Scheduled Trading Day for such Proprietary Index for or on, as determined by the Calculation Agent, which the relevant Index Sponsor fails to publish the level of such Proprietary Index.

**4. ADDITIONAL ADJUSTMENT EVENTS**

The following Additional Adjustment Events shall apply in respect of a Proprietary Index:

- (a) such Proprietary Index is either (i) not calculated and announced by or on behalf of the relevant Index Sponsor but instead is calculated and announced by or on behalf of a successor to such relevant Index Sponsor acceptable to the Calculation Agent; or (ii) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of such Proprietary Index (such index, the **Successor Index**, which will be deemed to be such Proprietary Index);
- (b) each Additional Disruption Event (if any) specified in the applicable Final Terms;
- (c) if "Tax Disruption" is specified as applicable in the applicable Final Terms, the Calculation Agent determines that (i) a Tax Disruption has occurred or exists; and (ii) such Tax Disruption is material.

**5. ADDITIONAL EARLY REDEMPTION EVENTS**

The following Additional Early Redemption Event shall apply in respect of a Proprietary Index: the Calculation Agent determines that no calculation, adjustment or substitution can reasonably be made under Condition 6(b) of the Proprietary Index Conditions.

**6. ADDITIONAL PROVISIONS**

(a) *Correction of published or announced prices or levels*

**Correction Period** means, in respect of a Proprietary Index, 30 calendar days.

For the avoidance of doubt, if pursuant to the provisions of Condition (c) of the Proprietary Index Conditions, the level of a Proprietary Index published for a Valuation Date is disregarded by the Calculation Agent, any correction of the level of the relevant Proprietary Index which has been disregarded shall also be disregarded.

(b) *Modification, disruption or cancellation of a Proprietary Index and Proprietary Index Substitution*

(A) *Proprietary Index Adjustment Events*

If, in respect of a Proprietary Index, (i) on or prior to any Valuation Date, the relevant Index Sponsor announces that it will make a material change in the formula for or the method of calculating the level of such Proprietary Index or in any other way materially modifies such Proprietary Index (other than a modification prescribed in that formula or method to maintain such Proprietary Index in the

event of changes in relevant Components and other routine events) (a **Proprietary Index Modification**); or (ii) on or prior to any Valuation Date, the relevant Index Sponsor at any time permanently cancels such Proprietary Index and no Successor Index (as defined in Condition 4 of the Proprietary Index Conditions) exists (a **Proprietary Index Cancellation**); or (iii) on or prior to any Valuation Date the relevant Index Sponsor or any person or entity on its behalf fails to calculate and announce such Proprietary Index (a **Proprietary Index Disruption**, and together with a Proprietary Index Modification and a Proprietary Index Cancellation, a **Proprietary Index Adjustment Event**), then the Calculation Agent shall determine if such Proprietary Index Adjustment Event has a material effect on the Notes, and if so, shall either:

- (i) calculate the relevant level of such Proprietary Index at the relevant time on such Valuation Date using, in lieu of a published level for such Proprietary Index, the level of such Proprietary Index at the relevant time on such Valuation Date as determined by the Calculation Agent in accordance with the formula for and the method of calculating the level of such Proprietary Index last in effect prior to the occurrence of such Proprietary Index Adjustment Event but using only those Components which comprised such Proprietary Index immediately prior to the occurrence of such Proprietary Index Adjustment Event and, for which purpose, any determination of the value of any Component shall be made by reference to such source(s) as the Calculation Agent determines appropriate; or
- (ii) substitute such Proprietary Index as provided in Condition 6(b)(B) of the Proprietary Index Conditions and make such adjustments (if any) to the Conditions and/or the applicable Final Terms as it deems necessary or appropriate in relation to such substitution.

If no calculation, adjustment or substitution can reasonably be made pursuant to the above, the provisions of Condition 5 of the Proprietary Index Conditions shall apply.

*(B) Proprietary Index Substitution*

Any substitution made by the Calculation Agent pursuant to Condition 6(b)(A)(ii) of the Proprietary Index Conditions shall be, and any adjustment made by the Calculation Agent in response to an Adjustment Event may include, a Proprietary Index Substitution.

**Proprietary Index Substitution** means, in relation to a Proprietary Index Adjustment Event or an Adjustment Event, the replacement of a Proprietary Index the subject of such Proprietary Index Adjustment Event or Adjustment Event, as the case may be, with a new index selected by the Calculation Agent (which shall be a replacement index using, in the determination of the Calculation Agent, the same or a substantially similar formula and method of calculation as used in the calculation of the level of such Proprietary Index or a replacement index selected by the Calculation Agent in accordance with any other criteria specified in the applicable Final Terms). Such new index shall be deemed to be a Proprietary Index in place of the Proprietary Index the subject of the Proprietary Index Adjustment Event or the Adjustment Event, as the case may be.

*(c) Determination of the Underlying Closing Level of a Proprietary Index on a Disrupted Day*

Condition 19(e) (in the case of Notes other than French Law Notes) or Condition 17(e) in the case of French Law Notes) of the General Conditions applies.

*(d) Determination of the Underlying Closing Level of a Proprietary Index on a Component Disrupted Day*

This Condition 6(d) of the Proprietary Index Conditions shall only apply where "Component Valuation" is specified as applicable in the applicable Final Terms.

Where Component Valuation is specified as applicable in the applicable Final Terms, if a Valuation Date for a Proprietary Index (i) is not a Component Scheduled Trading Day or (ii) is a Component Disrupted Day, in either case, in respect of one or more of the Components of such Proprietary Index (each such Component, an **Affected Component** and each such date an **Affected Valuation Date**), then any level of the Proprietary Index published for such Valuation Date may be disregarded by the Calculation Agent and the Underlying Closing Level for such Valuation Date may be determined by the Calculation Agent as the level of such Proprietary Index for such Valuation Date determined in accordance with the then-current methodology for calculating the level of the Proprietary Index, but using:

- (i) with respect to each Component which is not an Affected Component, the price, level or value of each such Component at the relevant time on the relevant Affected Valuation Date; and
- (ii) with respect to each Affected Component, the price, level or value for each such Affected Component at the relevant time on the earlier of (i) the first succeeding Component Scheduled Trading Day for such Affected Component immediately following the relevant Affected Valuation Date that is not a Component Disrupted Day for such Affected Component and (ii) the Component Scheduled Trading Day which is the Component Valuation Roll number of Component Scheduled Trading Days for such Component immediately following the relevant Affected Valuation Date,

PROVIDED THAT if, pursuant to the above, the relevant Valuation Date for any Component determined as provided above would otherwise fall on a day falling after the second Component Scheduled Trading Day prior to the date on which a relevant payment is scheduled to be made under the Notes (the **Component Cut-off Date**), such Valuation Date for such Affected Component shall be deemed to be the Component Cut-off Date (notwithstanding that such date either (A) is not a Component Scheduled Trading Day for such Component or (B) is a Component Disrupted Day for such Component) and the provisions of paragraph (iii) below shall apply;

- (iii) if the Valuation Date for any Component (as determined in accordance with paragraph (ii) above) is a Component Disrupted Day for such Component or is determined to occur on the Component Cut-off Valuation Date (as provided in paragraph (b) above), then the Calculation Agent shall determine the price, level or value of the relevant Component in the manner (as specified in the relevant Index Conditions) in which the price, level or value of such disrupted Component would be determined on a date which is a Component Disrupted Day for such Component (for the avoidance of doubt, without regard to any valuation roll).

For the purposes hereof:

**Component Disrupted Day** means, in respect of a Component and unless otherwise specified in the applicable Final Terms, a day on which the price, level or value of such Component and/or any sub-component of such Component and/or any related futures contracts, options contracts or securities (each a **Relevant Component**) is not published (or publication is delayed) and/or cannot be determined and/or is otherwise disrupted (including, without limitation, by way of a suspension, limitation and/or disruption of trading in the Relevant Component and/or the failure to open or the early closure of any relevant exchange), however described in the relevant Index Conditions and as determined by the Calculation Agent.

**Component Scheduled Trading Day** means, in respect of a Component and unless otherwise specified in the applicable Final Terms, a day on which the price, level or value of such Component is scheduled to be determined, however described in the relevant Index Conditions and as determined by the Calculation Agent.



**Component Valuation Roll** means the number specified as such in the applicable Final Terms or, if no number is so specified, eight.

## UNDERLYING SCHEDULE 12 DIVIDEND FUTURES CONTRACT CONDITIONS

This Underlying Schedule shall apply to each Underlying classified in the applicable Final Terms as a "Dividend Futures Contract".

For the avoidance of doubt, defined terms used in this Underlying Schedule shall only apply in respect of Notes linked to Dividend Futures Contracts.

### 1. DEFINITIONS

**Additional Disruption Event** means any event specified in the applicable Final Terms.

**Dividend Futures Contract** means each Underlying classified as such in the applicable Final Terms.

**Dividend Futures Contract Sponsor** means, in respect of a Dividend Futures Contract, the corporation or other entity which (a) is responsible for setting and reviewing the rules and procedures and methods of calculations and adjustments, if any, related to such Dividend Futures Contract; and (b) announces (directly or through an agent) the price of such Dividend Futures Contract on a regular basis.

**Exchange** means, in respect of a Dividend Futures Contract, the exchange or principal trading facility specified for such Dividend Futures Contract in the applicable Final Terms or any successor to such exchange or principal trading facility.

**Relevant Price** means, in respect of a Dividend Futures Contract and a Valuation Date, the price specified for such Valuation Date in the applicable Final Terms.

**Scheduled Trading Day** means, in respect of a Dividend Futures Contract, any day on which the relevant Exchange is scheduled to be open for trading for its regular trading session notwithstanding such Exchange closing prior to its scheduled closing time.

### 2. VALUATION

**Underlying Closing Level** means, in respect of a Dividend Futures Contract and a Valuation Date, the Relevant Price for the relevant Valuation Date as displayed on the relevant Electronic Page or, if such Relevant Price is not displayed on the relevant Electronic Page on the relevant Valuation Date, the Relevant Price of such Dividend Futures Contract for such Valuation Date as published by the relevant Exchange.

**Valuation Time** means, in respect of an Underlying Closing Level and a Dividend Futures Contract, the time at which the relevant price referred to for the purpose of such Underlying Closing Level of such Dividend Futures Contract for such day is calculated and published by the relevant Dividend Futures Contract Sponsor.

Underlying Level shall not apply to a Dividend Futures Contract unless otherwise specified in the applicable Final Terms.

### 3. DISRUPTION TO VALUATION

**Disrupted Day** means, in respect of a Dividend Futures Contract, any Scheduled Trading Day for such Dividend Futures Contract on which:

- (i) the relevant Dividend Futures Contract Sponsor fails to announce the Relevant Price;
- (ii) the relevant Electronic Page and the relevant Exchange each fail to publish the Relevant Price of the Dividend Futures Contract (or other data from which such Relevant Price is calculated);
- (iii) the relevant Electronic Page is temporarily or permanently discontinued or unavailable;
- (iv) the relevant Exchange fails to open for trading during its regular trading session; or
- (v) there is a suspension of or limitation on trading in such Dividend Futures Contract on the relevant Exchange (which, in either case, the Calculation Agent determines is material).

The provisions and definition of Disrupted Day will not apply in respect of a Dividend Futures Contract and a Valuation Date if the Relevant Price for such Valuation Date is specified to be the "final settlement price" of such Dividend Futures Contract in the applicable Final Terms and the Conditions shall be construed accordingly.

#### 4. **ADDITIONAL ADJUSTMENT EVENTS**

The following Additional Adjustment Events apply in respect of a Dividend Futures Contract:

- (i) such Dividend Futures Contract is either (a) not calculated and announced by or on behalf of the relevant Dividend Futures Contract Sponsor but instead is calculated and announced by or on behalf of a successor to such relevant Dividend Futures Contract Sponsor acceptable to the Calculation Agent; or (b) replaced, as relevant, by a successor dividend futures contract using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of such Dividend Futures Contract (such dividend futures contract, the **Successor Dividend Futures Contract**, which will be deemed to be such Dividend Futures Contract); and
- (ii) each Additional Disruption Event (if any) specified in the applicable Final Terms.

#### 5. **ADDITIONAL EARLY REDEMPTION EVENTS**

The following Additional Early Redemption Event shall apply in respect of a Dividend Futures Contract: the Calculation Agent determines that no calculation, adjustment or substitution can reasonably be made under Condition 6(b) of the Dividend Futures Contract Conditions.

#### 6. **ADDITIONAL PROVISIONS**

- (a) *Correction of published or announced prices or levels*

**Correction Period** means, in respect of a Dividend Futures Contract, two Business Days.

- (b) *Modification, cancellation or disruption of a Dividend Futures Contract and Dividend Futures Contract Substitution*

- (A) Dividend Futures Contract Adjustment Event

If, in respect of a Dividend Futures Contract, (i) on or prior to any Valuation Date, the relevant Exchange and/or Dividend Futures Contract Sponsor, as the case may be, announces that it will make a material change in the formula for or the method of calculating any price of such Dividend Futures Contract or in any other way materially modifies such Dividend Futures Contract, including any material change in the content, composition or constitution of such Dividend Futures Contract (a

**Dividend Futures Contract Modification**); or (ii) on or prior to any Valuation Date, the relevant Exchange and/or Dividend Futures Contract Sponsor, as the case may be, at any time permanently cancels or discontinues such Dividend Futures Contract or there is otherwise a permanent discontinuation in trading or trading never commences in such Dividend Futures Contract and, in each such case, no Successor Dividend Futures Contract exists (a **Dividend Futures Contract Cancellation**); or (iii) on any Valuation Date for which the Relevant Price is specified to be the "final settlement price" in the applicable Final Terms, such Relevant Price is not displayed or published on the relevant Electronic Page or by the Exchange, as the case may be, at the relevant Valuation Time (a **Dividend Futures Contract Disruption**, and together with a Dividend Futures Contract Modification and a Dividend Futures Contract Cancellation, a **Dividend Futures Contract Adjustment Event**), then the Calculation Agent shall determine if such Dividend Futures Contract Adjustment Event has a material effect on the Notes and, if so, shall either:

- (i) calculate the relevant price of such Dividend Futures Contract at or for the relevant Valuation Time on such Valuation Date using, in lieu of the published Relevant Price for such Dividend Futures Contract, a price for such Dividend Futures Contract at or for the relevant Valuation Time on such Valuation Date as determined by the Calculation Agent by calculating the value of the relevant dividends for the applicable contract period for such Dividend Futures Contract by reference to the formula for and the method of calculation last in effect of any related dividend point index or such other sources as it deems appropriate;
- (ii) make such adjustments to the Conditions and/or the applicable Final Terms as the Calculation Agent determines necessary or appropriate to account for the effect of such Dividend Futures Contract Adjustment Event and determine the effective date of each such adjustment; and/or
- (iii) substitute such Dividend Futures Contract as provided in Condition 6(b)(B) of the Dividend Futures Contract Conditions and make such adjustments (if any) to the Conditions and/or the applicable Final Terms to as it deems necessary or appropriate in relation to such substitution.

If no calculation, adjustment and/or substitution can reasonably be made pursuant to the above, the provisions of Condition 5 of the Dividend Futures Contract Conditions shall apply.

*(B) Dividend Futures Contract Substitution*

Any adjustment made by the Calculation Agent pursuant to Condition 6(b)(A)(iii) of the Dividend Futures Contract Conditions shall be, and any adjustment made by the Calculation Agent in response to an Adjustment Event may include, a Dividend Futures Contract Substitution.

**Dividend Futures Contract Substitution** means, in relation to a Dividend Futures Contract Adjustment Event or an Adjustment Event, the replacement of the Dividend Futures Contract the subject of such Dividend Futures Contract Adjustment Event or Adjustment Event, as the case may be, with a new dividend futures contract selected by the Calculation Agent (which shall be a replacement dividend futures contract using, in the determination of the Calculation Agent, the same or a substantially similar formula and method of calculation as used in the calculation of the Dividend Futures Contract or a replacement dividend futures contract selected by the Calculation Agent in accordance with any other criteria specified in the applicable Final Terms). Such new dividend futures contract shall be deemed to be a Dividend Futures Contract in place of the Dividend Futures Contract the subject of the Dividend Futures Contract Adjustment Event or Adjustment Event, as the case may be.

*(c) Determination of the Underlying Closing Level of a Dividend Futures Contract on a Disrupted Day or on the Cut-off Valuation Date*

(A) *Determination of the Underlying Closing Level of a Dividend Futures Contract on a Disrupted Day*

Where the Relevant Price for a Valuation Date is not specified to be the "final settlement price" in the applicable Final Terms, Condition 19(e) (in the case of Notes other than French Law Notes) or Condition 17(e) (in the case of French Law Notes) of the General Conditions applies.

(B) *Determination of the Underlying Closing Level of a Dividend Futures Contract on the Cut-off Valuation Date*

If the Relevant Price for a Valuation Date is specified to be the "final settlement price" in the applicable Final Terms and, in accordance with the provisions of the applicable Final Terms, the relevant Valuation Date would otherwise fall on a day falling after the second Scheduled Trading Day for such Dividend Futures Contract prior to the date on which a relevant payment is scheduled to be made under the Notes (the **Cut-off Valuation Date**), such Valuation Date shall be deemed to be the Cut-off Valuation Date and the Calculation Agent shall determine the Underlying Closing Level of the Dividend Futures Contract for such Valuation Date by calculating the value of the relevant dividends for the applicable contract period for such Dividend Futures Contract by reference to the formula for and the method of calculation last in effect of any related dividend point index or such other sources as it deems appropriate.

## ANNEX 1 – AMENDMENTS TO THE TERMS AND CONDITIONS OF THE NOTES (OTHER THAN FRENCH LAW NOTES) FOR SWEDISH NOTES

The following shall be inserted as a new penultimate paragraph in the preamble:

The issuance of Swedish Notes will be governed by a Swedish Notes issuing and paying agent agreement (as amended, supplemented and/or restated from time to time, the **Swedish Notes Issuing and Paying Agent Agreement**) to be entered into between, *inter alios*, the Issuer and Nordea Bank AB (publ) as Swedish Notes issuing and paying agent (in such capacity the **Swedish Notes Issuing and Paying Agent**, which expression shall include any successor as Swedish Notes issuing and paying agent and such successor shall be duly authorised under the Swedish Financial Instruments Accounts Act 1998 (Sw. *Lagen (1998:1479) om kontoföring av finansiella instrument*) (the **SFIA Act**)). Any references in the Conditions to "Fiscal Agency Agreement" shall be deemed to include, where the context so admits, reference to the Swedish Notes Issuing and Paying Agent Agreement. Copies of the Swedish Notes Issuing and Paying Agent Agreement are available for inspection during normal business hours at the specified office of the Swedish Notes Issuing and Paying Agent. The holders of the Swedish Notes are deemed to have notice of all of the provisions of the Swedish Notes Issuing and Paying Agent Agreement applicable to them.

### 1. Form, Denomination and Title

The following shall be added at the end of Condition 1:

In the case of Swedish Notes, the following provisions of this Condition 1 shall apply in lieu of the foregoing provisions of this Condition 1 in the event of any inconsistency.

Swedish Notes are issued in dematerialised uncertificated book-entry form in accordance with the SFIA Act in the Specified Denomination(s).

No global or definitive Swedish Notes will be issued and the Conditions shall be construed accordingly. The Swedish Notes will be transferable only in accordance with the provisions of the SFIA Act, other applicable Swedish legislation and the rules and regulations applicable to, and/or issued by, Euroclear Sweden AB (**Euroclear Sweden**).

The person appearing in the register for the Swedish Notes kept by Euroclear Sweden on behalf of the Issuer (the **Swedish Notes Register**) will be treated as the **holder** of the relevant Swedish Notes in accordance with the legislation, rules and regulations applicable to, and/or issued by, Euroclear Sweden and title to the Swedish Notes passes only by registration in the Swedish Notes Register. In the Conditions, **holder**, in relation to a Swedish Note, means the person in whose name such Swedish Note is registered in the Swedish Notes Register. Where a nominee (Sw. *förvaltare*) is so evidenced it shall be treated as the holder of the relevant Swedish Note.

The Issuer shall have access to the register of creditors (Sw. *skuldboken*) in respect of the Swedish Notes, unless the applicable Final Terms specify that the Issuer shall not have such access.

### 2. Exchange and Transfers of Notes

2.1 The following shall be inserted as Condition 2(k):

#### (a) Transfer of Swedish Notes

All transfers of Swedish Notes and entries in the Swedish Notes Register will be made subject to the legislation, rules and regulations applicable to, and/or issued by, Euroclear Sweden. Title to Swedish Notes will pass by transfer between accountholders of the

Euroclear Sweden system, perfected in accordance with legislation (including the SFIA Act), rules and regulations applicable to, and/or issued by, Euroclear Sweden.

2.2 Condition 2(i) (Transfer Free of Charge) shall not apply to Swedish Notes.

2.3 The following shall replace Condition 2(j) (Closed Periods):

No holder of a Swedish Note may require the transfer of a Swedish Note to be registered during a period which is the equivalent to any such closed period pursuant to the rules and regulations applicable to, and/or issued by, Euroclear Sweden.

### **3. Interest**

The following shall be inserted as a new paragraph in Condition 4:

Notwithstanding anything to the contrary in the Conditions (and in particular Condition 4), interest on Swedish Notes shall be calculated from (but excluding) the Interest Commencement Date to (and including) the Interest Payment Date.

### **4. Redemption and Purchase**

4.1 The first paragraph of Condition 5(e) shall be replaced with:

If Issuer Call is specified as applicable in the applicable Final Terms, the Issuer may, having given:

- (a) not less than five nor more than 60 days' notice to the Noteholders in accordance with Condition 13; and
- (b) not less than five days' notice to the Swedish Notes Issuing and Paying Agent and Euroclear Sweden, respectively,

(which notices shall be irrevocable and shall specify the date fixed for redemption and shall specify the Notes or the amount of the Notes as well as the closed period), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and, in respect of each principal amount of the Notes equal to the Calculation Amount at the Optional Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a principal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount in each case as may be specified in the applicable Final Terms. The redemption procedures for Swedish Notes will be subject to the rules and regulations applicable to, and/or issued by, Euroclear Sweden.

4.2 The following shall be inserted as a new paragraph in Condition 5(f):

In the case of Swedish Notes, a Put Notice will not take effect against the Issuer before the date on which the relevant Notes have been transferred to the account designated by the Swedish Notes Issuing and Paying Agent and blocked for further transfers by the Swedish Notes Issuing and Paying Agent (such date will be the first date of a closed period for the purposes of Condition 2(j)). The redemption procedures for Swedish Notes will be subject to the rules and regulations applicable to, and/or issued by, Euroclear Sweden.

## 5. Payments, Talons and Physical Delivery

5.1 The following shall be inserted as a new Condition 6(d):

### Payments in respect of Swedish Notes

Conditions 6(a) and 6(b) shall not apply to Swedish Notes. Payments in respect of Swedish Notes will be made on the due date for payments to the persons registered as holders in the Swedish Notes Register on the fifth (5) Stockholm Banking Day (or such other date in accordance with the rules and procedures applied by Euroclear Sweden from time to time), prior to the due date for such payment.

In the Conditions, **Stockholm Banking Day** means a day on which Euroclear Sweden is open for business (including the making of payments) in accordance with the rules and procedures applied by Euroclear Sweden from time to time.

5.2 The following shall replace Condition 6(i):

### Payment Day

If any date for payment in respect of any Swedish Notes is not a Payment Day, the holder shall not be entitled to payment until the next following Payment Day nor to any interest or other sum in respect of such postponed payment. In this paragraph, **Payment Day** means a day which is a Stockholm Banking Day and:

- (a) (in the case of a payment in a currency other than Euro) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of such relevant currency; or
- (b) (in the case of a payment in Euro) a day which is a TARGET Business Day.

## 6. Prescription

Condition 8 shall be replaced with the following wording:

Claims against the Issuer for payment in respect of the Notes and any Receipts and Coupons shall be prescribed and become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect thereof.

For the purposes of the Conditions **Relevant Date** means the date on which such payment first becomes due, or such later date on which an interruption of the period of limitation (Sw. *preskriptionsavbrott*) is made in accordance with the Swedish Limitations Act 1981 (Sw. *preskriptionslagen (1991: 130)*).

## 7. Meetings of Holders, Modification and Determination

7.1 The following shall be inserted at the end of Condition 10(a):

If a holder of Swedish Notes held through a nominee (an **Indirect Noteholder**) attends the meeting (in person or through a duly authorised agent) and shows a certificate from the relevant nominee showing that such Indirect Noteholder on the fifth (5th) Stockholm Business Day prior to the meeting was a holder of Swedish Notes, the Indirect Noteholder shall be regarded the holder of such Swedish Notes for the purposes of this Condition 10.



In connection with a meeting of holders of such Swedish Notes, the Swedish Notes Issuing and Paying Agent shall have access to the CSD Register (*Sw. avstämningsregistret*) for the Swedish Notes.

7.2 The following shall be inserted as a final paragraph in Condition 10(b):

Notwithstanding the above, no modification may be made in respect of the Swedish Notes without the consent of the Swedish Notes Issuing and Paying Agent. Save as provided therein, the Swedish Notes Issuing and Paying Agent Agreement may be amended by agreement among the parties thereto and without the consent of any holders of the Notes.

## **8. Replacement of Notes, Receipts, Coupons and Talons**

Condition 11 shall not apply in relation to Swedish Notes.

## **9. Notices**

The following shall be inserted as a new Condition 13:

Notices in relation to Swedish Notes

All notices regarding the Swedish Notes will be deemed to be validly given if sent by mail to a holder of Notes to the address registered for such holder in the system of Euroclear Sweden or in accordance with the legislation, rules and regulations applicable to, and/or issued by, Euroclear Sweden. Any such notice shall be deemed to have been given, if sent by mail to the holder, on the fourth day following the day the notice was sent by mail.

Notices to be given by any holder of Notes shall be in writing and given by lodging the same with the Swedish Notes Issuing and Paying Agent.

With respect to Swedish Notes listed on the Luxembourg Stock Exchange and so long as the rules of that exchange so require, any notices to holders must be published in a daily leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange and any such notice will be deemed validly given on the date of such publication or, if published more than once or on different dates, on the date of first publication as provided above.

## **10. Governing Law and Jurisdiction**

The following shall be inserted as a new Condition 17(a):

The Swedish Notes and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law. Notwithstanding this, the registration of the Swedish Notes in Euroclear Sweden's system for the registration of financial instruments shall be governed by, and shall be construed in accordance with, Swedish law.

## ANNEX 2 – AMENDMENTS TO THE TERMS AND CONDITIONS OF THE NOTES (OTHER THAN FRENCH LAW NOTES) FOR FINNISH NOTES

The following shall be inserted as a new penultimate paragraph in the preamble:

The Finnish Notes will be issued and governed by a Finnish Notes issuing and paying agent agreement (as amended, supplemented and/or restated from time to time, the Finnish Notes Issuing and Paying Agent Agreement) to be entered into between, *inter alios*, the Issuer and Nordea Bank Finland Plc as Finnish Notes issuing and paying agent (in such capacity the Finnish Notes Issuing and Paying Agent, which expression shall include any successor as Finnish Notes issuing and paying agent and such successor shall be duly authorised under the Finnish Act on the Book-Entry system (*Fin. laki arvo osuusjärjestelmästä* (826/1991))). Any references in the Conditions to "Fiscal Agency Agreement" shall be deemed to include, where the context so admits, reference to the Finnish Notes Issuing and Paying Agent Agreement. Copies of the Finnish Notes Issuing and Paying Agent Agreement are available for inspection during normal business hours at the specified office of the Finnish Notes Issuing and Paying Agent. The holders of the Finnish Notes are deemed to have notice of all of the provisions of the Finnish Notes Issuing and Paying Agent Agreement applicable to them.

### 1. Form Denomination and Title

The following shall be added at the end of Condition 1:

In the case of Finnish Notes, the following provisions of this Condition 1 shall apply in lieu of the foregoing provisions of this Condition 1 in the event of any inconsistency. Notwithstanding the above, the holder of a Finnish Note will be the person in whose name such Finnish Note is registered in a book-entry account in the book-entry system of **Euroclear Finland** (including a nominee account holder, as the case may be) in accordance with Finnish Laws, rules, regulations and operating procedures applicable to, and/or issued by, Euroclear Finland (**Euroclear Finland Rules**) and the terms **Noteholder** and **holder of Notes** shall be construed accordingly. Where a nominee is so evidenced it shall be treated as the holder of the relevant Finnish Notes.

Notwithstanding the above, the Issuer may issue Notes in uncertificated and dematerialised book-entry form (**Finnish Notes**). No Global Notes or Global Registered Note Certificates representing Finnish Notes will be issued and the Conditions of such shall be construed accordingly. Finnish Notes will be transferable only in accordance with the provisions of the Finnish Act on the Book-Entry Accounts (*Fin. laki arvo-osuustileistä* (827/1991)), other applicable Finnish legislation and the rules and regulations applicable to, and/or issued by, Euroclear Finland. References in the Conditions to Coupons, to Global Notes or Global Registered Note Certificates shall not apply to Finnish Notes.

### 2. Exchanges and Transfers of Notes

2.1 The following sentence shall be added at the end of the paragraph of Condition 2(a) (*Exchange of Notes*):

Finnish Notes of one Specified Denomination, as applicable, may not be exchanged for Finnish Notes of another Specified Denomination.

2.2 The following shall be added as a new Condition 2(e):

(e) *Transfers of Finnish Notes*

Title to Finnish Notes shall pass by transfer from a Noteholder's book-entry account to another person's, whether legal or individual, book-entry account within Euroclear Finland (except where the

Finnish Notes are nominee registered and are transferred from one account to another account with the same nominee). Notwithstanding any secrecy obligation, the Issuer shall be entitled to obtain information (including but not limited to information on Noteholders) from the register (the **Euroclear Finland Register**) maintained by Euroclear Finland as registrar (the **Euroclear Finland Registrar**) on behalf of the Issuer in accordance with the Euroclear Finland Rules, and Euroclear Finland shall be entitled to provide such information to the Issuer notwithstanding any secrecy obligation. Furthermore, the Issuer shall, subject to regulations of Euroclear Finland and applicable laws, be entitled to acquire from Euroclear Finland a list of the holders of Finnish Notes, provided that it is technically possible for Euroclear Finland to maintain such a list. The Issuer shall be entitled to pass such information to the **Finnish Notes Issue and Paying Agent** or to authorise such Agent to acquire such information from Euroclear Finland directly. Except as ordered by a court of competent jurisdiction or as required by law, the Noteholder of any Finnish Note shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, or its theft or loss and no person shall be liable for so treating the Noteholder.

### 3. **Redemption and Purchase**

The following shall be added at the end of Condition 5(f):

Notwithstanding anything to the contrary in the Conditions, if the Notes are Finnish Notes, the exercise of this option will not be effective against the Issuer before the date on which the relevant Finnish Notes have been transferred to the account operated by the Finnish Notes Issue and Paying Agent, which for the purposes of the relevant Finnish Notes is an account operator specifically authorised by Euroclear Finland and appointed by the Issuer in relation to a specific issue or issues to process and register issues in the system of the relevant central securities depository and clearing institution, and blocked for further transfer on the Optional Redemption Date by the Finnish Notes Issue and Paying Agent.

The right to require redemption of any Finnish Notes in accordance with this Condition 5(f) must, notwithstanding the above, be exercised in accordance with the Euroclear Finland Rules and if there is any inconsistency between the terms set out herein and the Euroclear Finland Rules, then the Euroclear Finland Rules shall prevail.

### 4. **Payment, Talons and Physical Delivery**

4.1 The following shall be added as a new Condition 6(d):

#### **Payments in respect of Finnish Notes**

Conditions 6(a) and 6(b) shall not apply to Finnish Notes. Payments in respect of Finnish Notes will be made on the due date for payment to the persons registered as holders recorded in the Euroclear Finland Register on the first (1) Helsinki Banking Day (or such other date in accordance with the rules and procedures applied by Euroclear Finland from time to time), prior to the due date for such payment.

In the Conditions, **Helsinki Banking Day** means a day (other than a Saturday or a Sunday) on which commercial banks are generally open for business, including dealings in foreign exchange and foreign currency deposits in Helsinki and on which Euroclear Finland and the relevant system in which the Finnish Notes are registered are open for business in accordance with the Euroclear Finland Rules.

In respect of each Series of Finnish Notes, the Issuer shall at all times maintain a registrar which shall be the duly authorised Finnish central securities depository under the Finnish Act on the Book-

Entry System (*Fin. laki arvo-osuusjärjestelmästä (826/1991)*) and a Finnish Notes Issue and Paying Agent duly authorised as an account operator (*Fin. tilinhoitajayhteisö*) under the Finnish Act on Book-Entry System (*Fin. laki arvo-osuusjärjestelmästä (826/1991)*).

A Finnish Notes Issue and Paying Agent will be appointed by the Issuer and identified in the applicable Final Terms.

4.2 The following shall replace Condition 6(i):

#### **Payment Day**

If any date for payment in respect of any Finnish Notes is not a Payment Day, the holder shall not be entitled to payment until the next following Payment Day nor to any interest or other sum in respect of such postponed payment. In this paragraph, **Payment Day** means a day which is a Helsinki Banking Day and a TARGET Business Day (if applicable).

4.3 The following paragraphs shall be added at the end of the last paragraph of Condition 6(f):

In relation to Finnish Notes, Euroclear Finland will act as the central securities depository and clearing institution and the Issuer will appoint a Finnish Notes Issue and Paying Agent for Finnish purposes as specified in the applicable Final Terms.

The Issuer is entitled to vary or terminate the appointment of the relevant central securities depository and clearing institution or the Finnish Notes Issue and Paying Agent, provided that the Issuer will appoint another central securities depository and clearing institution or Finnish Notes Issue and Paying Agent, each of them to be duly authorised under the Finnish Act on the Book-Entry System (*Fin. laki arvo-osuusjärjestelmästä (826/1991)*). Each of Euroclear Finland and the Finnish Notes Issue and Paying Agent acts solely as agent of the Issuer and does not assume any obligation to, or relationship or agency or trust with, the Noteholders.

### **5. Prescription**

Condition 8 shall be replaced with the following:

In the case of Finnish Notes, claims against the Issuer for payment in respect of the Notes and any principal and interest shall be prescribed unless made within three years after the date on which such payment becomes due and payable therefor and thereafter any principal or interest payable in respect of such Notes shall be forfeited and revert to the Issuer.

### **6. Replacement of Notes, Receipts, Coupons and Talons**

Condition 11 shall not apply in relation to Finnish Notes.

### **7. Notices**

The following shall be added after the last paragraph of Condition 13:

Notices to holders of Finnish Notes will be deemed to be validly given if sent by mail to a Noteholder on the address registered for such Noteholder in the Euroclear Finland Register maintained by the Euroclear Finland Registrar in accordance with the Euroclear Finland Rules.

With respect to Finnish Notes listed on the Luxembourg Stock Exchange and so long as the rules of that exchange so require, any notices to holders must also be published in a daily leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange and any such notice will be deemed validly given on the

date of such publication or, if published more than once on different dates, on the date of first publication as provided above.

**8. Substitution of the Issuer and the CFI Guarantor**

The following sub-section (vii) shall be added at the end of Condition 15(a) (*Substitution of the Issuer and the CFI Guarantor*):

"such Substitution being permitted by Euroclear Finland in respect of Finnish Notes."

**9. Governing Law and Jurisdiction**

The following words shall be added at the end of Condition 17(a):

"The Finnish Notes and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law. Notwithstanding this, the registration and transfer of the Finnish Notes in Euroclear Finland's system for the registration of financial instruments shall be governed by, and shall be construed in accordance with, Finnish law."

## FORM OF THE NOTES

Subject as provided below in relation to Australian Domestic Notes, French Law Notes, Swedish Notes and Finnish Notes, the Notes of each Series will be in either bearer form, with or without Coupons attached, or registered form, without Coupons attached. Bearer Notes will be issued outside the United States in offshore transactions in reliance on Regulation S under the Securities Act (**Regulation S**) and Registered Notes will be issued both outside the United States in reliance on the exemption from registration provided by Regulation S and within the United States in reliance on Rule 144A under the Securities Act (**Rule 144A**).

### **Bearer Notes**

**Bearer Notes will only be issued subject to such immobilisation conditions as are agreed by the relevant Issuer, such that the Notes are treated as issued in registered form for U.S. federal income tax purposes.**

Each Tranche of Bearer Notes will initially be issued in the form of a permanent Global Note or will be issued as otherwise agreed with the relevant Issuer.

Any permanent Global Note will (i) if the permanent Global Note is stated in the applicable Final Terms to be issued in NGN form because it is intended to be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations, be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper for Euroclear and Clearstream, Luxembourg; and (ii) if the permanent Global Note is stated in the applicable Final Terms to be issued in CGN form because it is not intended to be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations, be delivered on or prior to the original issue date of the Tranche to a common depositary for Euroclear and Clearstream, Luxembourg or as otherwise agreed between the relevant Issuer, the CFI Guarantor (where the relevant Issuer is CFI) and the relevant Dealer. Delivering a Global Note to a common safekeeper does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria established by the European Central Bank from time to time.

Notes which are represented by a permanent Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

### **Registered Notes**

The Registered Notes of each Tranche offered and sold in reliance on Regulation S, which will be sold in offshore transactions to persons that are not U.S. persons (as defined in Regulation S) outside the United States, will initially be represented by a global note in registered form (a **Regulation S Global Registered Note Certificate**). Prior to expiry of the distribution compliance period (as defined in Regulation S) applicable to each Tranche of Notes, beneficial interests in a Regulation S Global Registered Note Certificate may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 2 of the General Conditions of the Terms and Conditions of the Notes other than French Law Notes and may not be held otherwise than through Euroclear or Clearstream, Luxembourg and such Regulation S Global Registered Note Certificate will bear a legend regarding such restrictions on transfer.

With respect to Notes issued by CGMFL, each time the relevant Register is amended or updated, the Registrar shall send a copy of the relevant Register to CGMFL who will keep an updated copy of the Register at its registered office (the **Duplicate Register**). In the event of inconsistency between the Register and the Duplicate Register, the Duplicate Register shall, for purposes of Luxembourg law, prevail. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register. In the case of Registered Notes issued by CGMFL, **holder** means the person in whose name such Registered

Note is for the time being registered in the Register or the Duplicate Register if different from the Register (with respect to Registered Notes issued by CGMFL) (or, in the case of a joint holding, the first named thereof) and **Noteholder** shall be construed accordingly. The ownership of the registered Notes shall be construed accordingly. The ownership of the registered Notes shall be established by an entry in the Duplicate Register.

The Registered Notes of each Tranche may only be offered and sold in the United States or to U.S. persons in private transactions to "qualified institutional buyers" within the meaning of Rule 144A (**QIBs**). The Registered Notes of each Tranche sold to QIBs will be represented by a global note in registered form (a **Rule 144A Global Registered Note Certificate** and, together with a Regulation S Global Registered Note Certificate, the **Global Registered Note Certificates**).

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

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

#### **Australian Domestic Notes**

Notwithstanding the foregoing, Australian Domestic Notes will take the form of entries in a register maintained by the Australian Registrar.

The relevant Issuer will apply to Austraclear Limited (**Austraclear**) for approval for each Series of Australian Domestic Notes to be traded on the settlement system operated by Austraclear (**Austraclear System**). Such approval by Austraclear is not a recommendation or endorsement by Austraclear of the Australian Domestic Notes.

If accepted for admission to the respective system, interests in Australian Domestic Notes may be held through Euroclear or Clearstream, Luxembourg. In these circumstances, entitlements in respect of holdings of interests in the Australian Domestic Notes in Euroclear would be held in the Austraclear System by a nominee of Euroclear (currently Westpac Custodian Nominees Limited ABN 18 002 861 565) while entitlements in respect of holdings of interest in the Australian Domestic Notes in Clearstream Luxembourg would be held in the Austraclear System by a nominee of Clearstream, Luxembourg (currently ANZ Nominees Limited ABN 96 005 357 568).

The rights of a holder of interests in Australian Domestic Notes held through Euroclear or Clearstream, Luxembourg are subject to the respective rules and regulations for accountholders of Euroclear and Clearstream, Luxembourg, the terms and conditions of agreements between Euroclear and Clearstream, Luxembourg and their respective nominee and the rules and regulations of the Austraclear System.

In addition, any transfer of interests in Australian Domestic Notes, which is held through Euroclear or Clearstream, Luxembourg will, to the extent such transfer will be recorded on the Austraclear System, be subject to the Corporations Act 2001 of Australia and the requirements set out in Condition 2(f) of the Terms and Conditions of the Notes other than French Law Notes.

## French Law Notes

Notwithstanding the foregoing, French Law Notes will be issued, at the option of the relevant Issuer, in either bearer dematerialised form (*au porteur*), which will be inscribed in the books of Euroclear France or in registered dematerialised form (*nominatif*) and, in such latter case, at the option of the relevant Noteholder in either administered registered form (*nominatif administré*) inscribed in the books of a Euroclear France Account Holder or in fully registered form (*nominatif pur*) inscribed in an account in the books of Euroclear France maintained by the relevant Issuer or by the Registration Agent designated in the relevant Final Terms, all as defined in the Terms and Conditions of the French Law Notes.

## Swedish Notes

Notwithstanding the foregoing Swedish Notes will be issued in dematerialised and uncertificated book-entry form in accordance with the Swedish Financial Instruments Accounts Act 1998 (Sw: *lag (1998:1479) om kontoföring av finansiella instrument*) (the **SFIA Act**), other applicable Swedish legislation and the rules and regulations applicable to, and/or issued by, Euroclear Sweden. Swedish Notes will not be issued in definitive or global form.

Swedish Notes will be registered in a register kept by Euroclear Sweden on behalf of the relevant Issuer (the **Swedish Notes Register**) and payments of principal, interest or any other amounts on Swedish Notes will be made by Euroclear Sweden on behalf of the relevant Issuer to the persons registered as holders of such Swedish Notes in the Swedish Notes Register on the fifth Payment Date prior to the due date of the relevant payment.

## Finnish Notes

Notwithstanding the foregoing Finnish Notes will be issued in uncertificated and dematerialised book-entry-form in accordance with the Finnish Act on the Book-Entry System, (*Fin. laki arvo osuusjarjestelmasta (826/1991)*) and with the Finnish Act on Book-Entry Account, *Fin. laki arvo-osuustileista (827/1991)*) other applicable Finnish legislation and the rules and regulations applicable to, and/or issued by, Euroclear Finland. Finnish Notes will not be issued in definitive form.

## Relationship of Accountholders with Clearing Systems

For so long as any of the Notes is represented by a Global Note or a Global Registered Note Certificate held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the relevant Issuer, the CFI Guarantor (where the relevant Issuer is CFI) and the Agents as the holder of such principal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such principal amount of such Notes, for which purpose the bearer of the relevant Global Note or the registered holder of the relevant Global Registered Note Certificate shall be treated by the relevant Issuer, the CFI Guarantor (where the relevant Issuer is CFI) and each Agent as the holder of such principal amount of such Notes in accordance with and subject to the terms of the relevant Global Note or Global Registered Note Certificate, as the case may be, and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly.

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



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

## **Exchanges**

### **1. Exchange of Global Notes**

A permanent Global Note may be exchanged in whole but not in part (free of charge) for definitive Bearer Notes (with, if applicable, Receipts, Coupons and/or Talons attached) upon not less than 60 days' written notice being given to the Fiscal Agent by either (a) the relevant Issuer or (b) Euroclear and/or Clearstream, Luxembourg acting on the instructions of any holder of an interest in the permanent Global Note (i) if Euroclear or Clearstream, Luxembourg or any other relevant clearing system announces an intention to terminate its business without a successor, (ii) upon the occurrence and continuance of an Event of Default (as defined in Condition 9 of the General Conditions other than French Law Notes), or (iii) upon the occurrence of a change in the tax law of the United States where the relevant Issuer is CFI or Citigroup Inc. or Luxembourg where the relevant Issuer is CGMFL pursuant to which the relevant Issuer has or will become subject to adverse tax consequences in respect of such Notes but for the issuance of definitive Bearer Notes.

**Any exchange of a Global Note for definitive Bearer Notes will be made upon presentation of such Global Note at the specified office of the Fiscal Agent by the bearer of the Global Note on any day (other than a Saturday or Sunday) on which banks are open for general business in London.**

### **2. Exchange of Global Registered Note Certificates**

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

An **Exchange Event** means:

- (a) an Event of Default (as defined in Condition 9 of the General Conditions of the Notes other than French Law Notes) has occurred and is continuing; or
- (b) if the Global Registered Note Certificate is registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg or in the name of a nominee of the Common Safekeeper, as the case may be, the relevant Issuer has been notified that Euroclear and/or Clearstream, Luxembourg, as the case may be, has/have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available; or
- (c) if the Global Registered Note Certificate is registered in the name of a nominee for DTC, either DTC has notified the relevant Issuer that it is unwilling or unable to continue to act as depository for the Notes and no alternative clearing system is available or DTC has ceased to

constitute a clearing agency registered under the Exchange Act and no successor clearing system is available,

- (d) the relevant Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Global Registered Note Certificate in definitive form.

The relevant Issuer will promptly give notice to Noteholders upon the occurrence of an Exchange Event. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg, and/or DTC, as the case may be, acting on the instructions of any holder of an interest in such Global Registered Note Certificate may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in 6(c)(d) above, the relevant Issuer may also give notice to the Registrar requesting exchange. Any exchange shall occur no later than 10 days after the date of receipt of the relevant notice by the Registrar.

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

### **Deed of Covenant**

Where any Note is represented by a Global Note or a Global Registered Note Certificate and the Global Note or the Global Registered Note Certificate (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes or the Maturity Date has occurred and, in either case, redemption has not occurred in accordance with the provisions of the Global Note or the Global Registered Note Certificate, then the Global Note or Global Registered Note Certificate will become void and the holders of interests in such Global Note or such Global Registered Note Certificate credited to their accounts with Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, will become entitled to proceed directly against the relevant Issuer on the basis of statements of account provided by Euroclear and Clearstream, Luxembourg and/or DTC on and subject to the terms of the relevant Deed of Covenant executed by the relevant Issuer.

### **Clearing Systems**

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

## TERMS AND CONDITIONS OF THE CERTIFICATES

CERTIFICATES MAY ONLY BE ISSUED BY CFI AND CITIGROUP INC. AND REFERENCES IN THIS SECTION TO THE RELEVANT ISSUER ARE TO WHICHEVER OF CFI OR CITIGROUP INC. IS THE RELEVANT ISSUER.

*Except as indicated below, the following is the text of the terms and conditions of the Certificates which will include the additional terms and conditions contained in Annex 1 in the case of Index Linked Certificates, which will include the additional terms and conditions contained in Annex 2 in the case of Inflation Linked Certificates, which will include the additional terms and conditions contained in Annex 3 in the case of Commodity Linked Certificates, which will include the additional terms and conditions contained in Annex 4 in the case of Share Linked Certificates and which will include the additional terms and conditions contained in another appropriate Annex (each an **Annex** and together the **Annexes**) in the case of any Certificates linked to any other underlying reference (the **Conditions**). References herein to a Condition shall be deemed to be a reference to a Condition of the General Conditions, unless otherwise specified.*

These Conditions (the **General Conditions**), as supplemented by the additional terms and conditions of the relevant Annex and as supplemented or varied in accordance with the provisions of the applicable Final Terms, will be applicable to the Certificates of each Series and will be endorsed on or attached to the Global Certificate representing such Certificates, details of the relevant Series being shown on the relevant Global Certificate and in the applicable Final Terms which shall be endorsed on or attached to the relevant Global Certificate and shall be deemed part of these Conditions. References in these Conditions to "Certificates" are to these Certificates of one Series only, not to all Certificates which may be issued under the Programme, and references to the "applicable Final Terms" are to the Final Terms relating to the Certificates of such Series, and references to the "Conditions" include such Final Terms. As used herein, **Series** means an issue of Certificates together with any further issue or issues of Certificates which (a) are expressed to be consolidated and form a single Series and (b) are identical in all respects (including as to listing) except for their respective issue dates and/or issue prices.

The Certificates are issued pursuant to a Certificate Agency Agreement dated 25 June 2012 (as amended and supplemented from time to time, the **Certificate Agency Agreement**) between Citigroup Funding Inc. (**CFI**), Citigroup Inc. as issuer and as guarantor in respect of the Certificates issued by CFI (in its capacity as such guarantor, the **CFI Guarantor**) and Citigroup Global Markets Deutschland AG (the **Principal Certificate Agent** and, together with any additional or successor certificate agents, the **Certificate Agents** and each a **Certificate Agent**) and Citigroup Global Markets Limited as Calculation Agent. The Certificates issued by CFI are the subject of a Deed of Guarantee dated 25 June 2012 as amended, supplemented or replaced, as the case may be, from time to time (the **Deed of Guarantee**) entered into by the CFI Guarantor.

In relation to any Series, either CFI or Citigroup Inc. will be the Issuer thereof as specified in the applicable Final Terms and references in the Conditions to "the Issuer" shall be to whichever of CFI or Citigroup Inc. is so specified in the applicable Final Terms.

References in the Conditions to the CFI Guarantor and the Deed of Guarantee shall be ignored in relation to Certificates issued by Citigroup Inc. and the Conditions shall be construed accordingly.

The Certificates are constituted by the Certificate Agency Agreement as amended and/or supplemented by the applicable Final Terms and shall become valid obligations of the Issuer when the applicable Final Terms are attached to the Global Certificate representing such Certificates.

Copies of the Certificate Agency Agreement (which contains the form of the Final Terms), the Deed of Guarantee, the Base Prospectus (as defined in the Certificate Agency Agreement) and the applicable Final Terms may be obtained during normal office hours from the specified office of the Principal Certificate Agent (save that the Final Terms relating to Certificates which are neither admitted to trading on a regulated

market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under Directive 2003/71/EC will only be obtainable by a Certificateholder and such Certificateholder must first produce evidence satisfactory to the relevant Certificate Agent as to its holding of Certificates and identity.

The Certificateholders (as defined in Condition 1(b)) are entitled to the benefit of and are deemed to have notice of and are bound by all the provisions of the Certificate Agency Agreement (insofar as they relate to the Certificates) and the applicable Final Terms, which are binding on them.

Citigroup Global Markets Limited shall undertake the duties of calculation agent (the **Calculation Agent**) in respect of these Conditions and in the applicable Final Terms unless another entity is so specified as calculation agent in the applicable Final Terms. The expression Calculation Agent shall, in relation to the relevant Certificates, include such other specified calculation agent.

Each issue of Certificates will be represented by a Global Certificate (a **Global Certificate**). Definitive Certificates will not be issued. Each Global Certificate will be deposited with a depositary (a **Common Depositary**) on behalf of Clearstream Banking, société anonyme (**Clearstream, Luxembourg**) and Euroclear Bank S.A./N.V. (**Euroclear**) or as otherwise specified in the applicable Final Terms.

**The applicable Final Terms for the Certificates may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, supplement, replace or modify these Conditions for the purposes of the Certificates.**

Words and expressions defined in the Certificate Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated.

## **1. Type, Title and Transfer**

### *(a) Type*

The applicable Final Terms will indicate whether the Certificates are American style Certificates (**American Style Certificates**) or European style Certificates (**European Style Certificates**) or such other type as may be specified in the applicable Final Terms, whether settlement shall be by way of cash payment (**Cash Settled Certificates**) or physical delivery (**Physical Delivery Certificates**), whether the Certificates are call Certificates (**Call Certificates**) or put Certificates (**Put Certificates**) or such other type as may be specified in the applicable Final Terms.

If Averaging is specified as applying in the applicable Final Terms, the applicable Final Terms will state the relevant Averaging Dates and, if an Averaging Date is a Disrupted Day, whether Omission, Postponement or Modified Postponement (each as defined in the relevant Annex) applies.

References in these Conditions, unless the context otherwise requires, to Cash Settled Certificates shall be deemed to include references to Physical Delivery Certificates which include an option (as set out in the applicable Final Terms) at the Issuer's election for cash settlement of such Certificates pursuant to Condition 4(e) and where settlement is to be by way of cash settlement. References in these Conditions, unless the context otherwise requires, to Physical Delivery Certificates shall be deemed to include references to Cash Settled Certificates which include an option (as set out in the applicable Final Terms) at the Issuer's election for physical delivery of the relevant Entitlement in settlement of such Certificates pursuant to Condition 4(e) and where settlement is to be by way of physical delivery.

Certificates may, if specified in the applicable Final Terms, allow Certificateholders to elect for settlement by way of cash payment or by way of physical delivery or by such other method of

settlement as is specified in the applicable Final Terms. Those Certificates where the Certificateholder has elected for cash payment will be Cash Settled Certificates and those Certificates where the Certificateholder has elected for physical delivery will be Physical Delivery Certificates.

**Certificates listed on the Italian Stock Exchange shall not be Physical Delivery Certificates.**

(b) *Title to Certificates*

The Certificates will be in registered form.

Each person who is for the time being shown in the records of Clearstream, Luxembourg or of Euroclear as the holder of a particular amount of Certificates (in which regard any certificate or other document issued by Clearstream, Luxembourg or Euroclear as to the amount of Certificates standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall (except as otherwise required by law) be treated by the Issuer, the CFI Guarantor and the Certificate Agents, Clearstream, Luxembourg, Euroclear and all other persons dealing with said person as the holder of such amount of Certificates for all purposes (and the expressions **Certificateholder** and **holder of Certificates** and related expressions shall be construed accordingly).

(c) *Transfers of Certificates*

Transfers of Certificates may not be effected after the exercise of such Certificates pursuant to Condition 5.

Subject as set forth in this Condition, all transactions (including permitted transfers of Certificates) in the open market or otherwise must be effected, through an account at Clearstream, Luxembourg or Euroclear, subject to and in accordance with the rules and procedures for the time being of Clearstream, Luxembourg or Euroclear, as the case may be. Title will pass upon registration of the transfer in the books of Clearstream, Luxembourg or Euroclear, as the case may be.

Any reference herein to Clearstream, Luxembourg and/or Euroclear shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer and the Principal Certificate Agent from time to time and notified to the Certificateholders in accordance with Condition 10.

**Transfers of Certificates may not be made (directly or indirectly) to a person located in the United States or to, or for the account or benefit of, a U.S. person (as defined in Regulation S under the U.S. Securities Act of 1933, as amended).**

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

**2. Status**

(a) *Status of Certificates*

Certificates constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will at all times rank *pari passu* and rateably among themselves and at least *pari passu* with all other unsecured and unsubordinated outstanding obligations of the Issuer save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

- (b) *Status of the Deed of Guarantee in respect of the Certificates: only relevant for Certificates issued by CFI*

The obligations of the CFI Guarantor in respect of the Certificates under the Deed of Guarantee constitute direct, unconditional, unsubordinated and unsecured obligations of the CFI Guarantor and rank and will rank *pari passu* (subject to mandatorily preferred debts under applicable laws) with all other outstanding, unsecured and unsubordinated obligations of the CFI Guarantor.

### 3. Definitions

For the purposes of these Conditions, the following general definitions will apply:

**Actual Exercise Date** means (i) the Exercise Date (in the case of European Style Certificates) or (ii) subject to Condition 6(a)(ii), the date during the Exercise Period on which the Certificate is actually or is deemed exercised (in the case of American Style Certificates (as more fully set out in Condition 4(a)(i))).

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

**Business Day** means:

- (a) a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in the relevant Business Day Centre(s) and Clearstream, Luxembourg and Euroclear are open for business; and
- (b) for the purposes of making payments:
  - (i) where the Settlement Currency is euro, any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open; or
  - (ii) where the Settlement Currency is a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Settlement Currency (which, if the Settlement Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively).

**Cash Settlement Amount** means, in relation to Cash Settled Certificates, the amount to which the Certificateholder is entitled in the Settlement Currency in respect of each such Certificate as determined by the Calculation Agent pursuant to the applicable Final Terms.

**Code** means the United States Internal Revenue Code of 1986, as amended.

**Entitlement** means, in relation to a Physical Delivery Certificate, the quantity of the Relevant Asset or the Relevant Assets, as the case may be, which a Certificateholder is entitled to receive on the Settlement Date in respect of each such Certificate following payment of the relevant Exercise Price (if applicable) (and any other sums payable) rounded down as provided in Condition 4(c)(ii), as determined by the Intermediary including any documents evidencing such Entitlement.

**Exercise Expenses** means, in relation to a Certificate, all Taxes and/or expenses including any depositary charges, transaction or exercise charges, which the Calculation Agent or (in respect of

Physical Delivery Certificates) the Intermediary determines may be or would be, or would have been incurred (i) in connection with the exercise of the Certificate and/or any payment and/or delivery in respect thereof, and (ii) if "Hedging Taxes" is specified as applying in the applicable Final Terms, by the Issuer or any Affiliate had such entity unwound or varied any underlying related hedging arrangements in respect of the Certificates.

**Hedging Party** means any party which enters into any arrangement which hedges or is intended to hedge, individually or on a portfolio (or "book") basis, the Certificates, which party may be the Issuer and/or any of its Affiliates and/or any other party or parties, as determined by the Calculation Agent.

**Hedging Position** means any one or more of (i) positions or contracts (as applicable) in securities, futures contracts, options contracts, other derivative contracts or foreign exchange; (ii) stock loan transactions; or (iii) other instruments or arrangements (howsoever described) entered into by a Hedging Party in order to hedge, individually or on a portfolio (or "book") basis, the Certificates.

**Intermediary** means the entity specified as such in the applicable Final Terms or, if no such entity is specified, the Calculation Agent.

**In-the-Money** means

- (i) in respect of Cash Settled Certificates and the relevant Actual Exercise Date, the Cash Settlement Amount in respect of such Cash Settled Certificates is greater than zero and
- (ii) in respect of Physical Delivery Certificates, the amount determined by the Calculation Agent to be the fair market value of the Entitlement in relation to the relevant Actual Exercise Date in respect of such Certificates (less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, but taking into account, if already paid and if applicable, the Exercise Price) is greater than zero,

in all cases, as determined by the Calculation Agent.

**Italian Stock Exchange** means the electronic "Securitized Derivatives Market" (the **SeDeX**), organised and managed by Borsa Italiana S.p.A.

**Section 871(m) Event** means that the Issuer and/or where the Issuer is CFI, the CFI Guarantor and/or any Hedging Party is (or, in the determination of the Calculation Agent, there is a reasonable likelihood that, within the next 30 Business Days, the Issuer and/or where the Issuer is CFI, the CFI Guarantor and/or any Hedging Party will become) subject to any withholding or reporting obligations pursuant to Section 871(m) of the Code with respect to the Certificates and/or where the Issuer is CFI, the Deed of Guarantee, and/or any Hedging Positions.

**Settlement Date** means, in relation to an Actual Exercise Date, the date specified as such in the applicable Final Terms.

**Taxes** means, with respect to any jurisdiction, all retrospective, present, future, contingent, pending or anticipated taxes, levies, imposts, duties, deductions, withholdings, assessments or other charges imposed by any governmental, national, state or local authority (including, for the avoidance of doubt, income, corporate, corporation, capital, gross receipts, windfall profits, severance, property, production, sales, use, license, excise, value added, franchise, employment, stamp, withholding, transfer, registration or similar taxes and national insurance, social security and other similar contributions), together with any interest, additions to tax or penalties applicable thereto and any interest in respect of such additions or penalties.

#### 4. **Exercise Rights**

(a) *Exercise Period*

(i) American Style Certificates

American Style Certificates are exercisable on any Business Day during the Exercise Period but subject as provided in Condition 6.

Any American Style Certificate with respect to which no Exercise Notice has been delivered in the manner set out in Condition 5, at or prior to 10.00 a.m., Luxembourg or Brussels time, as the case may be, on the last Business Day of the Exercise Period (the **Expiration Date**) and which, in the determination of the Calculation Agent, is "In-the-Money" shall be automatically exercised on the Expiration Date, and the provisions of Condition 5(e) shall apply in respect of Physical Delivery Certificates. Any such Certificate shall otherwise expire worthless. No Exercise Notice will be required to be delivered in respect of Cash Settled American Style Certificates automatically exercised on the Expiration Date.

The Business Day during the Exercise Period on which an Exercise Notice is delivered prior to 10.00 a.m., Luxembourg or Brussels time (as appropriate), to Clearstream, Luxembourg or Euroclear, as the case may be, and the copy thereof so received by the Principal Certificate Agent, or, if no Exercise Notice has been delivered at or prior to 10.00 a.m., Luxembourg or Brussels time, as the case may be, on the Expiration Date, the Expiration Date is referred to herein as the **Actual Exercise Date**. If any such Exercise Notice is received by Clearstream, Luxembourg or Euroclear, as the case may be, or if the copy thereof is received by the Principal Certificate Agent, in each case, after 10.00 a.m., Luxembourg or Brussels time (as appropriate), on any Business Day during the Exercise Period or on any day which is not a Business Day, such Exercise Notice will be deemed to have been delivered on the next Business Day, which Business Day shall be deemed to be the Actual Exercise Date, PROVIDED THAT any such Certificate in respect of which no Exercise Notice has been delivered in the manner set out in Condition 5 at or prior to 10.00 a.m., Luxembourg or Brussels time (as appropriate), on the Expiration Date shall be automatically exercised on the Expiration Date as provided above and the provisions of Condition 5(e) shall apply in respect of Physical Delivery Certificates. No Exercise Notice will be required to be delivered in respect of Cash Settled American Style Certificates automatically exercised on the Expiration Date.

(ii) European Style Certificates

European Style Certificates will be automatically exercised on the Exercise Date, but subject as provided in Condition 6.

Any European Style Certificate with respect to which no Exercise Notice has been delivered in the manner set out in Condition 5, at or prior to 10.00 a.m., Luxembourg or Brussels time (as appropriate) on the Actual Exercise Date and which, in the determination of the Calculation Agent, is "In-the-Money", shall be automatically exercised on the Actual Exercise Date and the provisions of Condition 5(e) shall apply in respect of Physical Delivery Certificates. Any such European Style Certificate shall otherwise expire worthless. No Exercise Notice will be required to be delivered in respect of Cash Settled European Style Certificates.

**Certificates listed on the Italian Stock Exchange shall be Cash Settled European Style Certificates.**

If the Certificates are listed on the Italian Stock Exchange, the Certificateholder may renounce automatic exercise of such Certificates in accordance with applicable laws and regulations (including the regulations of the Italian Stock Exchange applicable from time to time) by delivering or sending



by tested telex (confirmed in writing), at or prior to the time specified in the applicable Final Terms, a duly completed Renouncement Notice (a **Renouncement Notice**) in the form and manner from time to time agreed with Euroclear or Clearstream, Luxembourg, as the case may be, to Clearstream, Luxembourg or Euroclear, as the case may be, copied to the Principal Certificate Agent. Once delivered, a Renouncement Notice shall be irrevocable.

Any determination as to whether a Renouncement Notice is duly completed and in proper form shall be made by Clearstream, Luxembourg or Euroclear, as the case may be, in each case, in consultation with the Principal Certificate Agent, and shall be conclusive and binding on the Issuer, the CFI Guarantor, the Certificate Agents and the relevant Certificateholder. Subject as set out below, any Renouncement Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Certificate Agent immediately after being delivered or sent to Clearstream, Luxembourg or Euroclear, as the case may be, as provided above, shall be null and void. If such Renouncement Notice is subsequently corrected to the satisfaction of Clearstream, Luxembourg or Euroclear, as the case may be, in consultation with the Principal Certificate Agent, it shall be deemed to be a new Renouncement Notice submitted at the time such correction was delivered to Clearstream, Luxembourg or Euroclear, as the case may be, and copied to the Principal Certificate Agent.

(b) *Settlement*

(i) Cash Settlement

If the Certificates are Cash Settled Certificates, each such Certificate entitles its holder, upon due exercise, to receive from the Issuer on the Settlement Date a Cash Settlement Amount calculated by the Calculation Agent in accordance with the provisions set out in the applicable Final Terms.

(ii) Physical Settlement

If the Certificates are Physical Delivery Certificates, each such Certificate entitles its holder, upon due exercise and subject to certification as to non-U.S. beneficial ownership, to receive the Entitlement on the Settlement Date subject to payment of the relevant Exercise Price (if applicable), any Exercise Expenses and any other sums payable. The method of delivery of the Entitlement is set out in the applicable Final Terms.

In respect of Physical Delivery Certificates, the Issuer shall pay the Equivalent Amounts (as specified in the applicable Final Terms) to the Intermediary and, subject as provided above, the Issuer shall procure that the Intermediary (acting as principal) shall deliver the Entitlement in respect of each Certificate in accordance with the provisions hereof to the relevant Certificateholder on the Settlement Date, subject as provided herein. **Payment by the Issuer of the Equivalent Amount to the Intermediary and procuring delivery of the Entitlement by the Intermediary shall fully discharge the Issuer's obligations in respect of the Certificates.**

**Whenever pursuant to the Conditions, the Intermediary is expressed to be making delivery to a holder, such holder will be deemed to have instructed the Intermediary as its agent to make such delivery to it.**

(c) *Settlement Procedures*

(i) Cash Payments

Each cash amount payable in respect of the Certificates will be rounded to the nearest two decimal places (or, in the case of Japanese Yen, the nearest whole unit) in the relevant Settlement Currency, 0.005 (or, in the case of Japanese Yen, half a unit) being rounded upwards.

Subject as provided herein, the Issuer shall on each date on which a cash amount falls to be paid in respect of a Certificate pay or cause to be paid the aggregate cash amounts for each duly exercised Certificate for value on such date less any Exercise Expenses not already paid.

Any such payment shall be made in accordance with the rules of Clearstream, Luxembourg or Euroclear, as the case may be. The Issuer will be discharged by payment to, or to the order of, Clearstream, Luxembourg or Euroclear, as the case may be, in respect of the amount so paid. Each of the persons shown in the records of Clearstream, Luxembourg or Euroclear, as the case may be, as the holder of a particular number of the Certificates must look solely to Clearstream, Luxembourg or Euroclear, as the case may be, for his share of each such payment so made by the Issuer to, or to the order of Clearstream, Luxembourg or Euroclear, as the case may be.

All payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment and subject to the provisions of Condition 11.

(ii) Physical Delivery

Certificates exercised at the same time by the same Certificateholder will be aggregated for the purpose of determining the aggregate Entitlements in respect of such Certificates PROVIDED THAT the aggregate Entitlements in respect of the same Certificateholder will be rounded down to the nearest whole Tradeable Amount of the Relevant Asset or each of the Relevant Assets, as the case may be, in such manner as the Intermediary shall determine. Therefore, fractions or numbers of the Relevant Asset or of each of the Relevant Assets, as the case may be, less than the relevant Tradeable Amount (the **Fractional Entitlement**) will not be delivered and no cash or other adjustment will be made in respect thereof unless "Cash Adjustment" is specified as applicable in the applicable Final Terms. If "Cash Adjustment" is specified as applicable in the applicable Final Terms, the Intermediary on behalf of the Issuer shall pay to the relevant Certificateholder a cash amount in the Settlement Currency (to be paid at the same time as delivery of the Entitlement) equal to the value (as determined by the Intermediary) of such Fractional Entitlement, calculated as specified in the applicable Final Terms.

Subject as provided herein and subject to payment of the aggregate Exercise Prices (if applicable) and payment of any Exercise Expenses with regard to the relevant Certificates, the Intermediary shall, on the relevant Settlement Date, deliver, or procure the delivery of, the Entitlement for each duly exercised Certificate, pursuant to the details specified in the applicable Exercise Notice. Subject as provided in this Condition 4(c) and Condition 4(d), the Entitlement shall be delivered in such manner as set out in the applicable Final Terms.

Following exercise of a Share Certificate which is a Physical Delivery Certificate, all dividends on the relevant Shares to be delivered will be payable to the party that would receive such dividend according to market practice for a sale of the Shares executed on the relevant Actual Exercise Date and to be delivered in the same manner as such relevant Shares. Any such dividends to be paid to a Certificateholder will be paid to the account specified by the Certificateholder in the relevant Exercise Notice as referred to in Condition 5(a)(ii)(vi).

All deliveries will be subject, in all cases, to any fiscal or other laws and regulations applicable thereto in the place of delivery and subject to the provisions of Condition 11.

(iii) Settlement Disruption

If, following the exercise of Physical Delivery Certificates, in the opinion of the Intermediary, delivery of the relevant Entitlement using the method of delivery specified in the applicable Final Terms is not practicable by reason of a Settlement Disruption Event (as defined below) subsisting on any Settlement Date, then such Settlement Date for such Certificates shall be postponed to the first

following Settlement Business Day in respect of which no Settlement Disruption Event is subsisting, PROVIDED THAT the Intermediary may elect to deliver the relevant Entitlement using such other commercially reasonable manner as it may select and, in such event, the relevant Settlement Date shall be such day as the Intermediary deems appropriate in connection with delivery of the Entitlement in such other commercially reasonable manner. For the avoidance of doubt, where a Settlement Disruption Event affects some but not all of the Relevant Assets comprising the Entitlement, the relevant Settlement Date for the Relevant Assets not affected by the Settlement Disruption Event will be that originally designated Settlement Date. In the event that a Settlement Disruption Event will result in the delivery on the relevant Settlement Date of some but not all of the Relevant Assets comprising the Entitlement, the Intermediary shall, if applicable, determine the appropriate *pro rata* portion of the Exercise Price to be paid by the relevant Certificateholder in respect of that partial settlement.

For so long as delivery of the Entitlement is not practicable by reason of a Settlement Disruption Event, then *in lieu* of physical settlement and notwithstanding any other provision hereof, the Intermediary may elect, in lieu of delivering the Entitlement, to pay to the relevant Certificateholder the Disruption Cash Settlement Price (as defined below) not later than the fifth Business Day following the date that notice of such election is given to the Certificateholders in accordance with Condition 10. Payment of the Disruption Cash Settlement Price will be made in such manner and on such conditions as shall be notified to the Certificateholders in accordance with Condition 10. The Intermediary shall give notice as soon as practicable to the Certificateholders in accordance with Condition 10 that a Settlement Disruption Event has occurred.

If the Entitlement is delivered later than the date on which delivery would otherwise have taken place as provided above, until delivery of the Entitlement is made to the Certificateholder, the Intermediary or any person on behalf thereof shall continue to be the legal owner of the assets comprising the Entitlement. None of the Issuer, the Intermediary, any Affiliate of the Issuer and any other person shall (i) be under any obligation to deliver or procure delivery to such Certificateholder or any subsequent transferee any letter, certificate, notice, circular or any other document or payment whatsoever received by that person in its capacity as the holder of such assets, (ii) be under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to such assets until the date of delivery or (iii) be under any liability to such Certificateholder or any subsequent transferee in respect of any loss or damage which such Certificateholder or subsequent transferee may sustain or suffer as a result, whether directly or indirectly, of that person being the legal owner of such assets until the date of delivery.

No Certificateholder shall be entitled to any payment in respect of the relevant Certificate, in the event of any delay in the delivery of the Entitlement due to the occurrence of a Settlement Disruption Event and no liability in respect thereof shall attach to the Issuer or the Intermediary.

For the purposes hereof:

**Disruption Cash Settlement Price**, in respect of any relevant Certificate, shall be the fair market value of such Certificate on a day selected by the Intermediary (taking into account, where the Settlement Disruption Event affected some but not all of the Relevant Assets comprising the Entitlement and such non-affected Relevant Assets have been duly delivered as provided above, the value of such Relevant Assets), less the cost of unwinding any underlying related hedging arrangements, but taking into account, if already paid and if applicable, the Exercise Price (or where, as provided above, some Relevant Assets have been delivered, and a *pro rata* portion thereof has been paid, such *pro rata* portion), all as determined by the Intermediary;

**Settlement Business Day** in respect of any relevant Certificate, has the meaning specified in the applicable Final Terms relating to such Certificate; and

**Settlement Disruption Event** means, in the opinion of the Intermediary, an event beyond the control of the Intermediary as an Intermediary of which the Intermediary cannot make delivery of the Relevant Asset(s) using the method specified in the applicable Final Terms.

- (iv) Any Exercise Expenses in respect of Physical Delivery Certificates shall be borne by the relevant Certificateholder and shall either be:
- (A) paid to the Intermediary by such Certificateholder prior to the delivery of the Entitlement (and, for the avoidance of doubt, the Intermediary shall not be required to deliver any Entitlement to such Certificateholder until it has received such payment); or
  - (B) be deducted by the Intermediary from any cash amount owing to such Certificateholder and paid by the Intermediary on behalf of the Certificateholder or paid by the Intermediary on behalf of such Certificateholder by converting such amount of the Relevant Assets due to be delivered as necessary to pay the Exercise Expenses,

as specified by the Certificateholder in the relevant Exercise Notice.

If any Exercise Expenses are not paid by a Certificateholder pursuant to the above, the relevant Certificateholder shall be deemed to authorise the Intermediary to convert and the Intermediary may convert such amount of the Relevant Assets due to be delivered into cash sufficient to cover the Exercise Expenses in respect of the relevant Certificate from which the Intermediary shall deduct such Exercise Expenses. The Issuer's and the Intermediary's obligations in respect of each Certificate will be satisfied in relation to the Settlement Date by delivery of the remaining Entitlement in respect of such Certificate.

(d) *Failure to Deliver due to Illiquidity*

If "Failure to Deliver due to Illiquidity" is specified as applying in the applicable Final Terms and, following the exercise of the relevant Certificates, it is impossible or impracticable, in the opinion of the Intermediary, to deliver, when due, some or all of the Relevant Assets (the **Affected Relevant Assets**) comprising the Entitlement, where such failure to deliver is due to illiquidity in the market for the Relevant Assets (a **Failure to Deliver**), then:

- (A) subject as provided elsewhere in these Conditions, any Relevant Assets which are not Affected Relevant Assets will be delivered on the originally designated Settlement Date in accordance with Condition 4(b)(ii) and, if applicable, the Intermediary shall determine the appropriate *pro rata* portion of the Exercise Price to be paid by the relevant Certificateholder in respect of that partial settlement; and
- (B) in respect of any Affected Relevant Assets, *in lieu* of physical settlement and notwithstanding any other provision hereof, the Intermediary may elect, *in lieu* of delivering the Affected Relevant Assets to pay to the relevant Certificateholder the Failure to Deliver Settlement Price (as defined below) on the fifth Business Day following the date that notice of such election is given to the Certificateholders in accordance with Condition 10. Payment of the Failure to Deliver Settlement Price will be made in such manner and on such conditions as shall be notified to the Certificateholders in accordance with Condition 10. The Intermediary shall give notice as soon as practicable to the Certificateholders in accordance with Condition 10 that the provisions of this Condition apply. If the Intermediary does not so elect, the provisions of Condition 4(c)(iii) shall apply.

For the purposes hereof:

**Failure to Deliver Settlement Price**, in respect of any relevant Certificate, shall be the fair market value of the Affected Relevant Assets on a day selected by the Intermediary, less the cost of unwinding any underlying related hedging arrangements but taking into account if already paid and if applicable, the Exercise Price(s) in respect of the Affected Relevant Assets, all as determined by the Intermediary.

(e) *Variation of Settlement*

If the applicable Final Terms specify that the Issuer has an option to vary settlement in respect of the Certificates, following any valid exercise of Certificates in accordance with these Conditions, the Issuer may, in respect of each such Certificate, elect not to pay the relevant Certificateholders the Cash Settlement Amount or not to procure delivery of the Entitlement to the relevant Certificateholders, as the case may be, but, *in lieu* thereof, to procure delivery of the relevant Entitlement or make payment of the relevant Cash Settlement Amount on the relevant Settlement Date to the relevant Certificateholders, as the case may be. Notification of any such election will be given to Certificateholders in accordance with Condition 10.

(f) *General*

The expressions **exercise**, **due exercise** and related expressions shall be construed to apply to any Certificates which are automatically exercised in accordance with the above provisions.

None of the Issuer, the Intermediary and the Certificate Agents shall have any responsibility for any errors or omissions in the calculation of any Cash Settlement Amount or of any Entitlement.

The purchase of Certificates does not confer on any Certificateholder any rights (whether in respect of voting, distributions or otherwise) attaching to any Relevant Asset.

All references in this Condition to **Luxembourg time** or **Brussels time** shall, where Certificates are cleared through an additional or alternative clearing system, be deemed to refer as appropriate to the time in the city where the relevant clearing system is located.

## 5. **Exercise Procedure**

(a) *Exercise Notice*

Subject as provided in Condition 5(e), American Style Cash Settled Certificates exercised prior to the Expiration Date and Physical Delivery Certificates may only be exercised by the delivery, or the sending by tested telex (confirmed in writing), of a duly completed Exercise Notice (an **Exercise Notice**) in the form set out in the Certificate Agency Agreement (copies of which form may be obtained from Clearstream, Luxembourg, Euroclear and the Certificate Agents during normal office hours) to Clearstream, Luxembourg or Euroclear, as the case may be, with a copy to the Principal Certificate Agent and the Intermediary (in respect of Physical Delivery Certificates) in accordance with the provisions set out in Condition 4 and this Condition.

(i) In the case of Cash Settled Certificates, the Exercise Notice shall:

- (i) specify the Series number of the Certificates and the number of Certificates being exercised;
- (ii) specify the number of the Certificateholder's account at Clearstream, Luxembourg or Euroclear, as the case may be, to be debited with the Certificates, being exercised;

- (iii) irrevocably instruct Clearstream, Luxembourg or Euroclear, as the case may be, to debit on or before the Settlement Date the Certificateholder's account with the Certificates being exercised;
- (iv) specify the number of the Certificateholder's account at Clearstream, Luxembourg or Euroclear, as the case may be, to be credited with the relevant Cash Settlement Amount (if any) for each of the Certificates being exercised;
- (v) include an undertaking to pay all Exercise Expenses and an authority to Clearstream, Luxembourg or Euroclear, as the case may be, to deduct an amount in respect thereof from any Cash Settlement Amount due to such Certificateholder and/or to debit a specified account of the Certificateholder at Clearstream, Luxembourg or Euroclear, as the case may be, in respect thereof and to pay such Exercise Expenses;
- (vi) certify that the beneficial owner of each Certificate being exercised is not a U.S. person (as defined in the Exercise Notice) and is not located in the United States and, where appropriate, undertake to provide various forms of certification in respect of selling restrictions under the securities, commodities and other laws of the United States of America as indicated and set out in the applicable Final Terms; and
- (vii) authorise the production of such certification in any applicable administrative or legal proceedings,

all as provided in the Certificate Agency Agreement.

(ii) In the case of Physical Delivery Certificates, the Exercise Notice shall:

- (i) specify the Series number of the Certificates and the number of Certificates being exercised;
- (ii) specify the number of the Certificateholder's account at Clearstream, Luxembourg or Euroclear, as the case may be, to be debited with the Certificates being exercised;
- (iii) irrevocably instruct Clearstream, Luxembourg or Euroclear, as the case may be, to debit on or before the Settlement Date the Certificateholder's account with the Certificates being exercised;
- (iv) irrevocably instruct Clearstream, Luxembourg or Euroclear, as the case may be, to debit on the relevant Actual Exercise Date a specified account of the Certificateholder with Clearstream, Luxembourg or Euroclear, as the case may be, with the aggregate Exercise Prices (if applicable) in respect of such Certificates (together with any other amounts payable);
- (v) include an undertaking to pay all Exercise Expenses and a confirmation that the delivery of any Entitlement is subject, *inter alia*, as provided in Condition 4(c)(iv), and either (I) an authority to Clearstream, Luxembourg or Euroclear to debit a specified account of the Certificateholder at Clearstream, Luxembourg or Euroclear, as the case may be, in respect thereof and to pay such Exercise Expenses or (II) an authority to the Intermediary either to deduct from any cash amount owing to the Certificateholder an amount sufficient to pay such Exercise Expenses and to pay on behalf of the Certificateholder such Exercise Expenses or to convert such amount of the Entitlement due to be delivered to such Certificateholder as is necessary to pay

such Exercise Expenses and to pay on behalf of the Certificateholder such Exercise Expenses, as referred to in Condition 4(c)(iv) above;

- (vi) include such details as are required by the applicable Final Terms for delivery of the relevant Entitlement which may include account details and/or the name and address of any person(s) into whose name evidence of such Entitlement is to be registered and/or any bank, broker or agent to whom documents evidencing such Entitlement are to be delivered and specify the name and the number of the Certificateholder's account with Clearstream, Luxembourg or Euroclear, as the case may be, to be credited with any cash payable by the Intermediary, either in respect of any cash amount constituting (i) the Entitlement or any Fractional Entitlement (if applicable) or (ii) any dividends relating to such Entitlement or (iii) as a result of the occurrence of a Settlement Disruption Event and the Intermediary electing to pay the Disruption Cash Settlement Price or (iv) as a result of the occurrence of a Failure to Deliver due to Illiquidity and the Intermediary electing to pay the Failure to Deliver Settlement Price;
- (vii) certify that the beneficial owner of each Certificate being exercised is not a U.S. person (as defined in the Exercise Notice) and is not located in the United States and, where appropriate, undertake to provide such various forms of certification in respect of selling restrictions under the securities, commodities and other laws of the United States of America as indicated and set out in the applicable Final Terms; and
- (viii) authorise the production of such certification in any applicable administrative or legal proceedings,

all as provided in the Certificate Agency Agreement.

(b) *Verification of the Certificateholder*

Upon receipt of an Exercise Notice, Clearstream, Luxembourg or Euroclear, as the case may be, shall verify that the person exercising the Certificates is the Certificateholder thereof according to the books of Clearstream, Luxembourg or Euroclear, as the case may be. Subject thereto, Clearstream, Luxembourg or Euroclear, as the case may be, will confirm to the Principal Certificate Agent the Series number and the number of Certificates being exercised and the account details, if applicable, for the payment of the Cash Settlement Amount or, as the case may be, the details for the delivery of the Entitlement in respect of each Certificate, being exercised. Upon receipt of such confirmation, the Principal Certificate Agent will inform the Issuer and the Intermediary thereof. Clearstream, Luxembourg or Euroclear, as the case may be, will on or before the Settlement Date debit the account of the relevant Certificateholder with the Certificates being exercised. If the Certificates are American Style Certificates, upon exercise of less than all the Certificates the Common Depositary will, on the instructions of, and on behalf, of the Principal Certificate Agent, note such exercise on the Schedule to the relevant Global Certificate held by a Common Depositary on behalf of Clearstream, Luxembourg and Euroclear, as the case may be, and the number of Certificates so constituted shall be reduced by the cancellation *pro tanto* of the Certificates so exercised.

(c) *Determinations*

Any determination as to whether an Exercise Notice is duly completed and in proper form shall be made by Clearstream, Luxembourg or Euroclear, as the case may be, in each case, in consultation with the Principal Certificate Agent and, in the case of Physical Delivery Certificates, the Intermediary, and shall be conclusive and binding on the Issuer, the CFI Guarantor, the Certificate Agents, the Intermediary and the relevant Certificateholder. Subject as set out below, any Exercise Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal

Certificate Agent immediately after being delivered or sent to Clearstream, Luxembourg or Euroclear, as the case may be, as provided in Condition 5(a) above or Condition 5(e) below, shall be null and void.

If such Exercise Notice is subsequently corrected to the satisfaction of Clearstream, Luxembourg or Euroclear, as the case may be, in consultation with the Principal Certificate Agent and, in the case of Physical Delivery Certificates, the Intermediary, it shall be deemed to be a new Exercise Notice submitted at the time such correction was delivered to Clearstream, Luxembourg or Euroclear, as the case may be, and copied to the Principal Certificate Agent and, in the case of Physical Delivery Certificates, the Intermediary.

The Principal Certificate Agent or the Intermediary (in the case of Physical Delivery Certificates) shall use reasonable endeavours promptly to notify the Certificateholder submitting an Exercise Notice if it has been determined as provided above that such Exercise Notice is incomplete or not in proper form. In the absence of negligence or wilful misconduct on its part, none of the Issuer, the CFI Guarantor, the Certificate Agents, the Intermediary, the Calculation Agent, Clearstream, Luxembourg and Euroclear shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Certificateholder.

(d) *Delivery of an Exercise Notice*

Delivery of an Exercise Notice shall constitute an irrevocable election by the relevant Certificateholder to exercise the Certificates specified. After the delivery of such Exercise Notice, such exercising Certificateholder may not transfer such Certificates.

(e) *Settlement*

In order to receive the relevant Entitlement, if the Certificates are Physical Delivery Certificates, in respect of a Certificate, the relevant Certificateholder must deliver or send by tested telex (confirmed in writing) a duly completed Exercise Notice to Clearstream, Luxembourg or Euroclear, as the case may be, with a copy to the Principal Certificate Agent and the Intermediary on any Business Day until not later than 10.00 a.m., Brussels or Luxembourg time (as appropriate), on the day (the **Cut-off Date**) falling 180 days after (i) the Expiration Date, in the case of American Style Certificates, or (ii) the Actual Exercise Date, in the case of European Style Certificates. The Business Day during the period from the Expiration Date or the Actual Exercise Date, as the case may be, until the Cut-off Date on which an Exercise Notice is delivered to Euroclear or Clearstream, Luxembourg, as the case may be, and a copy thereof delivered to the Principal Certificate Agent and the Intermediary is referred to in this Condition as the **Exercise Notice Delivery Date**, PROVIDED THAT, if the Exercise Notice is received by Clearstream, Luxembourg or Euroclear, as the case may be, or if the copy thereof is received by the Principal Certificate Agent and the Intermediary, in each case, after 10:00 a.m., Luxembourg or Brussels time (as appropriate), on any Business Day or on a day which is not a Business Day, such Exercise Notice shall be deemed to have been delivered on the next Business Day, which Business Day shall be deemed to be the Exercise Notice Delivery Date.

Subject to the relevant Certificateholder performing its obligations in respect of the relevant Certificate in accordance with these Conditions, the relevant Settlement Date for such Certificates shall be, subject to Condition 4(c)(iii), the fifth Settlement Business Day following the Exercise Notice Delivery Date. In the event that a Certificateholder does not so deliver an Exercise Notice, in accordance with this Condition prior to 10.00 a.m., Luxembourg or Brussels time (as appropriate), on the Cut-off Date, the Issuer's and the Intermediary's obligations in respect of such Certificates shall be discharged and no further liability in respect thereof shall attach to the Issuer or the Intermediary.



(f) *Exercise Risk*

Exercise of the Certificates is subject to all applicable laws, regulations and practices in force on the relevant Exercise Date and none of the Issuer, the CFI Guarantor and the Certificate Agents shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. None of the Issuer, the CFI Guarantor and the Certificate Agents shall under any circumstances be liable for any acts or defaults of Clearstream, Luxembourg, or Euroclear in relation to the performance of its duties in relation to the Certificates.

**6. Minimum and Maximum Number of Certificates Exercisable**

(a) *American Style Certificates*

This Condition 6(a) applies only to American Style Certificates.

(i) The number of Certificates exercisable by any Certificateholder on any Actual Exercise Date, or, the number of Certificates held by any Certificateholder on any Actual Exercise Date, in each case as determined by the Issuer, must not be less than the Minimum Exercise Number specified in the applicable Final Terms and, if specified in the applicable Final Terms, if a number greater than the Minimum Exercise Number, must be an integral multiple of the number specified in the applicable Final Terms. Any Exercise Notice which purports to exercise Certificates in breach of this Condition shall, unless the Issuer otherwise decides, be void and of no effect.

(ii) If the Issuer determines that the number of Certificates being exercised on any Actual Exercise Date by any Certificateholder or a group of Certificateholders (whether or not acting in concert) exceeds the Maximum Exercise Number (if any) specified in the applicable Final Terms (a number equal to the Maximum Exercise Number being the **Quota**), the Issuer may deem the Actual Exercise Date for the first Quota of such Certificates, selected by the Issuer, to be such day and the Actual Exercise Date for each additional Quota of such Certificates (and any remaining number thereof) to be each of the succeeding Business Days until all such Certificates have been attributed with an Actual Exercise Date, provided, however, that the deemed Actual Exercise Date for any such Certificates which would thereby fall after the Expiration Date shall fall on the Expiration Date. In any case where more than the Quota of Certificates are exercised on the same day by Certificateholder(s), the order of settlement in respect of such Certificates shall be at the discretion of the Issuer.

(b) *European Style Certificates*

This Condition 6(b) applies only to European Style Certificates.

The number of Certificates exercisable by any Certificateholder on the Exercise Date as determined by the Issuer must not be less than the Minimum Exercise Number specified in the applicable Final Terms and, if specified in the applicable Final Terms, if a number greater than the Minimum Exercise Number, must be an integral multiple of the number specified in the applicable Final Terms. Any Exercise Notice which purports to exercise Certificates in breach of this provision shall, unless the Issuer otherwise decides, be void and of no effect.

**7. Illegality or a Section 871(m) Event in relation to the Certificates: as stated above, all references to the CFI Guarantor and the Deed of Guarantee in the Conditions including but not limited to this Condition shall be ignored in relation to Notes issued by Citigroup Inc.**

If the Issuer determines that the performance of its obligations under the Certificates or the CFI Guarantor determines that the performance of its obligations under the Deed of Guarantee in respect of the Certificates or that any arrangements made to hedge the Issuer's and/or the CFI Guarantor's obligations under the Certificates and/or the Deed of Guarantee, as the case may be, has or will become unlawful, illegal or otherwise prohibited in whole or in part for any reason or that a Section 871(m) Event has occurred, the Issuer may cancel the Certificates by giving notice to Certificateholders in accordance with Condition 10.

Should any one or more of the provisions contained in these Conditions be or become invalid, the validity of the remaining provisions shall not in any way be affected thereby.

If the Issuer cancels the Certificates, then the Issuer will, if and to the extent permitted by applicable law, pay to each Certificateholder in respect of each Certificate, held by such holder, an amount equal to the fair market value of a Certificate, notwithstanding the relevant illegality (if applicable), on a day selected by the Issuer, less (except in the case of Certificates listed on the Italian Stock Exchange) the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent. Payment will be made in such manner and on such conditions as shall be notified to the Certificateholders in accordance with Condition 10 and, upon such payment in respect of such Certificate, the Issuer's obligations in respect thereof shall be discharged.

**8. Purchases**

The Issuer, the CFI Guarantor or any of their respective subsidiaries or Affiliates may, but are not obliged to, at any time purchase Certificates at any price in the open market or by tender or private treaty or otherwise. Any Certificates so purchased may be held or resold or surrendered for cancellation; however, Certificates so purchased may be held or resold or surrendered for cancellation.

**9. Agents, Determinations, Modifications and Meetings**

**(a) Certificate Agents**

The specified offices of the Certificate Agents are as set out at the end of these Conditions.

The Issuer reserves the right at any time to vary or terminate the appointment of any Certificate Agent and to appoint further or additional Certificate Agents, PROVIDED THAT no termination of appointment of the Principal Certificate Agent shall become effective until a replacement Principal Certificate Agent shall have been appointed and, PROVIDED THAT so long as any of the Certificates are listed on a stock exchange, there shall be a Certificate Agent having a specified office in each location required by the rules and regulations of the relevant listing authority or stock exchange. Notice of any termination of appointment and of any changes in the specified office of any Certificate Agent will be given to Certificateholders in accordance with Condition 10. In acting under the Certificate Agency Agreement, each Certificate Agent acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Certificateholders and any determinations and calculations made in respect of the Certificates by any Certificate Agent shall (save in the case of manifest error) be final, conclusive and binding on the Issuer and the Certificateholders.

(b) *Calculation Agent*

In relation to each issue of Certificates, the Calculation Agent (whether it be the Issuer or another entity) acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Certificateholders. All discretions exercised and calculations and determinations made in respect of the Certificates by the Calculation Agent shall (save in the case of manifest error) be final, conclusive and binding on the Issuer and the Certificateholders. The Calculation Agent shall have no responsibility to any person for any errors or omissions in (a) calculation by the Calculation Agent of any amount due in respect of the Certificates or (b) any determination made by the Calculation Agent.

The Calculation Agent may, with the consent of the Issuer, delegate any of its obligations and functions to a third party as it deems appropriate.

(c) *Determinations*

Whenever any matter falls to be determined, considered, elected, selected or otherwise decided upon by the Issuer, the Calculation Agent or any other person (including where a matter is to be decided by reference to the Issuer's, the Calculation Agent's or such other person's opinion), unless otherwise stated in the applicable Final Terms, that matter shall be determined, considered or otherwise decided upon by the Issuer, the Calculation Agent or such other person, as the case may be, in good faith and in its sole and absolute discretion.

In relation to Certificates listed on the Italian Stock Exchange, any adjustments to the terms of these Conditions and/or the applicable Final Terms made by the Calculation Agent pursuant to the Conditions to account for any extraordinary or other event in respect of the asset(s) to which such Certificate relate shall be based on generally accepted methods and shall neutralise the distortionary effects of the relevant adjustment or other event as far as possible. The Calculation Agent shall notify Borsa Italiana S.p.A. of any such adjustment to these Conditions and/or the applicable Final Terms for dissemination to the market appropriately in advance of the date on which the adjustment(s) will take effect.

(d) *Modifications*

The Issuer may modify these Conditions and/or the Certificate Agency Agreement without the consent of the Certificateholders in any manner which the Issuer may deem necessary or desirable PROVIDED THAT either:

- (i) such modification is not materially prejudicial to the interests of the Certificateholders (without considering the individual circumstances of any holders of Certificates or the tax or other consequences of such adjustment in any particular jurisdiction); or
- (ii) such modification is of a formal, minor or technical nature or to correct a manifest or proven error or to cure, correct or supplement any defective provision contained herein and/or therein; or
- (iii) in respect of Certificates which the Issuer determines (whether before or after issue) to list on a stock exchange, market or quotation system, such modification is made to enable such Certificates to be listed on such stock exchange, market or quotation system.

The Deed of Guarantee may be amended without the consent of the Certificateholders to correct a manifest error.

Notice of any such modification will be given to the Certificateholders in accordance with Condition 10 but failure to give, or non-receipt of, such notice will not affect the validity of any such modification.

(e) *Meetings*

The Certificate Agency Agreement contains provisions for convening meetings of Certificateholders to consider any matter affecting their interests, including modification by Extraordinary Resolution (as defined in the Certificate Agency Agreement of the Certificates (including these Conditions insofar as the same may apply to the Certificates or the Deed of Guarantee)). An Extraordinary Resolution duly passed at any such meeting shall be binding on all the holders of Certificates, whether present or not, except that any Extraordinary Resolution proposed, *inter alia*, (i) to amend any date for payment thereon, (ii) to reduce or cancel the Certificates or any amount payable on the Certificates, (iii) to vary the method or basis of calculating any amount in respect thereof, (iv) to change the currency or currencies of payment of the Certificates, or (v) to modify the provisions concerning the quorum required at any meeting of holders of the Certificates or the majority required to pass the Extraordinary Resolution, will only be binding if passed at a meeting of the holders of Certificates (or at any adjournment thereof) at which a special quorum (provided for in the Certificate Agency Agreement) is present.

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

**10. Notices**

All notices to Certificateholders shall be valid if delivered (i) to Clearstream, Luxembourg and Euroclear and (ii) if and so long as the Certificates are listed on a stock exchange, in accordance with the rules and regulations of the relevant stock exchange or other relevant authority. If the Certificates are listed on the Luxembourg Stock Exchange, and so long as the rules of the Luxembourg Stock Exchange so require, notices shall either be published on the web-site of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) or shall be published in a daily newspaper with general circulation in Luxembourg which is expected to be the *Luxemburger Wort*. If the Certificates are listed on the Italian Stock Exchange, and so long as the rules of the Italian Stock Exchange so require, notices shall be published by the Borsa Italiana S.p.A. Any such notice shall be deemed to have been given on the date of such delivery or, if earlier, the date of such publication or, if published more than once, on the date of the first such publication.

**11. Exercise Expenses and Taxation**

- (a) A Certificateholder must pay all Exercise Expenses relating to such Certificates as provided above.
- (b) Neither the Issuer nor the CFI Guarantor shall be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, exercise or enforcement of any Certificate by any person and all payments and/or deliveries made by (or by the relevant Intermediary on behalf of) the Issuer or the CFI Guarantor shall be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

**12. Further Issues**

The CFI Issuer may from time to time, without the consent of Certificateholders, create and issue further Certificates which (i) are expressed to be consolidated and form a single Series with the outstanding Certificates and (ii) are identical in all respects with such Certificates (including as to listing) except for their respective issue dates and/or issue prices.

**13. Substitution of the Issuer and/or the CFI Guarantor: as stated above, all references to the CFI Guarantor and the Deed of Guarantee in the Conditions including but not limited to this Condition shall be ignored in relation to Notes issued by Citigroup Inc.**

- (a) The Issuer, or any previous substituted company may, at any time, without the consent of the Certificateholders, substitute for itself as principal obligor under the Certificates any company which is, on the date of such substitution and in the opinion of the Issuer, of at least the equivalent standing and creditworthiness to the Issuer (the **Substitute**) subject to:
- (i) all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Certificates represent legal, valid and binding obligations of the Substitute having been taken, fulfilled and done and are in full force and effect;
  - (ii) the Substitute becoming party to the Certificate Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it;
  - (iii) the Substitute and the Issuer having obtained legal opinions from independent legal advisers of recognised standing in the country of incorporation of the Substitute and England that the obligations of the Substitute under the Certificates are legal, valid and binding obligations and that all consents and approvals as aforesaid have been obtained and that the Substitute and the Certificates comply with all applicable requirements of the Securities Act;
  - (iv) each stock exchange on which the Certificates are listed confirming that, following the proposed substitution of the Substitute, the Certificates will continue to be listed on such stock exchange;
  - (v) if appropriate, the Substitute appointing a process agent as its agent in England to receive service of process on its behalf in relation to any legal action or proceedings arising out of or in connection with the Certificates; and
  - (vi) the Issuer giving at least 30 days' prior notice of the date of such substitution to the Certificateholders in accordance with Condition 10.

Upon such substitution, any reference in these Conditions to the Issuer shall be deemed to be a reference to the Substitute.

For so long as any Certificates are listed on the Luxembourg Stock Exchange, the Issuer and/or the Substitute shall notify the Luxembourg Stock Exchange of any such substitution and shall comply with the requirements of the Luxembourg Stock Exchange in respect of such substitution (including any requirement to publish a supplement).

For the avoidance of doubt, for so long as any Certificates are listed on the Italian Stock Exchange and the rules of the Italian Stock Exchange prohibit the substitution of the CFI Guarantor by a substitute, the CFI Guarantor shall not be entitled to substitute for itself any Substitute pursuant to Condition 13(b) below in conjunction with any substitution of the Issuer pursuant to the above.

- (b) Unless otherwise specified in the applicable Final Terms the CFI Guarantor, or any previous substituted company may, at any time, without the consent of the Certificateholders, substitute for itself as guarantor under the Deed of Guarantee in respect of the Certificates any company which is, on the date of such substitution and in the opinion of the CFI Guarantor, of at least the equivalent standing and creditworthiness to the CFI Guarantor (the **Substitute**) subject to:
- (i) all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Deed of Guarantee represents legal,

valid and binding obligations of the Substitute having been taken, fulfilled and done and are in full force and effect;

- (ii) the Substitute becoming party to the Certificate Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it;
- (iii)
  - (A) the Substitute and the CFI Guarantor having obtained (a) legal opinions from independent legal advisers of recognised standing in the country of incorporation of the Substitute and England that the obligations of the Substitute under the Deed of Guarantee are legal, valid and binding obligations, and (b) in the case of the substitution of the Issuer which is CFI (or any substitute thereof), legal opinions from independent legal advisers in the United States and England, that the Deed of Guarantee of the CFI Guarantor will apply to the Substitute *mutatis mutandis* as it applies to the Issuer prior to the substitution and will constitute legal, valid and binding obligations of the CFI Guarantor in respect of the Substitute (provided that no opinions as referred to in this (b) shall be required where the Substitute is the CFI Guarantor); and
  - (B) all consents and approvals as required having been obtained and that the Substitute and the Deed of Guarantee comply with all applicable requirements of the Securities Act;
- (iv) each stock exchange on which the Certificates are listed confirming that, following the proposed substitution of the Substitute, the Certificates will continue to be listed on such stock exchange;
- (v) if appropriate, the Substitute appointing a process agent as its agent in England to receive service of process on its behalf in relation to any legal action or proceedings arising out of or in connection with the Deed of Guarantee; and
- (vi) the Issuer giving at least 30 days' prior notice of the date of such substitution to the Certificateholders in accordance with Condition 10.

Upon such substitution, any reference in these Conditions and the Deed of Guarantee to the CFI Guarantor shall be deemed to be a reference to the Substitute.

For so long as any Certificates are listed on the Luxembourg Stock Exchange, the Issuer and/or the Substitute shall notify the Luxembourg Stock Exchange of any such substitution and shall comply with the requirements of the Luxembourg Stock Exchange in respect of such substitution (including any requirement to publish a supplement).

For so long as any Certificates are listed on the Italian Stock Exchange and the rules of the Italian Stock Exchange prohibit the substitution of the CFI Guarantor by a substitute, the CFI Guarantor shall not be entitled to substitute for itself any Substitute.

#### **14. Adjustments for European Monetary Union**

The Issuer may, without the consent of the Certificateholders, on giving notice to the Certificateholders in accordance with Condition 10:

- (i) elect that, with effect from the Adjustment Date specified in the notice, certain terms of the Certificates shall be redenominated in euro;

The election will have effect as follows:

- (A) where the Settlement Currency of the Certificates is the National Currency Unit of a country which is participating in the third stage of European Economic and Monetary Union, such Settlement Currency shall be deemed to be an amount of euro converted from the original Settlement Currency into euro at the Established Rate, subject to such provisions (if any) as to rounding as the Issuer may decide, after consultation with the Calculation Agent, and as may be specified in the notice and, after the Adjustment Date, all payments in respect of the Certificates will be made solely in euro as though references in the Certificates to the Settlement Currency were to euro;
  - (B) where the Exchange Rate and/or any other terms of these Conditions are expressed in or, in the case of the Exchange Rate, contemplate the exchange from or into, the currency (the **Original Currency**) of a country which is participating in the third stage of European Economic and Monetary Union, such Exchange Rate and/or any other terms of these Conditions shall be deemed to be expressed in or, in the case of the Exchange Rate, converted from or, as the case may be, into euro at the Established Rate; and
  - (C) such other changes shall be made to these Conditions as the Issuer may decide, after consultation with the Calculation Agent, to conform them to conventions then applicable to instruments expressed in euro; and/or
- (ii) require that the Calculation Agent make such adjustments to the Multiplier and/or the Settlement Price and/or the Exercise Price (if applicable) and/or any other terms of these Conditions and/or the applicable Final Terms as the Calculation Agent may determine to be appropriate to account for the effect of the third stage of European Economic and Monetary Union on the Multiplier and/or the Settlement Price and/or the Exercise Price (if applicable) and/or such other terms of these Conditions and/or the applicable Final Terms.

Notwithstanding the foregoing, none of the Issuer, the Calculation Agent and the Certificate Agents shall be liable to any Certificateholder or other person for any commissions, costs, losses or expenses in relation to or resulting from the transfer of euro or any currency conversion or rounding effected in connection therewith.

In this Condition, the following expressions have the following meanings:

**Adjustment Date** means a date specified by the Issuer in the notice given to the Certificateholders pursuant to this Condition which falls on or after the date on which the country of the Original Currency first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty;

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

**euro** means the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty on the functioning of the European Union, as amended;

**National Currency Unit** means the unit of the currency of a country, as such unit is defined on the day before the date on which the country of the Original Currency first participates in the third stage of European Economic and Monetary Union; and

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

## 15. Listing of Certificates

In respect of Certificates which are to be listed on a stock exchange, market or quotation system, the Issuer shall use all reasonable endeavours to have such Certificates approved for listing on the relevant stock exchange, market or quotation system and to maintain such listing so long as any of such Certificates are outstanding, PROVIDED THAT:

- (i) if it is impracticable or unduly burdensome (and it shall be deemed to be unduly burdensome if the CFI Guarantor wishes to substitute for itself a Substitute as provided in Condition 13(b) and is prevented from doing so by the rules of the relevant stock exchange, market or quotation system), in the opinion of the Issuer acting in good faith, to maintain such listing, or
- (ii) if the maintenance of the listing of the Certificates has, in the opinion of the Issuer, become unduly onerous for any reason whatsoever, including, but not limited to, (i) the need for the Issuer to meet the requirements of (x) Directive 2003/71/EC of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading or (y) Directive 2004/109/EC of the European Parliament and of the Council on the harmonisation of transparency requirements with regard to information about issuers whose securities are admitted to trading on a regulated market (which test, for the avoidance of doubt but without limitation, would be satisfied if the Issuer would be required to publish financial information according to accounting principles or standards that are materially different from United States generally accepted accounting principles) or (ii) the need for the Issuer to comply with any continuing obligation of the relevant stock exchange, market or quotation system,

then the Issuer may apply to the relevant stock exchange, market or quotation system to de-list such Certificates from such stock exchange, market or quotation system in accordance with the rules of the relevant stock exchange, market or quotation system PROVIDED THAT it shall use all reasonable endeavours to obtain and maintain as soon as reasonably practicable after such de-listing an alternative admission to listing, trading and/or quotation of the relevant Certificates by an appropriate stock exchange, market or quotation system within or outside the European Union, as it may decide.

If, in the opinion of the Issuer, such admission to listing, trading and/or quotation on an appropriate stock exchange, market or quotation system is not available or if obtaining or maintaining such admission would be, in the opinion of the Issuer, impracticable or unduly burdensome, the Issuer shall not be required to obtain such admission and shall have no further obligation to obtain or maintain any listing, trading and/or quotation for the relevant Certificates.

**Appropriate stock exchange** means a stock exchange, market or quotation system on which, in the opinion of the Issuer, it is customary in the sphere of international finance to list securities such as the relevant Certificates.

## 16. Governing Law and Jurisdiction

### (a) *Governing Law*

The Certificates and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

### (b) *Jurisdiction*



The Courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with any Certificates (including a dispute relating to any non-contractual obligations arising out of or in connection with them) and accordingly any legal action or proceedings arising out of or in connection with any Certificates (including any legal action or proceedings relating to any non-contractual obligations arising out of or in connection with them) (**Proceedings**) may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of the courts of England and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. These submissions are made for the benefit of each Certificateholder and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) *Service of Process*

The Issuer irrevocably appoints Citigroup Global Markets Limited, Citigroup Centre, Canada Square, Canary Wharf, London E14 5CB to receive, for it and on its behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by the Issuer). If for any reason such process agent ceases to be able to act as such or no longer has an address in London, the Issuer irrevocably agrees to appoint a substitute process agent and shall immediately notify the Certificateholders of such appointment in accordance with Condition 10. Nothing shall affect the right to serve process in any manner permitted by law.

**17. Rights of Third Parties**

The Certificates confer no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Certificates, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

**ANNEX 1**  
**ADDITIONAL TERMS AND CONDITIONS FOR INDEX LINKED CERTIFICATES**

*The terms and conditions applicable to Certificates linked to an index/indices shall comprise the General Conditions and the additional terms and conditions set out below (the **Index Linked Conditions**), in each case subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the General Conditions and the Index Linked Conditions, the Index Linked Conditions set out below shall prevail. In the event of any inconsistency between (i) the General Conditions and/or the Index Linked Conditions and (ii) the Final Terms, the Final Terms shall prevail.*

**1. Market Disruption**

**Market Disruption Event** means:

- (a) in respect of a Composite Index and a Component Security included in such Index:
    - (i) the occurrence or existence, in respect of any Component Security, of:
      - (A) a Trading Disruption in respect of such Component Security at any time during the one hour period that (x) for the purposes of the occurrence of a Mandatory Early Repayment Event, ends at the relevant Mandatory Early Repayment Valuation Time or, if the Mandatory Early Repayment Valuation Time is specified to be "at any time" in the applicable Final Terms, the time at which the level of the Index is being determined (the **Determination Time**), or (y) in all other circumstances, ends at the relevant Valuation Time in respect of the Exchange in respect of such Component Security;
      - (B) an Exchange Disruption in respect of such Component Security at any time during the one hour period that (x) for the purposes of the occurrence of a Mandatory Early Repayment Event, ends at the relevant Mandatory Early Repayment Valuation Time or, if the Mandatory Early Repayment Valuation Time is specified to be "at any time" in the applicable Final Terms, the Determination Time or (y) in all other circumstances, ends at the relevant Valuation Time in respect of the Exchange in respect of such Component Security; or
      - (C) an Early Closure in respect of such Component Security,
- which, in any such case, the Calculation Agent determines is material; and
- either:
- I. the aggregate of all Component Securities in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists expressed as a percentage of the level of the Index comprises 20 per cent. or more of the level of such Index; or
  - II. where the applicable Final Terms specify that the X Percentage applies, the sum of (I) the aggregate of all Component Securities in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists, expressed as a percentage of the level of the Index, and (II) the X Percentage, comprises 20 per cent. or more of the level of the Index: or

- (iii) the occurrence or existence, in respect of futures or options contracts relating to such Index, of: (a) a Trading Disruption; (b) an Exchange Disruption, at any time during the one hour period that (x) for the purposes of the occurrence of a Mandatory Early Repayment Event, ends at the relevant Mandatory Early Repayment Valuation Time or, if the Mandatory Early Repayment Valuation Time is specified to be "at any time" in the applicable Final Terms, the Determination Time, or (y) in all other circumstances, ends at the Valuation Time in respect of any Related Exchange; or (c) an Early Closure, in each case, in respect of such futures or options contracts and which the Calculation Agent determines is material.

For the purposes of determining whether a Market Disruption Event exists in respect of a Component Security at any time, if an event giving rise to a Market Disruption Event occurs in respect of such Component Security at that time, then the relevant percentage contribution of that Component Security to the level of such Index shall be based on a comparison of (x) the portion of the level of that Index attributable to that Component Security to (y) the overall level of that Index, in each case, using the official opening weightings as published by the relevant Index Sponsor as part of the market "opening data"; and

- (b) in the case of an Index other than a Composite Index, the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, at any time during the one hour period that (x) for the purposes of the occurrence of a Mandatory Early Repayment Event, ends at the relevant Mandatory Early Repayment Valuation Time or, if the Mandatory Early Repayment Valuation Time is specified to be "at any time" in the applicable Final Terms, the Determination Time, or (y) in all other circumstances ends at the relevant Valuation Time, or (iii) an Early Closure which, in each case, the Calculation Agent determines is material.

For the purposes of determining whether a Market Disruption Event exists in relation to such Index at any time, if an event giving rise to a Market Disruption Event occurs in respect of a security included in such Index at that time, then the relevant percentage contribution of that security to the level of such Index shall be based on a comparison of (x) the portion of the level of that Index attributable to that security and (y) the overall level of that Index, in each case, immediately before the occurrence of such Market Disruption Event.

If the Calculation Agent determines that it is not material that any day in respect of which the Calculation Agent is required to determine the level of an Index (a **Relevant Day**) is:

- (i) not a Scheduled Trading Day in respect of an Index because one or more Related Exchanges relating to such Index is/are not scheduled to be open; or
- (ii) a Disrupted Day for an Index solely because any Related Exchange relating to such Index fails to open,

the Calculation Agent shall have the discretion to determine such day to be the Relevant Day (notwithstanding the fact that such day is not a Scheduled Trading Day in respect of an Index because one or more Related Exchanges is/are not scheduled to be open or is a Disrupted Day solely because any Related Exchange fails to open).

In determining what is "material", the Calculation Agent shall have regard to such circumstances as it deems appropriate, which may include (but are not limited to) the Issuer's hedging arrangements in respect of the Certificates.

The Issuer shall give notice as soon as practicable to the Certificateholders in accordance with Condition 10 of the General Conditions of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day would have been a Relevant Day.

## 2. Adjustments to an Index

### (a) Successor Index Sponsor Calculates and Reports an Index

If a relevant Index is (i) not calculated and announced by or on behalf of the relevant Index Sponsor but is calculated and announced by or on behalf of a successor to the relevant Index Sponsor (the **Successor Index Sponsor**) acceptable to the Calculation Agent, or (ii) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for, and method of calculation as used in the calculation of, that Index, then in each case that index (the **Successor Index**) will be deemed to be the relevant Index.

### (b) Modification and Cessation of Calculation of an Index

If (i) on or prior to any Relevant Day, the relevant Index Sponsor makes or announces that it will make a material change in the formula for, or the method of calculating, an Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalisation, contracts or commodities and other routine events) (an **Index Modification**), or permanently cancels a relevant Index and no Successor Index exists (an **Index Cancellation**), or (ii) on any Relevant Day, the relevant Index Sponsor or any person or entity on its behalf fails to calculate and announce an Index (an **Index Disruption** and, together with an Index Modification and an Index Cancellation, each an **Index Adjustment Event**), then the Issuer may take the action described in (i) or (ii) below:

- (i) require the Calculation Agent to determine if such Index Adjustment Event has a material effect on the Certificates and, if so, to either (A) in relation to any Relevant Day, calculate the relevant level for such Index for such day using, *in lieu* of a published level for that Index, the level for that Index as at the relevant time on that Relevant Day, as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to the change, failure or cancellation, but using only those securities/commodities that comprised that Index immediately prior to that Index Adjustment Event or (B) substitute the relevant Index with a replacement index using, in the determination of the Calculation Agent, the same or a substantially similar method of calculation as used in the calculation of such Index (the **Substitute Index**) and the Calculation Agent shall determine the adjustments, if any, to be made to these Conditions and/or the applicable Final Terms to account for such substitution; or
- (ii) cancel the Certificates by giving notice to the Certificateholders in accordance with Condition 10 of the General Conditions. If the Certificates are so cancelled, the Issuer will pay to each Certificateholder in respect of each Certificate held by such holder an amount equal to the fair market value of a Certificate, on a day selected by the Issuer, taking into account the Index Adjustment Event, less (except in the case of Certificates listed on the Italian Stock Exchange) the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent. Payments will be made in such manner and subject to such conditions as shall be notified to the Certificateholders in accordance with Condition 10 of the General Conditions and, upon such payment in respect of such Certificate, the Issuer's obligations in respect thereof shall be discharged.

(c) Notice

The Calculation Agent shall, as soon as practicable, notify the Principal Certificate Agent of any determination made by it pursuant to Conditions 2(b) of the Index Linked Conditions above and the action proposed to be taken in relation thereto and the Principal Certificate Agent shall make available for inspection by Certificateholders copies of any such determinations.

**3. Correction of Index levels**

With the exception of any corrections published after the day which is two Business Days prior to the due date for any payment (a **Payment Date**) of any amounts payable under the Certificates (if any), if the level of the Index published on any Relevant Day and used or to be used by the Calculation Agent to determine any such amounts payable under the Certificates, is subsequently corrected and the correction published by the relevant Index Sponsor within 30 days of the original publication, the level to be used shall be the level of the Index as so corrected. Corrections published after the day which is two Business Days prior to the relevant Payment Date will be disregarded by the Calculation Agent for the purposes of determining any such amounts payable under the Certificates.

**4. Additional Disruption Events**

(a) If an Additional Disruption Event occurs, the Issuer may take the action described in (i) or (ii) below:

(i) require the Calculation Agent to determine the appropriate adjustment(s), if any, to be made to the terms of these Conditions and/or the applicable Final Terms as the Calculation Agent determines necessary or appropriate to account for the Additional Disruption Event and determine the effective date(s) of the adjustment(s); or

(ii) cancel the Certificates by giving notice to the Certificateholders in accordance with Condition 10 of the General Conditions. If the Certificates are so cancelled, the Issuer will pay to each Certificateholder in respect of each Certificate held by such holder an amount equal to the fair market value of such Certificate, on a day selected by the Issuer, taking into account the Additional Disruption Event, less (except in the case of Certificates listed on the Italian Stock Exchange) the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent. Payment will be made in such manner and subject to such conditions as shall be notified to the Certificateholders in accordance with Condition 10 of the General Conditions and upon such payment in respect of such Certificate, the Issuer's obligations in respect thereof shall be discharged.

(b) Upon the occurrence of an Additional Disruption Event, the Issuer shall give notice as soon as practicable to the holders in accordance with Condition 10 of the General Conditions stating the occurrence of the Additional Disruption Event, giving details thereof and the action proposed to be taken in relation thereto.

**5. Mandatory Early Repayment Event**

If "Mandatory Early Repayment Event" is specified as applicable in the applicable Final Terms, then unless previously exercised or cancelled, if on any Mandatory Early Repayment Valuation Date a Mandatory Early Repayment Event occurs, then the Certificates will be automatically cancelled in whole, but not in part, on the Mandatory Early Repayment Date immediately following such Mandatory Early Repayment Valuation Date and the Issuer will pay to each Certificateholder in

respect of each Certificate held by such holder an amount equal to the relevant Mandatory Early Repayment Amount. Payments will be made in such manner and subject to such conditions as shall be notified to the Certificateholders in accordance with Condition 10 of the General Conditions and upon such payment in respect of such Certificate, the Issuer's obligations in respect thereof shall be discharged.

**Mandatory Early Repayment Amount** means, in respect of a Certificate and a Mandatory Early Repayment Event, the amount specified for such Mandatory Early Repayment Event in the applicable Final Terms.

**Mandatory Early Repayment Date** means, in respect of a Mandatory Early Repayment Event, the date specified for such Mandatory Early Repayment Event in the applicable Final Terms.

**Mandatory Early Repayment Event** means (unless otherwise specified in the applicable Final Terms) (A) in case of a single Index, that the level of the Index determined by the Calculation Agent as of the Mandatory Early Repayment Valuation Time on any Mandatory Early Repayment Valuation Date is, and (B) in the case of a Basket of Indices, the amount for the Basket of Indices determined by the Calculation Agent equal to the sum of the value for each Index equal to the product of (i) the level of such Index as determined by the Calculation Agent as of the Mandatory Early Repayment Valuation Time on any Mandatory Early Repayment Valuation Date and (ii) the relevant Weighting is, as specified in the applicable Final Terms, (i) "greater than", (ii) "greater than or equal to", (iii) "less than" or (iv) "less than or equal to" the Mandatory Early Repayment Level.

**Mandatory Early Repayment Level** means (unless otherwise specified in the applicable Final Terms) (A) in respect of a single Index, the level specified for such Index and (B) in respect of a Basket of Indices, the level specified for the Basket of Indices, in the applicable Final Terms.

**Mandatory Early Repayment Valuation Date** means each date specified as such in the applicable Final Terms or, if any such date is not a Scheduled Trading Day for all the Indices, the immediately succeeding Scheduled Trading Day for all the Indices unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day for any of the Indices. If any such day is a Disrupted Day for any of the Indices, then either (i) the provisions specified in the applicable Final Terms shall apply or (ii) if so specified in the applicable Final Terms the provisions relating to "Omission", "Postponement" or "Modified Postponement", as the case may be, contained in the definition of "Averaging Date" shall apply *mutatis mutandis* as if (a) references in such provisions to "Averaging Date" were to "Mandatory Early Repayment Valuation Date", (b) references to "Settlement Price" in the definition of "Valuation Date" were references to the level of the relevant Index in respect of such Mandatory Early Repayment Valuation Date, (c) references to "Valuation Time" in the definitions of "Averaging Date" and "Valuation Date" were references to "Mandatory Early Repayment Valuation Time" and (d) references to "Settlement Date" in the definitions of "Averaging Date" and "Valuation Date" were references to "Mandatory Early Repayment Date".

**Mandatory Early Repayment Valuation Time** means, in respect of an Index, the time(s) on any Mandatory Early Repayment Valuation Date specified as such in the applicable Final Terms or, if not specified in the applicable Final Terms, the Valuation Time.

## 6. Adjustment and Disruption Definitions

**Additional Disruption Event** means any of Change in Law, Hedging Disruption, Increased Cost of Hedging, Increased Cost of Stock Borrow and/or Loss of Stock Borrow, in each case, if specified in the applicable Final Terms.

**Change in Law** means that, on or after the Trade Date (as specified in the applicable Final Terms) (A) due to the adoption of or any change in any applicable law or regulation (including, without

limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines that (X) it has become illegal to hold, acquire or dispose of any relevant Hedging Positions or (Y) the Issuer will incur a materially increased cost in performing its obligations in relation to the Certificates (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of the Issuer and/or any of its Affiliates).

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

**Hedging Positions** means any one or more of (i) positions or contracts in securities, options, futures, derivatives or foreign exchange, (ii) stock loan transactions or (iii) other instruments or arrangements (howsoever described) entered into by the Issuer and/or any of its Affiliates in order to hedge, individually or on a portfolio basis, the Certificates.

**Hedging Shares** means the number of securities/commodities comprised in an Index that the Issuer deems necessary to hedge the equity or other price risk of entering into and performing its obligations with respect to the Certificates.

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

**Increased Cost of Stock Borrow** means that the Issuer and/or any of its Affiliates would incur a rate to borrow any security/commodity comprised in an Index that is greater than the Initial Stock Loan Rate.

**Initial Stock Loan Rate** means, in respect of a security/commodity comprised in an Index, the initial stock loan rate specified in relation to such security/commodity in the applicable Final Terms or, if no such rate is so specified, the rate which the Issuer and/or any of its Affiliates would have incurred to borrow such security/commodity, as the case may be, as of the Trade Date, as determined by the Issuer.

**Loss of Stock Borrow** means that the Issuer and/or any of its Affiliates is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) any securities/commodities comprised in an Index in an amount equal to the Hedging Shares at a rate equal to or less than the Maximum Stock Loan Rate.

**Maximum Stock Loan Rate** means, in respect of a security/commodity comprised in an Index, the Maximum Stock Loan Rate specified for such security/commodity in the applicable Final Terms or, if no such rate is so specified, the lowest rate at which the Issuer and/or any of its Affiliates, after using commercially reasonable efforts, would have incurred to borrow (and maintain a borrowing of) such security/commodity, as the case may be, in an amount equal to the Hedging Shares, as of the Trade Date, as determined by the Issuer.

## 7. General Definitions

**Averaging Date** means each date specified as an Averaging Date in the applicable Final Terms or, if any such day is not a Scheduled Trading Day for all the Indices, the immediately succeeding Scheduled Trading Day for all the Indices unless, in the opinion of the Calculation Agent any such day is a Disrupted Day for any of the Indices. If any such day is a Disrupted Day for any of the Indices, then:

- (a) if **Omission** is specified as applying in the applicable Final Terms, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant Settlement Price PROVIDED THAT if, through the operation of this provision no Averaging Date would occur, then the provisions of the definition of "Valuation Date" will apply for purposes of determining the relevant level on the final Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day; or
- (b) if **Postponement** is specified as applying in the applicable Final Terms, then the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant level on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or
- (c) if **Modified Postponement** is specified as applying in the applicable Final Terms then:
  - (i) where the Certificates are Index Linked Certificates relating to a single Index, that Averaging Date shall be the earliest of:
    - (A) the first succeeding Valid Date (as defined below);
    - (B) the Scheduled Trading Day falling the Specified Maximum Days of Disruption immediately following the original date that, but for the occurrence of a Disrupted Day would have been that Averaging Date (a **Scheduled Averaging Date**); and
    - (C) the second Business Day prior to the Settlement Date or, if such day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day.

If the relevant Averaging Date falls within (B) or (C) above and the relevant Scheduled Trading Day is a Disrupted Day, then (X) that Scheduled Trading Day shall be deemed to be that Averaging Date (notwithstanding the fact that such day is a Disrupted Day and irrespective of whether that Scheduled Trading Day is already an Averaging Date), and (Y) the Calculation Agent shall determine the relevant level for that Averaging Date in accordance with sub-paragraph (b)(iii) of the definition of "Valuation Date" below;

- (ii) where the Certificates are Index Linked Certificates relating to a Basket of Indices:
  - (A) where "Move in Block" is specified as applying in the applicable Final Terms, that Averaging Date for all the Indices shall be the earliest of:
    - (1) the first succeeding Valid Date for all the Indices;
    - (2) the Scheduled Trading Day for all the Indices falling the Specified Maximum Days of Disruption immediately following that Scheduled Averaging Date; and



- (3) the second Business Day prior to the Settlement Date or, if such day is not a Scheduled Trading Day for all the Indices, the immediately preceding Scheduled Trading Day for all the Indices.

If the relevant Averaging Date falls within (2) or (3) above, such Scheduled Trading Day shall be such Averaging Date (irrespective of whether that Scheduled Trading Day is already an Averaging Date) and if the relevant Scheduled Trading Day is a Disrupted Day for an Index (the **Affected Index**), (x) that Scheduled Trading Day shall be deemed to be that Averaging Date for that Affected Index (notwithstanding the fact that such day is a Disrupted Day) and (y) the Calculation Agent shall determine the relevant level for such Affected Index for that Averaging Date in accordance with sub-paragraph (b)(iii) of the definition of **Valuation Date** below;

- (B) where "Value What You Can" is specified as applying in the applicable Final Terms, that Averaging Date for each Index in respect of which no Disrupted Day has occurred shall be the Scheduled Averaging Date and that Averaging Date for each Index in respect of which a Disrupted Day has occurred (each an **Affected Index**) shall be the earliest of:
  - (1) the first succeeding Valid Date for the Affected Index;
  - (2) the Scheduled Trading Day for the Affected Index falling the Specified Maximum Days of Disruption immediately following that Scheduled Averaging Date; and
  - (3) the second Business Day prior to the Settlement Date or, if such day is not a Scheduled Trading Day for the Affected Index, the immediately preceding Scheduled Trading Day for the Affected Index.

If the relevant Averaging Date for an Affected Index falls within (2) or (3) above and the relevant Scheduled Trading Day is a Disrupted Day for that Affected Index, (x) that Scheduled Trading Day shall be deemed to be that Averaging Date for the Affected Index (notwithstanding the fact that such day is a Disrupted Day for the Affected Index and irrespective of whether that Scheduled Trading Day is already an Averaging Date) and (y) the Calculation Agent shall determine the relevant level for that Averaging Date in accordance with sub-paragraph (b)(iii) of the definition of "Valuation Date" below.

For the purposes of these Index Linked Conditions **Valid Date** means, in respect of an Index, a Scheduled Trading Day for such Index that is not a Disrupted Day for such Index and on which another Averaging Date for such Index does not or is not deemed to occur.

**Component Security** means, in respect of a Composite Index, each component security of such Index.

**Composite Index** means any Index specified as such in the applicable Final Terms or if not specified, any Index the Calculation Agent determines as such.

**Disrupted Day** means:

- (a) in relation to a Composite Index, any Scheduled Trading Day for such Index on which: (i) the relevant Index Sponsor fails to publish the level of such Index; (ii) any Related Exchange for such Index fails to open for trading during its regular trading session; or (iii) a Market Disruption Event in respect of such Index has occurred; and
- (b) in relation to an Index which is not a Composite Index, any Scheduled Trading Day for such Index on which a relevant Exchange or any Related Exchange for such Index fails to open for trading during its regular trading session or on which a Market Disruption Event in respect of such Index has occurred.

**Early Closure** means:

- (a) in relation to a Composite Index, the closure on any Exchange Business Day for such Index of the Exchange in respect of any Component Security or any Related Exchange for such Index prior to its Scheduled Closing Time unless such earlier closing is announced by such Exchange or Related Exchange (as the case may be) at least one hour prior to the earlier of: (i) the actual closing time for the regular trading session on such Exchange or Related Exchange (as the case may be) on such Exchange Business Day; and (ii) the submission deadline for orders to be entered into the relevant Exchange or Related Exchange system for execution at the relevant Determination Time, Mandatory Early Repayment Valuation Time or Valuation Time, as the case may be, on such Exchange Business Day; and
- (b) in relation to an Index which is not a Composite Index, the closure on any Exchange Business Day for such Index of any relevant Exchange(s) relating to securities/commodities that comprise 20 per cent. or more of the level of such Index or any Related Exchange(s) for such Index prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the relevant Exchange or Related Exchange system for execution at the relevant Determination Time, Mandatory Early Repayment Valuation Time or Valuation Time, as the case may be, on such Exchange Business Day.

**Exchange** means:

- (a) in relation to a Composite Index, in respect of each Component Security of such Index, the principal stock exchange on which such Component Security is principally traded, as determined by the Calculation Agent; and
- (b) in relation to an Index which is not a Composite Index, each exchange or quotation system specified as such for such Index in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the securities/commodities comprising such Index has temporarily relocated (PROVIDED THAT the Calculation Agent has determined that there is comparable liquidity relative to the securities/commodities comprising such Index on such temporary substitute exchange or quotation system as on the original Exchange).

**Exchange Business Day** means:

- (a) in relation to a Composite Index, any Scheduled Trading Day for such Index on which (i) the Index Sponsor for such Index publishes the level of such Index; and (ii) each Related

Exchange for such Index is open for trading during its regular trading session, notwithstanding such Related Exchange closing prior to its Scheduled Closing Time; and

- (b) in relation to an Index which is not a Composite Index, any Scheduled Trading Day for such Index on which each Exchange and each Related Exchange for such Index is open for trading during its respective regular trading session, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

**Exchange Disruption** means:

- (a) in relation to a Composite Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for: (A) any Component Security on the Exchange in respect of such Component Security; or (B) futures or options contracts relating to such Index on any relevant Related Exchange; and
- (b) in relation to an Index which is not a Composite Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (A) to effect transactions in, or obtain market values for, on any relevant Exchange(s), securities/commodities that comprise 20 per cent. or more of the level of the relevant Index, or (B) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Index on any relevant Related Exchange.

**Index** and **Indices** mean, subject to adjustment in accordance with these Index Linked Conditions, the index or indices specified in the applicable Final Terms.

**Index Currency** means, in respect of an Index, the currency specified for such Index in the applicable Final Terms.

**Index Sponsor** means, in relation to an Index, the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to such Index and (b) announces (directly or through an agent) the level of such Index on a regular basis during each Scheduled Trading Day for such Index, which as of the Issue Date of the Certificates is the index sponsor specified for such Index in the applicable Final Terms.

**Observation Date** means each date specified as an Observation Date in the applicable Final Terms, or if any such date is not a Scheduled Trading Day for all the Indices, the immediately following Scheduled Trading Day for all the Indices unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day for any of the Indices. If any such day is a Disrupted Day for any of the Indices, then either (i) the provisions specified in the applicable Final Terms shall apply or (ii) if so specified in the applicable Final Terms the provisions relating to "Omission", "Postponement" or "Modified Postponement", as the case may be, contained in the definition of "Averaging Date" shall apply mutatis mutandis as if (a) references in such provisions to "Averaging Date" were to "Observation Date" and (b) references to "Settlement Price" in the definition of "Valuation Date" were references to the level of the relevant Index in respect of the relevant Observation Date.

**Observation Period** means the period specified as the Observation Period in the applicable Final Terms.

**Related Exchange** means, in relation to an Index, each exchange or quotation system on which option contracts or futures contracts relating to such Index are traded, or each exchange or quotation system specified as such for such Index in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Index has temporarily relocated (PROVIDED THAT the

Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Index on such temporary substitute exchange or quotation system as on the original Related Exchange), PROVIDED THAT where **All Exchanges** is specified as the Related Exchange for such Index in the applicable Final Terms, "Related Exchange" shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Index.

**Scheduled Closing Time** means, in respect of an Index and an Exchange or Related Exchange and a Scheduled Trading Day for such Index, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

**Scheduled Trading Day** means:

- (a) in relation to a Composite Index, any day on which (i) the relevant Index Sponsor is scheduled to publish the level of such Index; (ii) each Related Exchange for such Index is scheduled to be open for trading for its regular trading session and (iii) where the applicable Final Terms specify that the X Percentage applies in relation to such Index, no more than 20 per cent. of the Component Securities that comprise the level of such Index are scheduled to be unavailable for trading on the relevant Exchange(s) by virtue of such day not being a day upon which any such relevant Exchange is scheduled to be open for trading for its regular trading sessions (such unavailable percentage being the **X Percentage**).

For the purposes of determining the X Percentage, the relevant percentage contribution of each Component Security unavailable for trading shall be based on a comparison of (a) the portion of the level of that Index to that Component Security relative to (b) the overall level of that Index, in each case using the official opening weightings as published by the relevant Index Sponsor as part of the market "opening data"; and

- (b) in relation to an Index which is not a Composite Index, any day on which each Exchange and each Related Exchange for such Index are scheduled to be open for trading for their respective regular trading sessions.

**Scheduled Valuation Date** means the original date that, but for the occurrence of an event causing a Disrupted Day, would have been the Valuation Date.

**Settlement Price** means, unless otherwise specified in the applicable Final Terms and as referred to in "Valuation Date" below or "Averaging Date" above, as the case may be:

- (a) in the case of Index Linked Certificates relating to a Basket of Indices, either (i) an amount (which, if an Index Currency is specified in the applicable Final Terms, shall be deemed to be a monetary amount in the Index Currency) equal to the sum of the values calculated for each Index as the official closing level for each Index, as determined by the Calculation Agent (or, if so specified in the applicable Final Terms, the level of each Index determined by the Calculation Agent as set out in the applicable Final Terms at the Valuation Time) on (A) if Averaging is not specified as applying in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified as applying in the applicable Final Terms, an Averaging Date, multiplied by the relevant Weighting (the **Basket Settlement Price**) or (ii) in relation to an Index and the Valuation Date or an Averaging Date, as the case may be, an amount (which, if an Index Currency is specified in the applicable Final Terms, shall be deemed to be a monetary amount in the Index Currency) equal to the official closing level for such Index as determined by the Calculation Agent (or, if so specified in the applicable Final Terms, the level of such Index determined by the Calculation Agent as set out in the applicable Final Terms at the Valuation Time) on (A) if Averaging is not specified as

applying in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified as applying in the applicable Final Terms, such Averaging Date (the **Per Index Settlement Price**), as specified in the applicable Final Terms; and

- (b) in the case of Index Linked Certificates relating to a single Index, an amount (which, if an Index Currency is specified in the applicable Final Terms, shall be deemed to be a monetary amount in the Index Currency) equal to the official closing level of the Index, as determined by the Calculation Agent (or, if so specified in the applicable Final Terms, the level of the Index determined by the Calculation Agent as set out in the applicable Final Terms at the Valuation Time) on (A) if Averaging is not specified as applying in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified as applying in the applicable Final Terms, an Averaging Date.

**Specified Maximum Days of Disruption** means eight (8) Scheduled Trading Days or such other number of Scheduled Trading Days specified in the applicable Final Terms.

**Trading Disruption** means:

- (a) in the case of a Composite Index, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise: (i) relating to any Component Security on the Exchange in respect of such Component Security; or (ii) in futures or options contracts relating to the Index on any Related Exchange; and
- (b) in the case of an Index which is not a Composite Index, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise either (i) relating to securities/commodities that comprise 20 per cent. or more of the level of such Index on any relevant Exchange(s) or (ii) in futures or options contracts relating to such Index on any relevant Related Exchange.

**Valuation Date** means the date, specified in the applicable Final Terms or, if such day is not a Scheduled Trading Day for all the Indices, the immediately succeeding Scheduled Trading Day for all the Indices unless, in the opinion of the Calculation Agent, such day is a Disrupted Day for any of the Indices.

If such day is a Disrupted Day for any of the Indices, then:

- (a) where the Certificates are Index Linked Certificates relating to a single Index, the Valuation Date shall be the earliest of:
  - (i) the first succeeding Scheduled Trading Day that is not a Disrupted Day;
  - (ii) the Scheduled Trading Day falling the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date; and
  - (iii) the second Business Day prior to the Settlement Date or, if such day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day.

If the Valuation Date falls within (ii) or (iii) above and the relevant Scheduled Trading Day is a Disrupted Day, (A) that Scheduled Trading Day shall be deemed to be the Valuation Date (notwithstanding the fact that such day is a Disrupted Day) and (B) the Calculation Agent shall determine the Settlement Price in the manner set out in the applicable Final Terms or, if not set out or if not practicable, determine the Settlement Price by determining

the level of the Index as of the Valuation Time on that Scheduled Trading Day in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on that Scheduled Trading Day of each security/commodity) comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security/commodity) on that Scheduled Trading Day, its good faith estimate of the value for the relevant security/commodity) as of the Valuation Time on that Scheduled Trading Day); or

- (b) where the Certificates are Index Linked Certificates relating to a Basket of Indices,
- (i) where "Move in Block" is specified as applying in the applicable Final Terms, the Valuation Date for all the Indices shall be the earliest of:
- (A) the first succeeding Scheduled Trading Day for all the Indices that is not a Disrupted Day for any of the Indices;
  - (B) the Scheduled Trading Day for all the Indices falling the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date; and
  - (C) the second Business Day prior to the Settlement Date or, if such day is not a Scheduled Trading Day for all the Indices, the immediately preceding Scheduled Trading Day for all the Indices.

If the Valuation Date falls within (B) or (C) above, such Scheduled Trading Day shall be the Valuation Date and if the relevant Scheduled Trading Day is a Disrupted Day for an Index (the **Affected Index**), (x) that Scheduled Trading Day shall be deemed the Valuation Date for that Affected Index (notwithstanding the fact that such day is a Disrupted Day) and (y) the Calculation Agent shall determine the level of the Affected Index as set out in sub-paragraph (iii) below.

- (ii) where "Value What You Can" is specified as applying in the applicable Final Terms, the Valuation Date for each Index in respect of which no Disrupted Day has occurred shall be the Scheduled Valuation Date and the Valuation Date for each Index in respect of which a Disrupted Day has occurred (each an **Affected Index**) shall be the earliest of:
- (A) the first succeeding Scheduled Trading Day for the Affected Index that is not a Disrupted Day for the Affected Index;
  - (B) the Scheduled Trading Day for the Affected Index falling the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date; and
  - (C) the second Business Day prior to the Settlement Date or, if such day is not a Scheduled Trading Day for the Affected Index, the immediately preceding Scheduled Trading Day for the Affected Index.

If the Valuation Date for an Affected Index falls within (B) or (C) above and the relevant Scheduled Trading Day is a Disrupted Day for the Affected Index, (i) that Scheduled Trading Day shall be deemed to be the Valuation Date for the Affected Index (notwithstanding the fact that such day is a Disrupted Day for the Affected

Index) and (ii) the Calculation Agent shall determine the level of the Affected Index as set out in sub-paragraph (iii) below.

- (iii) the Calculation Agent shall determine the relevant level for the purposes of sub-paragraphs (i) and (ii) above using, in relation to the Affected Index, the level of that Index determined in the manner set out in the applicable Final Terms or, if not set out or if not practicable, using the level of that Index as of the Valuation Time on that Scheduled Trading Day determined in accordance with the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day relating to the Affected Index using the Exchange traded or quoted price as of the Valuation Time on that Scheduled Trading Day of each security/commodity comprised in that Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security/commodity on that Scheduled Trading Day, its good faith estimate of the value for the relevant security/commodity as of the Valuation Time on that Scheduled Trading Day) and otherwise in accordance with the above provisions.

**Valuation Time** means the Relevant Time specified in the applicable Final Terms or, if no such time is so specified:

- (a) in relation to a Composite Index, (i) for the purposes of determining whether a Market Disruption Event in respect of such Index has occurred: (A) in respect of any Component Security, the Scheduled Closing Time on the Exchange in respect of such Component Security, and (B) in respect of any options contracts or future contracts on the Index, the close of trading on the relevant Related Exchange; and (ii) in all other circumstances, the time at which the official closing level of such Index is calculated and published by the relevant Index Sponsor; and
- (b) in relation to an Index which is not a Composite Index, the Scheduled Closing Time on the Exchange for such Index on the relevant Scheduled Trading Day. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

**Weighting** means, in respect of the Certificates linked to a Basket of Indices and in respect of an Index, the weighting for such Index specified in the applicable Final Terms.

**ANNEX 2**  
**ADDITIONAL TERMS AND CONDITIONS FOR INFLATION LINKED CERTIFICATES**

*The terms and conditions applicable to Inflation Linked Certificates shall comprise the General Conditions and the additional terms and conditions set out below (the **Inflation Linked Conditions**), in each case subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the General Conditions and the Inflation Linked Conditions set out below, the Inflation Linked Conditions set out below shall prevail. In the event of any inconsistency between (i) the General Conditions and/or the Inflation Linked Conditions and (ii) the Final Terms, the Final Terms shall prevail.*

**1. Delay in Publication**

(a) If the Calculation Agent determines, in respect of an Index and a Payment Date, that the level of such Index for a Reference Month (an **Underlying Level**) has not been published or announced by the Valuation Date for such Payment Date, the Calculation Agent shall determine the level of such Index for such Reference Month (the **Substitute Index Level**) in place of such Underlying Level by using the following methodology:

- (i) if applicable, the Calculation Agent will take the same action to determine the Substitute Index Level for the Affected Payment Date as that taken by the calculation agent pursuant to the terms and conditions of any relevant Related Bond; or
- (ii) if the Calculation Agent is not able to determine a Substitute Index Level under Condition 1(a)(i) of the Inflation Linked Conditions above, the Calculation Agent shall determine the Substitute Index Level by reference to the following formula:

$$\text{Substitute Index Level} = \text{Base Level} \times (\text{Latest Level}/\text{Reference Level}); \text{ or}$$

- (iii) otherwise in accordance with any formula or provisions specified in the applicable Final Terms.

where:

**Base Level** means, in respect of an Index, the level of such Index (excluding any "flash" estimates) published or announced by the relevant Index Sponsor in respect of the month which is 12 calendar months prior to the month for which the Substitute Index Level is being determined.

**Latest Level** means, in respect of an Index, the latest level of such Index (excluding any "flash" estimates) published or announced by the relevant Index Sponsor prior to the month in respect of which the Substitute Index Level is being determined.

**Reference Level** means, in respect of an Index, the level of such Index (excluding any "flash" estimates) published or announced by the relevant Index Sponsor in respect of the month that is 12 calendar months prior to the month in respect of the Latest Level.

The Issuer shall promptly give notice to the Certificateholders in accordance with Condition 10 of the General Conditions of any Substitute Index Level.

(b) If an Underlying Level in respect of a Payment Date is published or announced at any time after the Valuation Date for such Payment Date, such Underlying Level will not be used in any calculations. The Substitute Index Level determined pursuant to Condition 1(a) of the Inflation Linked Conditions above will be the definitive level for that Reference Month.



## 2. Cessation of Publication

If the Calculation Agent determines that the level of an Index has not been published or announced for two consecutive months or such other period as is specified in the applicable Final Terms (the **Period of Cessation of Publication**) and/or the relevant Index Sponsor announces that it will no longer continue to publish or announce such Index and/or the relevant Index Sponsor cancels the relevant Index then the Calculation Agent shall determine a successor index (a **Successor Index**) (in lieu of any previously applicable Index) for the purposes of the Certificates by using the following methodology:

- (i) if a successor index has been designated by the calculation agent pursuant to the terms and conditions of any relevant Related Bond, such successor index shall be designated the "Successor Index" for the purposes of all Payment Dates on and after the Affected Payment Date in relation to the Certificates, notwithstanding that any other Successor Index may previously have been determined pursuant to Conditions 2(ii) or 2(iii) of the Inflation Linked Conditions below;
- (ii) if a Successor Index is not determined pursuant to Condition 2(i) of the Inflation Linked Conditions above and a notice has been given or an announcement has been made by the relevant Index Sponsor specifying that such Index will be superseded by a replacement index specified by the relevant Index Sponsor and the Calculation Agent determines that such replacement Index is calculated and announced using the same or substantially similar formula or method of calculation as used in the calculation of the previously applicable Index, such replacement index shall be the "Successor Index" for the purposes of the Certificates from the date that such Successor Index comes into effect;
- (iii) if a Successor Index is not determined pursuant to Condition 2(i) or 2(ii) of the Inflation Linked Conditions above prior to the Valuation Date in respect of each succeeding Affected Payment Date, the Calculation Agent will determine an appropriate alternative index for such Affected Payment Date and such index will be deemed to be the "Successor Index"; or
- (iv) if the Calculation Agent determines that there is no appropriate alternative index, there will be deemed to be no Successor Index (an **Inflation Index Cancellation**) and the Issuer shall cancel each Certificate on the date notified by the Issuer to Certificateholders in accordance with Condition 10 of the General Conditions at its fair market value, on a day selected by the Issuer, taking into account the Inflation Index Cancellation, less (except in the case of Certificates listed on the Italian Stock Exchange) the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent. Payments will be made in such manner and subject to such conditions as shall be notified to the Certificateholders in accordance with Condition 10 of the General Conditions and upon such payment in respect of such Certificate, the Issuer's obligations in respect thereof shall be discharged.

If a Successor Index is determined in accordance with the above, the Calculation Agent may make appropriate adjustment(s) to the terms of these Conditions and/or the applicable Final Terms as the Calculation Agent determines necessary, or appropriate to account for such replacement and determine the effective date(s) of the adjustment(s) to the Certificates.

Notice of the determination of a Successor Index and the date from which such index becomes the Successor Index and any relevant adjustment(s) to the terms of these Conditions and/or the applicable Final Terms or an Inflation Index Cancellation will be given to the Certificateholders by the Issuer in accordance with Condition 10 of the General Conditions.

### 3. **Revised Index Levels and Manifest Error in Publication**

- (a) In relation to an Index, either (i) the first publication and announcement of a level of such Index for a Reference Month shall be final and conclusive and later revisions to the level for such Reference Month will not be used in any calculations (**No Revision**) or (ii) the first publication or announcement of a level of such Index, or, if revised, any subsequent revisions of such level for a Reference Month shall be final and conclusive, PROVIDED THAT such revisions are published or announced up to and including the relevant Revision Cut-off Date (**Revision**), as specified in the applicable Final Terms PROVIDED THAT if neither "No Revision" nor "Revision" is so specified, "No Revision" shall be deemed to apply.
- (b) If, in respect of a Payment Date and an Underlying Level in respect of such Payment Date, the Calculation Agent determines that the relevant Index Sponsor has corrected such Underlying Level to correct a manifest error prior to the earlier of thirty days of publication of such Underlying Level and the Manifest Error Cut-off Date for such Payment Date the Calculation Agent may use such corrected Underlying Level to calculate any payments under the Certificates in respect of such Payment Date. Corrections published after the Manifest Error Cut-off Date in respect of such Payment Date will be disregarded by the Calculation Agent for the purposes of determining any payments under the Certificates.

### 4. **Rebasing**

If the Calculation Agent determines that an Index has been or will be rebased at any time, such Index as so rebased (the **Rebased Index**) will be used for purposes of determining any Underlying Level in respect of such Index from the date of such rebasing; provided, however, that the Calculation Agent shall make (A) such adjustments as are made by the calculation agent pursuant to the terms and conditions of any relevant Related Bond to the levels of such Rebased Index so that such Rebased Index levels reflect the same rate of inflation as the Index before it was rebased and/or (B) if there is no Related Bond, the Calculation Agent shall make such adjustments to the levels of such Rebased Index so that such Rebased Index levels reflect the same rate of inflation as the relevant Index before it was rebased and, in each case, the Issuer may make appropriate adjustment(s) to the terms of these Conditions and/or the applicable Final Terms as the Calculation Agent determines necessary or appropriate to account for such rebasing and determine the effective date(s) of the adjustment(s) to the Certificates. If the Calculation Agent determines that neither (A) nor (B) above would produce a commercially reasonable result, the Issuer may cancel each Certificate on a date notified by the Issuer to the Certificateholders in accordance with Condition 10 of the General Conditions. If the Certificates are so cancelled, the Issuer will pay to each Certificateholder in respect of each Certificate held by such holder an amount equal to the fair market value of a Certificate, on a day selected by the Issuer, taking into account the rebasing, less (except in the case of Certificates listed on the Italian Stock Exchange) the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent. Payments will be made in such manner and subject to such conditions as shall be notified to the Certificateholders in accordance with Condition 10 of the General Conditions and upon such payment in respect of such Certificate, the Issuer's obligations in respect thereof shall be discharged.

Notice of any adjustment, cancellation or determination pursuant to this Condition shall be given to Certificateholders in accordance with Condition 10 of the General Conditions.

### 5. **Material Modification Prior to Payment Date**

If, on or prior to the Valuation Date in respect of any Payment Date, an Index Sponsor announces that it will make a material change to an Index, the Calculation Agent shall (A) make appropriate adjustment(s) to the terms of these Conditions and/or the applicable Final Terms, consistent with any adjustments made to any relevant Related Bond as the Calculation Agent determines necessary or

appropriate to account for such change to such Index and determine the effective date(s) of the adjustment(s) to the Certificates, or (B) if there is no Related Bond, make only those adjustments to the terms of the Certificates as the Calculation Agent determines necessary for the modified Index to continue as the Index. If the Calculation Agent determines that neither (A) nor (B) above would produce a commercially reasonable result, the Issuer may cancel each Certificate on a date notified by the Issuer to the Certificateholders in accordance with Condition 10 of the General Conditions. If the Certificates are so cancelled, the Issuer will pay to each Certificateholder in respect of each Certificate held by such holder an amount equal to the fair market value of a Certificate, on a day selected by the Issuer, taking into account the change to the Index, less (except in the case of Certificates listed on the Italian Stock Exchange) the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent. Payments will be made in such manner and subject to such conditions as shall be notified to the Certificateholders in accordance with Condition 10 of the General Conditions and upon such payment in respect of such Certificate, the Issuer's obligations in respect thereof shall be discharged.

Notice of any adjustment, cancellation or determination pursuant to this Condition shall be given to Certificateholders in accordance with Condition 10 of the General Conditions.

## 6. **Mandatory Early Repayment Event**

If "Mandatory Early Repayment Event" is specified as applicable in the applicable Final Terms, then unless previously exercised or cancelled, if a Mandatory Early Repayment Event occurs, the Certificates will be automatically cancelled in whole, but not in part, on the relevant Mandatory Early Repayment Date and the Issuer will pay to each Certificateholder in respect of each Certificate held by such holder an amount equal to the relevant Mandatory Early Repayment Amount. Payment will be made in such manner and on such conditions as shall be notified to the Certificateholders in accordance with Condition 10 of the General Conditions and upon such payment in respect of such Certificate, the Issuer's obligations in respect thereof shall be discharged.

**Mandatory Early Repayment Amount** means, in respect of a Certificate and a Mandatory Early Repayment Event, the amount specified for such Mandatory Early Repayment Event in the applicable Final Terms.

**Mandatory Early Repayment Date** means, in respect of a Mandatory Early Repayment Event, the date specified for such Mandatory Early Repayment Event in the applicable Final Terms.

**Mandatory Early Repayment Event** means the event specified in the applicable Final Terms.

## 7. **Change in Law**

Unless previously exercised or cancelled, if a Change in Law occurs, the Issuer may cancel each Certificate on a date notified by the Issuer to the Certificateholders in accordance with Condition 10 of the General Conditions. If the Certificates are so cancelled, the Issuer will pay to each Certificateholder in respect of each Certificate held by such holder an amount equal to the fair market value of a Certificate, on a day selected by the Issuer, taking into account the Change in Law, less (except in the case of Certificates listed on the Italian Stock Exchange) the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent. Payment will be made in such manner and subject to such conditions as shall be notified to the Certificateholders in accordance with Condition 10 of the General Conditions and, upon such payment in respect of such Certificate, the Issuer's obligations in respect thereof shall be discharged.

**Change in Law** means that, on or after the Trade Date (as specified in the applicable Final Terms) (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines (X) that it has become illegal to hold, acquire or dispose of any relevant Hedging Positions or (Y) the Issuer will incur a materially increased cost in performing its obligations in relation to the Certificates (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of the Issuer and/or any of its Affiliates).

**Hedging Positions** means any purchase, sale, entry into or maintenance of one or more (i) positions or contracts in securities, options, futures, derivatives or foreign exchange, (ii) stock loan transactions or (iii) other instruments or arrangements (howsoever described) by a party in order to hedge, individually or on a portfolio basis, the Certificates.

## 8. Definitions

**Affected Payment Date** means each Payment Date in respect of which an Index has not been published or announced.

**Fallback Bond** means, in respect of an Index, a bond selected by the Calculation Agent. The Calculation Agent may determine such bond by reference to the following criteria: a bond which is issued by the government of the country to whose level of inflation the relevant Index relates and which pays a coupon or redemption amount which is calculated by reference to such Index, with a maturity date which falls on (a) the same day as the End Date as specified in the applicable Final Terms, (b) the next longest maturity after the End Date if there is no such bond maturing on the End Date, or (c) the next shortest maturity before the End Date if no bond defined in (a) or (b) is selected by the Calculation Agent. If the relevant Index relates to the level of inflation across the European Monetary Union, the Calculation Agent may select an inflation-linked bond that is a debt obligation of one of the governments (but not any government agency) of France, Italy, Germany or Spain and which pays a coupon or redemption amount which is calculated by reference to the level of inflation in the European Monetary Union. In each case, the Calculation Agent may select the Fallback Bond from those inflation linked bonds issued on or before the Issue Date and, if there is more than one inflation-linked bond maturing on the same date, the Fallback Bond may be selected by the Calculation Agent from those bonds. If the Fallback Bond redeems, the Calculation Agent may select a new Fallback Bond on the same basis, but selected from all eligible bonds in issue at the time the original Fallback Bond redeems (including any bond for which the redeemed bond is exchanged).

**Index** or **Indices** means the index or indices specified in the applicable Final Terms and any Successor Index as nominated pursuant to these Inflation Linked Conditions.

**Index Sponsor** means, in relation to an Index, the entity that publishes or announces (directly or through an agent) the level of such Index.

**Manifest Error Cut-off Date** means, in respect of a Payment Date, two Business Days prior to such Payment Date, unless otherwise specified in the applicable Final Terms.

**Payment Date** means each date specified as such in the applicable Final Terms or, if none is so specified, the Settlement Date.

**Rebased Index** has the meaning given to it under Condition 4 of the Inflation Linked Conditions above.

**Reference Month** means, in respect of an Index, the calendar month for which the level of such Index was reported, regardless of when this information is published or announced. If the period for which the Index level was reported is a period other than a month, the Reference Month shall be the period for which the Index level was reported.

**Related Bond** means, in respect of an Index, the bond specified as such in the applicable Final Terms or, if no bond is so specified, the Fallback Bond. If the relevant Related Bond specified in the applicable Final Terms is "Fallback Bond", then, for any Related Bond determination, the Calculation Agent shall use the Fallback Bond. If "Related Bond: Not Applicable" is specified in the applicable Final Terms and "Fallback Bond: Not Applicable" is specified in the applicable Final Terms there will be no Related Bond. If a bond is selected as the Related Bond in the applicable Final Terms and that bond redeems or matures before the End Date, unless "Fallback Bond: Not Applicable" is specified in the applicable Final Terms, the Calculation Agent shall use the Fallback Bond for any Related Bond determination.

**Revision Cut-off Date** means, in respect of an Index and a level of such Index for a Reference Month, the day that is two Business Days prior to any relevant Payment Date or such other cut-off date as is specified in the applicable Final Terms.

**Successor Index** has the meaning given to it under Condition 2 of the Inflation Linked Conditions above.

**Substitute Index Level** has the meaning given to it under Condition 1 of the Inflation Linked Conditions above.

**Underlying Level** has the meaning given to it under Condition 1 of the Inflation Linked Conditions above.

**Valuation Date** means, in respect of a Payment Date, five Business Days prior to such Payment Date, unless otherwise stated in the applicable Final Terms.

## ANNEX 3

### ADDITIONAL TERMS AND CONDITIONS FOR COMMODITY LINKED CERTIFICATES

*The terms and conditions applicable to Certificates linked to a commodity or commodities shall comprise the General Conditions and the additional terms and conditions set out below (the **Commodity Linked Conditions**), in each case subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the General Conditions and the Commodity Linked Conditions, the Commodity Linked Conditions set out below shall prevail. In the event of any inconsistency between (i) the General Conditions and/or the Commodity Linked Conditions and (ii) the Final Terms, the Final Terms shall prevail.*

#### 1. Market Disruption

##### (a) Definition

**Market Disruption Event** means an event that, if applicable to the Certificates, would give rise, in accordance with an applicable Disruption Fallback, to an alternative basis for determining the Relevant Price in respect of a specified Commodity Reference Price or the cancellation of the Certificates were the event to occur or exist on a day that is a Pricing Date (or, if different, the day on which prices for that Pricing Date would, in the ordinary course, be published or announced by the relevant Price Source).

Each of "Price Source Disruption", "Trading Disruption", "Disappearance of Commodity Reference Price", "Material Change in Formula", "Material Change in Content" and "Tax Disruption" as specified in the applicable Final Terms or as deemed to be specified pursuant to Condition 1(b) of the Commodity Linked Conditions below shall be a Market Disruption Event.

##### (b) Deemed Market Disruption Events

If no Market Disruption Events are specified in the applicable Final Terms, the following Market Disruption Events will be deemed to have been specified:

(i) in respect of a Commodity other than a Commodity which is specified in the applicable Final Terms to be a Bullion Commodity: (A) "Price Source Disruption", (B) "Trading Disruption", (C) "Disappearance of Commodity Reference Price", (D) "Material Change in Formula" and (E) "Material Change in Content"; and

(ii) in respect of a Commodity which is specified in the applicable Final Terms to be a Bullion Commodity, (A) "Price Source Disruption", (B) "Trading Disruption" and (C) "Disappearance of Commodity Reference Price".

(c) If the Calculation Agent determines that a Market Disruption Event applicable to the Certificates has occurred or exists on a day that is a Pricing Date, the Relevant Price for that Pricing Date will be determined in accordance with the first applicable Disruption Fallback (applied in accordance with its terms) that provides the Relevant Price or, if there is no such Relevant Price, the first applicable Disruption Fallback that provides for the cancellation of the Certificates.

The Calculation Agent shall, as soon as practicable, notify the Issuer and the Principal Certificate Agent if it has determined that a Market Disruption Event has occurred and the Principal Certificate Agent shall make available for inspection by holders copies of any such determinations.

## 2. **Disruption Fallbacks**

### (a) Definition

**Disruption Fallback** means the source or method that, if applicable to the Certificates, may give rise to an alternative basis for determining the Relevant Price in respect of a specified Commodity Reference Price or the cancellation of the Certificates when a Market Disruption Event occurs or exists on a day that is a Pricing Date (or, if different, the day on which prices for that Pricing Date would, in the ordinary course, be published or announced by the relevant Price Source).

Each of "Fallback Reference Dealers", "Fallback Reference Price", "Cancellation", "Postponement", "Calculation Agent Determination" and "Delayed Publication and Announcement" or such other events as specified in the applicable Final Terms or as deemed to be specified pursuant to Condition 2(b) of the Commodity Linked Conditions below shall be a Disruption Fallback.

### (b) Deemed Disruption Fallbacks

If no Disruption Fallbacks are specified in the applicable Final Terms, the following Disruption Fallbacks will be deemed to have been specified (in the following order): (A) "Fallback Reference Price" (if an alternate Commodity Reference Price is specified in the applicable Final Terms), (B) "Delayed Publication or Announcement" and "Postponement" (each to operate concurrently with the other and each subject to two Commodity Business Days as the applicable Maximum Days of Disruption PROVIDED THAT the price determined by "Postponement" shall be the Relevant Price only if "Delayed Publication or Announcement" does not yield a Relevant Price within the Maximum Days of Disruption), (C) "Calculation Agent Determination" and (D) "Cancellation".

### (c) Cancellation

If a Market Disruption Event occurs or exists on a day that would otherwise be a Pricing Date (or, if different, the day on which prices for that Pricing Date would, in the ordinary course, be published or announced by the relevant Price Source) and none of the applicable Disruption Fallbacks provides the parties with a Relevant Price, the Issuer will cancel the Certificates by giving notice to the Certificateholders in accordance with Condition 10 of the General Conditions. If the Certificates are so cancelled, the Issuer will pay to each Certificateholder in respect of each Certificate held by such holder an amount equal to the fair market value of a Certificate, on a day selected by the Issuer, taking into account the lack of the Relevant Price, less (except in the case of Certificates listed on the Italian Stock Exchange) the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent. Payment will be made in such manner and subject to such conditions as shall be notified to the Certificateholders in accordance with Condition 10 of the General Conditions and, upon such payment in respect of such Certificate, the Issuer's obligations in respect thereof shall be discharged.

## 3. **Correction of Published Prices**

With the exception of any corrections published after the day which is two Business Days prior to the due date for any payment (a **Payment Due Date**) of any amounts payable under the Certificates (if any), if the price published or announced on a given day and used or to be used by the Calculation Agent to determine any such amounts payable under the Certificates is subsequently corrected and the correction is published or announced by the person responsible for that publication or announcement within 30 days of the original publication or announcement, the price to be used shall be such price as so corrected. Corrections published after the day which is two Business Days prior to the relevant Payment Due Date will be disregarded by the Calculation Agent for the purposes of determining any such amounts payable under the Certificates.

#### 4. **Mandatory Early Repayment Event**

If "Mandatory Early Repayment Event" is specified as applicable in the applicable Final Terms, then unless previously exercised or cancelled, if a Mandatory Early Repayment Event occurs, the Certificates will be automatically cancelled in whole, but not in part, on the relevant Mandatory Early Repayment Date and the Issuer will pay to each Certificateholder in respect of each Certificate held by such holder an amount equal to the relevant Mandatory Early Repayment Amount. Payment will be made in such manner and on such conditions as shall be notified to the Certificateholders in accordance with Condition 10 of the General Conditions and, upon such payment in respect of such Certificate, the Issuer's obligations in respect thereof shall be discharged.

**Mandatory Early Repayment Amount** means, in respect of a Certificate and a Mandatory Early Repayment Event, the amount specified for such Mandatory Early Repayment Event in the applicable Final Terms.

**Mandatory Early Repayment Date** means, in respect of a Mandatory Early Repayment Event, the date specified for such Mandatory Early Repayment Event in the applicable Final Terms.

**Mandatory Early Repayment Event** means the event specified in the applicable Final Terms.

#### 5. **Definitions**

**Calculation Agent Determination** means that the Calculation Agent will determine the Relevant Price (or method for determining a Relevant Price), taking into consideration the latest available quotation for the relevant Commodity Reference Price and any other information that it deems relevant.

**Cancellation** means that the Certificates will be cancelled in accordance with the provisions of Condition 2(c) of the Commodity Linked Conditions above.

**Commodity** means the commodity (or commodities) specified in applicable Final Terms.

**Commodity Business Day** means:

- (a) in respect of a Commodity (other than a Commodity which is specified in the applicable Final Terms to be a Bullion Commodity):
  - (i) where the Commodity Reference Price for such Commodity is a price announced or published by an Exchange, any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a day on which that Exchange is open for trading during its regular trading session, notwithstanding that Exchange closing prior to its scheduled closing time; and
  - (ii) where the Commodity Reference Price for such Commodity is not a price announced or published by an Exchange, a day in respect of which the relevant Price Source published (or, but for the occurrence of a Market Disruption Event, would have published) a price; and
- (b) in respect of a Commodity which is specified in the applicable Final Terms to be a Bullion Commodity, a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in London and New York City or as otherwise specified in the applicable Final Terms.

**Commodity Business Day Convention** means the convention for adjusting any relevant date if it would otherwise fall on a day that is not a Commodity Business Day. The following terms, when



used in conjunction with the term "Commodity Business Day Convention" and a date, will mean that an adjustment will be made if that date would otherwise fall on a day that is not a Commodity Business Day so that:

- (a) if "Following" is specified, that date will be the first following day that is a Commodity Business Day;
- (b) if "Modified Following" or "Modified" is specified, that date will be the first following day that is a Commodity 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 Commodity Business Day;
- (c) if "Nearest" is specified, that date will be the first preceding day that is a Commodity Business Day if the relevant date otherwise falls on a day other than a Sunday or a Monday and will be the first following day that is a Commodity Business Day if the relevant date otherwise falls on a Sunday or a Monday; and
- (d) if "Preceding" is specified, that date will be the first preceding day that is a Commodity Business Day.

**Commodity-Reference Dealers** means, in respect of a Commodity, that the price for a Pricing Date will be determined on the basis of quotations provided by Reference Dealers on that Pricing Date of that day's Specified Price for a Unit of such Commodity for delivery on the Delivery Date, if applicable. If four quotations are provided as requested, the price for that Pricing Date will be the arithmetic mean of the Specified Prices for such Commodity provided by each Reference Dealer, without regard to the Specified Prices having the highest and lowest values. If exactly three quotations are provided as requested, the price for that Pricing Date will be the Specified Price provided by the relevant Reference Dealer that remains after disregarding the Specified Prices having the highest and lowest values. For this purpose, if more than one quotation has the same highest or lowest value, then the Specified Price of one of such quotations shall be disregarded. If fewer than three quotations are provided, it will be deemed that the price for the Pricing Date cannot be determined.

**Commodity Reference Price** means, in respect of any Commodity and for the purposes of determining a Relevant Price, the relevant commodity reference price for such Commodity specified in the applicable Final Terms.

**Common Pricing** means, with respect to Certificates linked to two or more Commodities and Commodity Reference Prices:

- (A) if "Common Pricing" is specified as "Applicable" in the applicable Final Terms, then no date will be a Pricing Date unless such date is a day on which all referenced Commodity Reference Prices (for which such date would otherwise be a Pricing Date) are scheduled to be published or announced, as determined on the Trade Date of the Certificates as of the Issue Date;
- (B) if "Common Pricing" is specified as "Not Applicable" in the applicable Final Terms, then if the Calculation Agent determines that a Market Disruption Event has occurred or exists on a Pricing Date in respect of any Commodity (each an **Affected Commodity**), the Relevant Price of each Commodity which is not affected by the occurrence of a Market Disruption Event shall be determined on the relevant scheduled Pricing Date and the Relevant Price for each Affected Commodity shall be determined in accordance with the first applicable Disruption Fallback that provides a Relevant Price.

**Delayed Publication or Announcement** means that the Relevant Price for a Pricing Date will be determined based on the Specified Price in respect of the original day scheduled as such Pricing Date that is published or announced by the relevant Price Source retrospectively on the first succeeding Commodity Business Day on which the Market Disruption Event ceases to exist, unless that Market Disruption Event continues to exist (measured from and including the original day that would otherwise have been the Pricing Date) or the Relevant Price continues to be unavailable for consecutive Commodity Business Days equal in number to the Specified Maximum Days of Disruption. In that case, the next Disruption Fallback specified in the applicable Final Terms will apply.

**Delivery Date** means, in respect of a Commodity Reference Price, the relevant date or month for delivery of the underlying Commodity (which must be a date or month reported or capable of being determined from information reported in or by the relevant Price Source) as follows:

- (a) if a date is, or a month and year are, specified in the applicable Final Terms, that date or that month and year;
- (b) if a Nearby Month is specified in the applicable Final Terms, the month of expiration of the relevant Futures Contract; and
- (c) if a method is specified in the applicable Final Terms for the purpose of determining the Delivery Date, the date or the month and year determined pursuant to that method.

**Disappearance of Commodity Reference Price** means (A) the permanent discontinuation of trading, in the relevant Futures Contract on the relevant Exchange or (B) the disappearance of, or of trading in, the relevant Commodity or (C) the disappearance or permanent discontinuance or unavailability of a Commodity Reference Price, notwithstanding the availability of the related Price Source or the status of trading in the relevant Futures Contract or the relevant Commodity.

**Exchange** means, in relation to a Commodity, each exchange or principal trading market for such Commodity specified in the applicable Final Terms or any successor to such exchange or principal trading market.

**Fallback Reference Dealers** means that the Relevant Price will be determined in accordance with Commodity Reference Price, "Commodity-Reference Dealers".

**Fallback Reference Price** means that the Calculation Agent will determine the Relevant Price based on the price for that Pricing Date of the first alternate Commodity Reference Price, if any, specified in the applicable Final Terms and not subject to a Market Disruption Event.

**Futures Contract** means, in respect of a Commodity Reference Price, the contract for future delivery of a contract size in respect of the relevant Delivery Date relating to the Commodity referred to in that Commodity Reference Price.

**Material Change in Formula** means the occurrence since the Trade Date of a material change in the formula for or the method of calculating the relevant Commodity Reference Price.

**Material Change in Content** means the occurrence since the Trade Date of a material change in the content, composition or constitution of the relevant Commodity or the relevant Futures Contract.

**Nearby Month** when preceded by a numerical adjective, means, in respect of a Delivery Date and a Pricing Date, the month of expiration of the Futures Contract identified by that numerical adjective, so that, for example, (A) "First Nearby Month" means the month of expiration of the first Futures Contract to expire following that Pricing Date and (B) "Second Nearby Month" means the month of expiration of the second Futures Contract to expire following that Pricing Date etc.

**Postponement** means, in respect of a Pricing Date, that such Pricing Date will be deemed, for purposes of the application of this Disruption Fallback only, to be the first succeeding Commodity Business Day on which the Market Disruption Event ceases to exist, unless that Market Disruption Event continues to exist (measured from and including the original day that would otherwise have been such Pricing Date) for consecutive Commodity Business Days equal in number to the Specified Maximum Days of Disruption. In that case, the next Disruption Fallback specified in the applicable Final Terms will apply.

**Pricing Date** means each date specified as such in the applicable Final Terms (or determined pursuant to a method specified for such purpose), such date(s) being subject to the provisions of the Commodity Business Day Convention specified in the applicable Final Terms.

**Price Source** means the publication (or such other origin of reference, including an Exchange) containing (or reporting) the Specified Price (or prices from which the Specified Price is calculated) specified in the applicable Final Terms or any successor.

**Price Source Disruption** means (A) the failure of the Price Source to announce or publish the Specified Price (or the information necessary for determining the Specified Price) for the relevant Commodity Reference Price, (B) the temporary or permanent discontinuance or unavailability of the Price Source or (C) if a Commodity Reference Price is "Commodity-Reference Dealers", the failure to obtain at least three quotations as requested from the relevant Reference Dealers.

**Reference Dealers** means the four dealers specified in the applicable Final Terms or, if four dealers are not so specified, four leading dealers in the relevant market selected by the Calculation Agent.

**Relevant Price** means, in respect of a Commodity and a Pricing Date, the price, expressed as a price per Unit, determined with respect to that day for the relevant Commodity Reference Price.

**Specified Maximum Days of Disruption** means the number of Commodity Business Days specified in the applicable Final Terms or, if no such number is so specified, five Commodity Business Days.

**Specified Price** means, in respect of a Commodity Reference Price, the price (which must be a price reported in or by, or capable of being determined from information reported in or by, the relevant Price Source) specified in the applicable Final Terms (and, if applicable, as of the time so specified).

**Tax Disruption** means the imposition of, change in or removal of an excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax on, or measured by reference to, the relevant Commodity (other than a tax on, or measured by reference to, overall gross or net income) by any government or taxation authority after the Trade Date, if the direct effect of such imposition, change or removal is to raise or lower the Relevant Price on the day that would otherwise be a Pricing Date from what it would have been without that imposition, change or removal.

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

**Trading Disruption** means the material suspension of, or the material limitation imposed on, trading in the relevant Futures Contract or the relevant Commodity on the relevant Exchange or in any additional futures contract, options contract or commodity on any Exchange as specified in the applicable Final Terms. For these purposes:

- (a) a suspension of the trading in the relevant Futures Contract or the relevant Commodity on any Commodity Business Day shall be deemed to be material only if:

- I. all trading in the relevant Futures Contract or the relevant Commodity is suspended for the entire Pricing Date; or
  - II. all trading in the relevant Futures Contract or the relevant Commodity is suspended subsequent to the opening of trading on the Pricing Date, trading does not recommence prior to the regularly scheduled close of trading in such Futures Contract or Commodity on such Pricing Date and such suspension is announced less than one hour preceding its commencement; and
- (b) a limitation of trading in the relevant Futures Contract or the relevant Commodity on any Commodity Business Day shall be deemed to be material only if the relevant Exchange establishes limits on the range within which the price of the relevant Futures Contract or the relevant Commodity may fluctuate and the closing or settlement price of the relevant Futures Contract or the relevant Commodity on such day is at the upper or lower limit of that range.

**Unit** means, in respect of a Commodity, the unit of measure of such Commodity, as specified in the relevant Commodity Reference Price or the applicable Final Terms, as the case may be.

**ANNEX 4**  
**ADDITIONAL TERMS AND CONDITIONS FOR SHARE LINKED CERTIFICATES**

*The terms and conditions applicable to Certificates linked to a share or shares shall comprise the General Conditions and the additional terms and conditions set out below (the **Share Linked Conditions**), in each case subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the General Conditions and the Share Linked Conditions, the Share Linked Conditions set out below shall prevail. In the event of any inconsistency between (i) the General Conditions and/or the Share Linked Conditions and (ii) the Final Terms, the Final Terms shall prevail.*

**1. Market Disruption**

**Market Disruption Event** means, in respect of a Share:

- (a) the occurrence or existence at any time during the one hour period that ends (x) in relation to an Observation Date, at the Observation Time, or, if the Observation Time is specified to be "at any time" in the applicable Final Terms, at the time at which the price of the Share is being determined (the **Determination Time**), (y) for the purposes of the occurrence of a Mandatory Early Repayment Event, ends at the relevant Mandatory Early Repayment Valuation Time, or, if the Mandatory Early Repayment Valuation Time is specified to be "at any time" in the applicable Final Terms, the Determination Time, or (z) in all other circumstances, at the Valuation Time for such Share:
  - (i) of any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or any Related Exchange or otherwise:
    - (A) relating to the Share on the relevant Exchange; or
    - (B) in futures or options contracts relating to the Share on any relevant Related Exchange; or
  - (ii) of any event (other than as described in (b) below) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (A) to effect transactions, in or obtain market values for, the Share on the relevant Exchange or (B) to effect transactions in, or obtain market values for, futures or options contracts on or relating to the Share on any relevant Related Exchange; or
- (b) the closure on any Exchange Business Day of the relevant Exchange or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or such Related Exchange(s), as the case may be, at least one hour prior to the earlier of (A) the actual closing time for the regular trading session on such Exchange(s) or such Related Exchange(s) on such Exchange Business Day and (B) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time, the Observation Time, the Determination Time or the Mandatory Early Repayment Valuation Time, as the case may be, on such Exchange Business Day,

which in any such case the Calculation Agent determines is material.

If the Calculation Agent determines that it is not material that any day in respect of which the Calculation Agent is required to determine the price of a Share (a **Relevant Day**) is:

- (i) not a Scheduled Trading Day for a Share because one or more Related Exchanges relating to such Share is/are not scheduled to be open; or
- (ii) a Disrupted Day for a Share solely because any Related Exchange relating to such Share fails to open,

the Calculation Agent shall have the discretion to determine such day to be the Relevant Day (notwithstanding the fact that such day is not a Scheduled Trading Day in respect of a Share because one or more Related Exchanges is/are not scheduled to be open or is a Disrupted Day solely because any Related Exchange fails to open).

In determining what is "material", the Calculation Agent shall have regard to such circumstances as it deems appropriate, which may include (but are not limited to) the Issuer's hedging arrangements in respect of the Certificates.

The Issuer shall give notice as soon as practicable to Certificateholders in accordance with Condition 10 of the General Conditions of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day, would have been a Relevant Day.

## 2. Adjustment Events and Additional Disruption Events

If an Adjustment Event or an Additional Disruption Event occurs, the Issuer may take the action described in (a) or (b) below:

- (a) require the Calculation Agent to (i) make such adjustment(s), if any, to the terms of these Conditions and/or the applicable Final Terms as the Calculation Agent determines necessary or appropriate to account for the Adjustment Event or the Additional Disruption Event, as the case may be, and such adjustment may include, if "Share Substitution" is specified as applying in the applicable Final Terms, the substitution of the Share the subject of the Adjustment Event (the **Substituted Share**) by a share (the **New Share**) selected by the Calculation Agent from the Reference Index, and (ii) determine the effective date(s) of the adjustment(s) to the Certificates. If "Share Substitution" is specified as applying in the applicable Final Terms, and the Calculation Agent selects a New Share in substitution for the Substituted Share, the Issuer shall make such other adjustments to the terms of the Certificates as it deems appropriate. The Calculation Agent may (but need not) determine necessary or appropriate adjustment(s) by reference to the adjustment(s) in respect of such Adjustment Event or Additional Disruption Event, as the case may be, made by any Related Exchange to options contracts or futures contracts on the relevant Share traded on such Related Exchange. The Calculation Agent shall make all adjustments arising from an Adjustment Event or Additional Disruption Event, as the case may be, in such a way as to ensure that the direct economic link between the value of the Shares and the value of the Certificates is preserved; or
- (b) cancel the Certificates by giving notice to Certificateholders in accordance with Condition 10 of the General Conditions. If the Certificates are so cancelled, the Issuer will pay to each Certificateholder in respect of each Certificate held by such holder an amount equal to the fair market value of such Certificate, on a day selected by the Issuer, taking into account the Adjustment Event or the Additional Disruption Event, as the case may be, less (except in the case of Certificates listed on the Italian Stock Exchange) the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent. Payments will be made in such manner and subject to such conditions as shall be notified to the Certificateholders in accordance with Condition 10 of the General Conditions and, upon such payment in respect of such Certificate, the Issuer's obligations in respect thereof shall be discharged.

Upon the occurrence of an Adjustment Event or an Additional Disruption Event, the Issuer shall give notice as soon as practicable to the Certificateholders in accordance with Condition 10 of the General Conditions stating the occurrence of the Adjustment Event or the Additional Disruption Event, as the case may be, giving details thereof and the action proposed to be taken in relation thereto.

### 3. **Correction of Share prices**

With the exception of any corrections published after the day which is two Business Days prior to the due date for any payment (a **Payment Date**) of any amounts payable under the Certificates (if any), if the price of a Share published on any Relevant Day and used or to be used by the Calculation Agent to determine any such amounts payable under the Certificates is subsequently corrected and the correction published within 30 days of the original publication, the level to be used shall be the price of the Share as so corrected. Corrections published after the day which is two Business Days prior to the relevant Payment Date will be disregarded by the Calculation Agent for the purposes of determining any such amounts payable under the Certificates.

### 4. **Mandatory Early Repayment Event**

If "Mandatory Early Repayment Event" is specified as applicable in the applicable Final Terms then, unless previously exercised or cancelled, if on any Mandatory Early Repayment Valuation Date a Mandatory Early Repayment Event occurs, the Certificates will be automatically cancelled in whole, but not in part, on the Mandatory Early Repayment Date immediately following such Mandatory Early Repayment Valuation Date and the Issuer will pay to each Certificateholder in respect of each Certificate held by such holder an amount equal to the relevant Mandatory Early Repayment Amount. Payment will be made in such manner and subject to such conditions as shall be notified to the Certificateholders in accordance with Condition 10 of the General Conditions and, upon such payment in respect of such Certificate, the Issuer's obligations in respect thereof shall be discharged.

**Mandatory Early Repayment Amount** means, in respect of a Certificate and a Mandatory Early Repayment Event, the amount specified for such Mandatory Early Repayment Event in the applicable Final Terms.

**Mandatory Early Repayment Date** means, in respect of a Mandatory Early Repayment Event, the date specified for such Mandatory Early Repayment Event in the applicable Final Terms.

**Mandatory Early Repayment Event** means (unless otherwise specified in the applicable Final Terms) (A) in the case of a single Share, that the price quoted on the relevant Exchange for such Share as of the Mandatory Early Repayment Valuation Time on any Mandatory Early Repayment Valuation Date is, and (B) in the case of a Basket of Shares, the amount for the Basket of Shares determined by the Calculation Agent equal to the sum of the value for each Share equal to the product of (i) the price of such Share quoted on the relevant Exchange for such Share as of the Mandatory Early Repayment Valuation Time on any Mandatory Early Repayment Valuation Date and (ii) the relevant Weighting is, as specified in the applicable Final Terms, (i) "greater than", (ii) "greater than or equal to", (iii) "less than" or (iv) "less than or equal to" the Mandatory Early Repayment Level,

PROVIDED THAT if, in the opinion of the Calculation Agent, any such price cannot be so determined and the relevant Mandatory Early Repayment Valuation Date is not a relevant Disrupted Day, such price shall be an amount determined by the Calculation Agent to be equal to the arithmetic mean of the fair market buying price for such Share at the Mandatory Early Repayment Valuation Time on such Mandatory Early Repayment Valuation Date and the fair market selling price for such Share at the Mandatory Early Repayment Valuation Time on such Mandatory Early Repayment Valuation Date based, at the Calculation Agent's discretion, either on the arithmetic mean of the

foregoing prices or middle market quotations provided to it by two or more financial institutions (as selected by the Calculation Agent) engaged in the trading of such Share or on such other factors as the Calculation Agent shall decide.

**Mandatory Early Repayment Level** means (unless otherwise specified in the applicable Final Terms) (A) in respect of a single Share, the amount specified for such Share or (B) in respect of a Basket of Shares, the amount specified for the Basket of Shares, in the applicable Final Terms.

**Mandatory Early Repayment Valuation Date** means each date specified as such in the applicable Final Terms or, if any such date is not a Scheduled Trading Day for all the Shares, the immediately succeeding Scheduled Trading Day for all the Shares unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day for any of the Shares. If any such day is a Disrupted Day for any of the Shares, then either (i) the provisions specified in the applicable Final Terms shall apply or (ii) if so specified in the applicable Final Terms, the provisions relating to "Omission", "Postponement" or "Modified Postponement", as the case may be, contained in the definition of "Averaging Date" shall apply *mutatis mutandis* as if (a) references in such provisions to "Averaging Date" were to "Mandatory Early Repayment Valuation Date", (b) references to "Settlement Price" in the definition of "Valuation Date" were references to the price of such Share in respect of that Mandatory Early Repayment Valuation Date, (c) references to Valuation Time in the definitions of "Averaging Date" and "Valuation Date" were references to "Mandatory Early Repayment Valuation Time" and (d) references to "Settlement Date" in the definitions of "Averaging Date" and "Valuation Date" were references to "Mandatory Early Repayment Date".

**Mandatory Early Repayment Valuation Time** means, in respect of a Share, the time(s) on any Mandatory Early Repayment Valuation Date specified as such in the applicable Final Terms or, if not specified in the applicable Final Terms, the Valuation Time.

## 5. Adjustment and disruption definitions

**Additional Disruption Event** means any of Change in Law, Hedging Disruption, Increased Cost of Hedging, Increased Cost of Stock Borrow, Insolvency Filing and/or Loss of Stock Borrow, in each case, if specified in the applicable Final Terms.

**Adjustment Event** means, in relation to a Share, De-listing, Merger Event, Nationalisation, Insolvency, Tender Offer or Potential Adjustment Event.

**Basket Company** means a company whose shares are included in the Basket of Shares and **Basket Companies** means all such companies.

**Change in Law** means that, on or after the Trade Date (as specified in the applicable Final Terms) (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines that (X) it has become illegal to hold, acquire or dispose of any relevant Hedging Positions or (Y) the Issuer will incur a materially increased cost in performing its obligations in relation to the Certificates (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of the Issuer and/or any of its Affiliates).

**De-listing** means, in respect of any relevant Shares, the Exchange announces that pursuant to the rules of such Exchange, such Shares cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or Tender Offer) and are not (or will not be) immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in any member state



of the European Union) or another exchange or quotation system located in another country which exchange or quotation system and country is deemed acceptable by the Calculation Agent.

**Hedging Disruption** means that the Issuer and/or any of its Affiliates is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) the Issuer deems necessary to hedge the equity or other price risk of the Issuer issuing and performing its obligations with respect to the Certificates, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**Hedging Positions** means any one or more of (i) positions or contracts in securities, options, futures, derivatives or foreign exchange, (ii) stock loan transactions or (iii) other instruments or arrangements (howsoever described) entered into by the Issuer and/or any of its Affiliates in order to hedge, individually or on a portfolio basis, the Certificates.

**Hedging Shares** means the number of Shares that the Issuer deems necessary to hedge the equity or other price risk of entering into and performing its obligations with respect to the Certificates.

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

**Increased Cost of Stock Borrow** means that the Issuer and/or any of its Affiliates would incur a rate to borrow any Share that is greater than the Initial Stock Loan Rate.

**Initial Stock Loan Rate** means, in respect of a Share, the initial stock loan rate specified in relation to such Share in the applicable Final Terms or, if no such rate is so specified, the rate which the Issuer and/or any of its Affiliates would have incurred to borrow such Share, as of the Trade Date, as determined by the Issuer.

**Insolvency** means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Basket Company or Share Company, as the case may be, (i) all the Shares of that Basket Company or Share Company, as the case may be, are required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Shares of that Basket Company or Share Company, as the case may be, become legally prohibited from transferring them.

**Insolvency Filing** means that a Share Company or Basket Company, as the case may be, institutes or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition, PROVIDED THAT proceedings instituted or petitions presented by creditors and not consented to by the Share Company or Basket Company, as the case may be, shall not be deemed an Insolvency Filing.

**Loss of Stock Borrow** means that the Issuer and/or any of its Affiliates is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) any Share in an amount equal to the Hedging Shares at a rate equal to or less than the Maximum Stock Loan Rate.

**Maximum Stock Loan Rate** means, in respect of a Share, the maximum stock loan rate specified in relation to such Share in the applicable Final Terms or, if no such rate is so specified, the lowest rate at which the Issuer and/or any of its Affiliates, after using commercially reasonable efforts, would have incurred to borrow (and maintain a borrowing of) such Share in an amount equal to the Hedging Shares, as of the Trade Date, as determined by the Issuer.

**Merger Date** means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

**Merger Event** means, in respect of any relevant Shares, any (i) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person, or (ii) consolidation, amalgamation, merger or binding share exchange of a Basket Company or Share Company, as the case may be, with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Basket Company or Share Company, as the case may be, is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding), or (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares of the Basket Company or Share Company, as the case may be, that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Basket Company or its subsidiaries or the Share Company or its subsidiaries, as the case may be, with or into another entity in which the Basket Company or Share Company, as the case may be, is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Shares immediately following such event, in each case if the Merger Date is on or before (a) in the case of Cash Settled Certificates, the last occurring Relevant Day, or (b) in the case of Physical Delivery Certificates, the Settlement Date.

**Nationalisation** means that all the Shares or all or substantially all the assets of a Basket Company or Share Company, as the case may be, are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

**Potential Adjustment Event** means any of the following:

- (a) a subdivision, consolidation or reclassification of relevant Shares (unless resulting in a Merger Event) or a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue;
- (b) a distribution, issue or dividend to existing holders of the relevant Shares of (a) such Shares or (b) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Basket Company or Share Company, as the case may be, equally or proportionately with such payments to holders of such Shares or (c) share capital or other securities of another share issuer acquired or owned (directly or indirectly) by the Basket Company or Share Company, as the case may be, as a result of a spin-off or other similar transaction or (d) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or in other consideration) at less than the prevailing market price as determined by the Calculation Agent;

- (c) an extraordinary dividend;
- (d) a call by a Basket Company or Share Company, as the case may be, in respect of relevant Shares that are not fully paid;
- (e) a repurchase by a Basket Company or any of its subsidiaries or a Share Company or any of its subsidiaries, as the case may be, of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- (f) in respect of a Basket Company or Share Company, as the case may be, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of such Basket Company or Share Company, as the case may be, pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides, upon the occurrence of certain events, for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value, as determined by the Calculation Agent, PROVIDED THAT any adjustment effected as a result of such an event may, in the discretion of the Calculation Agent, be readjusted upon any redemption of such rights; or
- (g) any other event having, in the opinion of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the relevant Shares.

**Reference Index** means, in relation to a Substituted Share (as defined above), the index (a) of which the Substituted Share is a component, or of which it has been a component of at any time during the six months immediately preceding the relevant substitution, and (b) over which futures contracts are actively traded, as determined by the Calculation Agent. If more than one index satisfies the above criteria or if no index satisfies the above criteria, the Calculation Agent shall determine the Reference Index for the Substituted Share by reference to such criteria as it deems appropriate.

**Tender Offer** means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of a Basket Company or Share Company, as the case may be, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

## 6. General Definitions

**Averaging Date** means each date specified as an Averaging Date in the applicable Final Terms or, if any such date is not a Scheduled Trading Day for all the Shares, the immediately succeeding Scheduled Trading Day for all the Shares unless, in the opinion of the Calculation Agent any such day is a Disrupted Day for any of the Shares. If any such day is such a Disrupted Day for any of the Shares then:

- (a) if **Omission** is specified as applying in the applicable Final Terms, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant Settlement Price, PROVIDED THAT if, through the operation of this provision, no Averaging Date would occur, then the provisions of the definition of "Valuation Date" will apply for purposes of determining the relevant price on the final Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day; or
- (b) if **Postponement** is specified as applying in the applicable Final Terms, then the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant

price on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day, irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or

- (c) if **Modified Postponement** is specified as applying in the applicable Final Terms:
- (i) where the Certificates are Share Linked Certificates relating to a single Share, that Averaging Date shall be the earliest of:
    - (A) the first succeeding Valid Date (as defined below);
    - (B) the Scheduled Trading Day falling the Specified Maximum Days of Disruption immediately following the original date that, but for the occurrence of a Disrupted Day, would have been that Averaging Date (a **Scheduled Averaging Date**); and
    - (C) the second Business Day prior to the Settlement Date or, if such day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day.

If the relevant Averaging Date falls within (B) or (C) above and the relevant Scheduled Trading Day is a Disrupted Day, then (X) that Scheduled Trading Day shall be deemed to be that Averaging Date (notwithstanding the fact that such day is a Disrupted Day and irrespective of whether that Scheduled Trading Day is already an Averaging Date), and (Y) the Calculation Agent shall determine the relevant price for that Averaging Date in accordance with sub-paragraph (b)(iii) of the definition of "Valuation Date" below;

- (ii) where the Certificates are Share Linked Certificates relating to a basket of Shares:
  - (A) where "Move in Block" is specified as applying in the applicable Final Terms, that Averaging Date for all the Shares shall be the earliest of:
    - (1) the first succeeding Valid Date for all the Shares;
    - (2) the Scheduled Trading Day for all the Shares falling the Specified Maximum Days of Disruption immediately following that Scheduled Averaging Date; and
    - (3) the second Business Day prior to the Settlement Date, or, if such day is not a Scheduled Trading Day for all the Shares, the immediately preceding Scheduled Trading Day for all the Shares.

If the relevant Averaging Date falls within (2) or (3) above, such Scheduled Trading Day shall be such Averaging Date (irrespective of whether that Scheduled Trading Day is already an Averaging Date) and, if the relevant Scheduled Trading Day is a Disrupted Day for a Share (the **Affected Share**), (x) that Scheduled Trading Day shall be deemed to be that Averaging Date for that Affected Share (notwithstanding the fact that such day is a Disrupted Day) and (y) the Calculation Agent shall determine the relevant level for such Affected Share for that Averaging Date in accordance with sub-paragraph (b)(iii) of the definition of "Valuation Date" below;

- (B) where "Value What You Can" is specified as applying in the applicable Final Terms, that Averaging Date for each Share in respect of which no

Disrupted Day has occurred shall be the Scheduled Averaging Date and that Averaging Date for each Share in respect of which a Disrupted Day has occurred (each an **Affected Share**) shall be the earliest of:

- (1) the first succeeding Valid Date for the Affected Share;
- (2) the Scheduled Trading Day for the Affected Share falling the Specified Maximum Days of Disruption immediately following that Scheduled Averaging Date; and
- (3) the second Business Day prior to the Settlement Date or, if such day is not a Scheduled Trading Day for the Affected Share, the immediately preceding Scheduled Trading Day for the Affected Share.

If the relevant Averaging Date for an Affected Share falls within (2) or (3) above and the relevant Scheduled Trading Day is a Disrupted Day for the Affected Share, (x) that Scheduled Trading Day shall be deemed that Averaging Date for the Affected Share (notwithstanding the fact that such day is a Disrupted Day for the Affected Share and irrespective of whether that Scheduled Trading Day is already an Averaging Date) and (y) the Calculation Agent shall determine the relevant price for that Averaging Date in accordance with sub-paragraph (b)(iii) of the definition of "Valuation Date" below.

For the purposes of these Share Linked Conditions, **Valid Date** means, in respect of a Share, a Scheduled Trading Day for such Share that is not a Disrupted Day for such Share and on which another Averaging Date for such Share does not or is not deemed to occur.

**Disrupted Day** means, in relation to a Share, any Scheduled Trading Day for such Share on which a relevant Exchange or any Related Exchange for such Share fails to open for trading during its regular trading session or on which a Market Disruption Event in respect of such Share has occurred.

**Exchange** means, in relation to a Share, each exchange or quotation system specified as such for such Share in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Share has temporarily relocated (PROVIDED THAT the Calculation Agent has determined that there is comparable liquidity relative to such Share on such temporary substitute exchange or quotation system as on the original Exchange).

**Exchange Business Day** means, in relation to a Share, any Scheduled Trading Day for such Share on which each Exchange and each Related Exchange for such Share are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

**Observation Date** means each date specified as an Observation Date in the applicable Final Terms, or if any such date is not a Scheduled Trading Day for all the Shares, the immediately following Scheduled Trading Day for all the Shares unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day for any of the Shares. If any such day is a Disrupted Day for any of the Shares, then either (i) the provisions specified in the applicable Final Terms shall apply or (ii) if so specified in the applicable Final Terms, the provisions relating to "Omission", "Postponement" or "Modified Postponement", as the case may be, contained in the definition of "Averaging Date" shall apply *mutatis mutandis* as if (a) references in such provisions to "Averaging Date" were to "Observation Date", (b) references to "Settlement Price" in the definition of "Valuation Date" were

references to the price of the relevant Shares in respect of the relevant Observation Date and (c) references to Valuation Time in the definitions of "Averaging Date" and "Valuation Date" were references to "Observation Time".

**Observation Period** means the period specified as the Observation Period in the applicable Final Terms.

**Observation Time** means the time(s) on any Observation Date specified as such in the applicable Final Terms or, if not specified in the applicable Final Terms, the Valuation Time.

**Related Exchange** means, in relation to a Share, each exchange or quotation system specified as such for such Share in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Share has temporarily relocated (PROVIDED THAT the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Share on such temporary substitute exchange or quotation system as on the original Related Exchange), PROVIDED THAT where **All Exchanges** is specified as the Related Exchange for a Share in the applicable Final Terms, **Related Exchange** shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Share.

**Scheduled Closing Time** means, in relation to a Share and an Exchange or Related Exchange and a Scheduled Trading Day for such Share, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

**Scheduled Trading Day** means, in relation to a Share, any day on which each Exchange and each Related Exchange for such Share are scheduled to be open for trading for their respective regular trading sessions.

**Scheduled Valuation Date** means the original date that, but for the occurrence of an event causing a Disrupted Day, would have been the Valuation Date.

**Settlement Price** means, in relation to Share Linked Certificates and as referred to in "Averaging Date" above or "Valuation Date" below, as the case may be:

- (a) in the case of Share Linked Certificates relating to a Basket of Shares, either (i) an amount equal to the sum of the values calculated for each Share as the official closing price (or the price at the Valuation Time on the Valuation Date or an Averaging Date, as the case may be, if so specified in the applicable Final Terms) quoted on the relevant Exchange for such Share on (A) if Averaging is not specified as applying in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified as applying in the applicable Final Terms, an Averaging Date (or if, in the opinion of the Calculation Agent, any such official closing price (or the price at the Valuation Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) cannot be so determined and the Valuation Date or such Averaging Date, as the case may be, is not a relevant Disrupted Day, an amount determined by the Calculation Agent to be equal to the arithmetic mean of the closing fair market buying price (or the fair market buying price at the Valuation Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) and the closing fair market selling price (or the fair market selling price at the Valuation Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) for the relevant Share whose official closing price (or the price at the Valuation Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) cannot be determined

based, at the Calculation Agent's discretion, either on the arithmetic mean of the foregoing prices or middle market quotations provided to it by two or more financial institutions (as selected by the Calculation Agent) engaged in the trading of the relevant Share or on such other factors as the Calculation Agent shall decide), multiplied by the relevant Weighting, each such value to be converted, if so specified in the applicable Final Terms, into the Settlement Currency at the Exchange Rate and the sum of such converted amounts to be the Settlement Price, all as determined by or on behalf of the Calculation Agent (the **Basket Settlement Price**) or (ii) in relation to a Share and the Valuation Date or an Averaging Date, as the case may be, an amount equal to the official closing price (or the price at the Valuation Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) quoted on the relevant Exchange for such Share on (X) if Averaging is not specified as applying in the applicable Final Terms, the Valuation Date or (Y) if Averaging is specified as applying in the applicable Final Terms, such Averaging Date (or if, in the opinion of the Calculation Agent, any such closing price (or the price at the Valuation Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) cannot be so determined and the Valuation Date or Averaging Date, as the case may be, is not a relevant Disrupted Day, an amount determined by the Calculation Agent to be equal to the arithmetic mean of the closing fair market buying price (or the fair market buying price at the Valuation Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) and the closing fair market selling price (or the fair market selling price at the Valuation Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) for such Share based, at the Calculation Agent's discretion, either on the arithmetic mean of the foregoing prices or middle market quotations provided to it by two or more financial institutions (as selected by the Calculation Agent) engaged in the trading of such Share or on such other factors as the Calculation Agent shall decide), such value to be converted, if so specified in the applicable Final Terms, into the Specified Currency at the Exchange Rate, and such converted amount to be the Settlement Price for such Share, all as determined by or on behalf of the Calculation Agent (the **Per Share Settlement Price**), as specified in the applicable Final Terms; and

- (b) in the case of Share Linked Certificates relating to a single Share, an amount equal to the official closing price (or the price at the Valuation Time on the Valuation Date or an Averaging Date, as the case may be, if so specified in the applicable Final Terms) quoted on the relevant Exchange for such Share on (A) if Averaging is not specified as applying in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified as applying in the applicable Final Terms, an Averaging Date (or if, in the opinion of the Calculation Agent, no such official closing price (or the price at the Valuation Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) can be so determined and the Valuation Date or Averaging Date, as the case may be, is not a Disrupted Day, an amount determined by the Calculation Agent to be equal to the arithmetic mean of the closing fair market buying price (or the fair market buying price at the Valuation Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) and the closing fair market selling price (or the fair market selling price at the Valuation Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) for the Share based, at the Calculation Agent's discretion, either on the arithmetic mean of the foregoing prices or middle market quotations provided to it by two or more financial institutions (as selected by the Calculation Agent) engaged in the trading of the Share or on such other factors as the Calculation Agent shall decide), such amount to be converted, if so specified in the applicable Final Terms, into the Settlement Currency at the Exchange Rate and such converted amount to be the Settlement Price, all as determined by or on behalf of the Calculation Agent.

**Share** and **Shares** mean, in the case of an issue of Certificates relating to a Basket of Shares, each share and, in the case of an issue of Certificates relating to a single Share, such share specified in the applicable Final Terms and related expressions shall be construed accordingly.

**Share Company** means, in the case of an issue of Certificates relating to a single share, the company that has issued such share.

**Specified Maximum Days of Disruption** means eight (8) Scheduled Trading Days or such other number of Scheduled Trading Days specified in the applicable Final Terms.

**Valuation Date** means the Valuation Date specified in the applicable Final Terms, or, if such day is not a Scheduled Trading Day for all the Shares, the immediately succeeding Scheduled Trading Day for all the Shares unless, in the opinion of the Calculation Agent, such day is a Disrupted Day for any of the Shares.

If such day is such a Disrupted Day for any of the Shares, then:

- (a) where the Certificates are Share Linked Certificates relating to a single Share, the Valuation Date shall be the earliest of:
  - (i) the first succeeding Scheduled Trading Day that is not a Disrupted Day;
  - (ii) the Scheduled Trading Day falling the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date; and
  - (iii) the second Business Day prior to the Settlement Date or, if such day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day.

If the relevant Valuation Date falls within (ii) or (iii) above and the relevant Scheduled Trading Day is a Disrupted Day, (A) that Scheduled Trading Day shall be deemed to be the Valuation Date (notwithstanding the fact that such day is a Disrupted Day) and (B) the Calculation Agent shall determine the Settlement Price in the manner set out in the applicable Final Terms or, if not set out or if not practicable, determine the Settlement Price in accordance with its good faith estimate of the Settlement Price as of the Valuation Time on that Scheduled Trading Day; or

- (b) where the Certificates are Share Linked Certificates relating to a Basket of Shares,
  - (i) where "Move in Block" is specified as applying in the applicable Final Terms, the Valuation Date for all the Shares shall be the earliest of:
    - (A) the first succeeding Scheduled Trading Day for all the Shares that is not a Disrupted Day for any of the Shares;
    - (B) the Scheduled Trading Day for all the Shares falling the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date; and
    - (C) the second Business Day prior to the Settlement Date or, if such day is not a Scheduled Trading Day for all the Shares, the immediately preceding Scheduled Trading Day for all the Shares.

If the relevant Valuation Date falls within (B) or (C) above, such Scheduled Trading Day shall be the Valuation Date and, if the relevant Scheduled Trading Day is a Disrupted Day for a Share (the **Affected Share**), (x) that Scheduled Trading Day



shall be deemed the Valuation Date for that Affected Share (notwithstanding the fact that such day is a Disrupted Day) and (y) the Calculation Agent shall determine the price of the Affected Share as set out in sub-paragraph (iii) below.

- (ii) where "Value What You Can" is specified as applying in the applicable Final Terms, the Valuation Date for each Share in respect of which no Disrupted Day has occurred shall be the Scheduled Valuation Date and the Valuation Date for each Share in respect of which a Disrupted Day has occurred (each an **Affected Share**) shall be the earliest of:
  - (A) the first succeeding Scheduled Trading Day for the Affected Share that is not a Disrupted Day for the Affected Share;
  - (B) the Scheduled Trading Day for the Affected Share falling the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date; and
  - (C) the second Business Day prior to the Settlement Date or, if such day is not a Scheduled Trading Day for the Affected Share, the immediately preceding Scheduled Trading Day for the Affected Share.

If the relevant Valuation Date for an Affected Share falls within (B) or (C) above and the relevant Scheduled Trading Day is a Disrupted Day for the Affected Share, (i) that Scheduled Trading Day shall be deemed to be the Valuation Date for the Affected Share (notwithstanding the fact that such day is a Disrupted Day for the Affected Share) and (ii) the Calculation Agent shall determine the price of the Affected Share as set out in sub-paragraph (iii) below.

- (iii) the Calculation Agent shall determine the relevant price for the purposes of sub-paragraphs (i) and (ii) above using, in relation to the Affected Share, a price determined in the manner set out in the applicable Final Terms or, if not set out or if not practicable, using its good faith estimate of the price for the Affected Share as of the Valuation Time on that Scheduled Trading Day, and otherwise in accordance with the above provisions.

**Valuation Time** means, in relation to a Share, the Relevant Time specified in the applicable Final Terms for such Share or, if no such Relevant Time is specified, the Scheduled Closing Time on the Exchange for such Share on the relevant Scheduled Trading Day. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

**Weighting** means, in respect of Certificates linked to a Basket of Shares and in respect of a Share, the weighting for such Share specified in the applicable Final Terms.

## **USE OF PROCEEDS**

The net proceeds of the issue of Securities by CFI will be used for general corporate purposes primarily to provide funds to Citigroup Inc. and its subsidiaries, and may be used to refinance or extend the maturity of certain of CFI's existing debt obligations.

The net proceeds of the issue of Notes by CGMFL will be used primarily to grant loans or other forms of funding to Citigroup Global Markets Limited and any entity belonging to the same group, and may be used to finance CGMFL itself.

The net proceeds of the issue of Securities by Citigroup Inc. will be used for general corporate purposes, which may include capital contributions to its subsidiaries and/or the reduction or refinancings of borrowings of Citigroup Inc. or its subsidiaries. Citigroup Inc. expects to incur additional indebtedness in the future.

**DESCRIPTION OF CFI**  
**CITIGROUP FUNDING INC.**

**Incorporation**

Citigroup Funding Inc. is a wholly-owned subsidiary of Citigroup Inc. It was incorporated as a Stock Company on 13 January 2005, and is organised under the laws of the State of Delaware with file number 3912224. Its principal executive offices are located at 399 Park Avenue, New York, NY 10043, and its telephone number is + 1 212 559-1000. Its business activities consist primarily of providing funds to Citigroup Inc. and its subsidiaries for general corporate purposes.

**Business Activity**

CFI has filed registration statements with the SEC, has issued securities from those registration statements, has issued securities guaranteed by the U.S. Federal Deposit Insurance Corporation (the **FDIC**), and has issued commercial paper. 'CFI's purpose is to "engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of Delaware", as stated in Article THIRD of CFI's Certificate of Incorporation. Other than the foregoing activities and the issuance of securities under CFI's U.S.\$10,000,000,000 Global Structured Note and Certificate Programme and the establishment of certain programmes for the issuance of securities in the domestic market in Italy and Switzerland pursuant to which CFI may, following the update of such programmes, offer and issue securities, CFI has not engaged, since its incorporation, in any material activities other than those relating to the proposed issue of the Securities and the authorisation of documents and agreements referred to in this document to which it is, or will be, a party. CFI is directly owned by Citigroup Inc., and its debt is fully guaranteed by Citigroup Inc.

**Directors and Officers**

The directors of CFI are:

<i>Name</i>	<i>Position (at Citigroup Funding Inc. or otherwise)</i>
James Garnett	Vice President, Citibank, N.A.
Jeffrey R. Walsh	Controller and Chief Accounting Officer, Citigroup Inc.
Paul Sensale	Chief Tax Officer, Citigroup Inc.
Eric Aboaf	Chairman and President; Treasurer, Citigroup Inc.

Other officers of CFI are:

<i>Name</i>	<i>Position (at Citigroup Funding Inc. or otherwise)</i>
Srini Vasani	Executive Vice President and Chief Financial Officer
Jacqueline P. Linden	Executive Vice President and Senior Risk Officer
Michael Verdeschi	Executive Vice President
Ardavan Nozari	Executive Vice President
Joseph Bonocore	Executive Vice President and Treasurer
Julie Bell Lindsay	Secretary
Michael Conway	Vice President and Controller
Faisal Essa	Vice President and Assistant Treasurer
Keith J. Anzel	Assistant Secretary (Tax)

Michael J. Tarpley Assistant Secretary

Douglas C. Turnbull Assistant Secretary

The business address of each director of CFI in his capacity as such is 399 Park Avenue, New York, NY 10043, United States of America. CFI is not aware of any potential conflicts of interest between the duties to CFI of the officers listed herein and their private interests or other duties.

### **Corporate Governance**

To the best of its knowledge and belief, CFI complies with the laws and regulations of Delaware regarding corporate governance.

### **Capitalisation**

The authorised share capital of CFI is U.S.\$10 consisting of 1,000 shares of U.S.\$0.01 par value each, all of which have been issued and are fully paid up. CFI is a direct wholly-owned subsidiary of Citigroup Inc.

As of 31 March 2012 CFI had total assets of U.S.\$58,102,000,000 comprising principally inter-company advances.

## SELECTED FINANCIAL INFORMATION RELATING TO CFI

The following table sets out in summary form selected financial information for CFI. The summary form was derived from the audited consolidated financial information of CFI for the year ended 31 December 2011, which was published on 30 April 2012 and from the Citigroup Inc. March 2012 Form 10-Q.

	<b>At or for the three months ended 31 March 2012 (unaudited)</b>	<b>At or for the three months ended 31 March 2011 (unaudited)</b>	<b>At or for the year ended 31 December 2011 (audited)</b>	<b>At or for the year ended 31 December 2010 (audited)</b>
	<i>(thousands of U.S. dollars)</i>	<i>(thousands of U.S. dollars)</i>	<i>(thousands of U.S. dollars)</i>	<i>(thousands of U.S. dollars)</i>
<b>Income Statement Data:</b>				
Total revenues, net of interest expense..	(749,000)	(229,000)	1,375,777	362,190
Net Income (loss) .....	(469,000)	(102,000)	863,674	215,699
<b>Balance Sheet Data:</b>				
Total assets .....	58,102,000	-	61,602,360	99,133,417
Long-term debt <sup>(1)</sup> .....	46,718,000	-	48,366,047	52,334,561
Total stockholder's equity .....	1,514,000	-	2,101,283	1,237,609

<sup>(1)</sup> including U.S.\$18,756,274 and U.S.\$15,674,117 at 31 December 2011 and 31 December 2010, respectively, at fair value.

### Auditors

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

KPMG LLP audited the consolidated financial statements of CFI for the years ended 31 December 2011 and 2010.

### Material Contracts

CFI has no contracts that are material to its ability to fulfil its obligations under the Securities.

## DESCRIPTION OF CITIGROUP INC.

Citigroup Inc. (**Citi**, the **Company**, or **Citigroup**) is a global diversified financial services holding company whose businesses provide consumers, corporations, governments and institutions with a broad range of financial products and services. Citigroup Inc. has approximately 200 million customer accounts and does business in more than 160 countries and jurisdictions. Citigroup Inc. is a bank holding company within the meaning of the U.S. Bank Holding Company Act of 1956 registered with, and subject to examination by, the Board of Governors of the Federal Reserve System (the **Federal Reserve**). Some of Citi's subsidiaries are subject to supervision and examination by their respective federal and state authorities. At 31 March 2012, Citigroup Inc. had approximately 263,000 full-time employees worldwide.

Citigroup Inc.'s purpose is to "engage in any lawful act or activity for which a corporation may be organised under the General Corporation Law of Delaware", as stated in Article THIRD of Citi's Restated Certificate of Incorporation. Citigroup Inc. operates, for management reporting purposes, via two primary business segments: Citicorp, consisting of Citi's Global Consumer Banking businesses (which consists of Regional Consumer Banking in North America, Europe, the Middle East and Africa, Asia, and Latin America) and the Institutional Clients Group (Securities and Banking, including the Private Bank, and Transaction Services); and Citi Holdings, which consists of Brokerage and Asset Management, Local Consumer Lending, and a Special Asset Pool. There is also a third segment, Corporate/Other.

Citigroup Inc. is a holding company and services its obligations primarily by earnings from its operating subsidiaries. Citigroup Inc. may augment its capital through issuances of common stock, perpetual preferred stock and equity issued through awards under employee benefit plans, among other issuances. Citigroup Inc. has also augmented its regulatory capital through the issuance of debt underlying trust preferred securities, although the treatment of such instruments as regulatory capital will be phased out under Basel III and the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. Citigroup Inc.'s subsidiaries that operate in the banking and securities businesses can only pay dividends if they are in compliance with the applicable regulatory requirements imposed on them by federal and state bank regulatory authorities and securities regulators in the United States. Citigroup Inc.'s ability to pay regular quarterly cash dividends of more than \$0.01 per share, or to redeem or repurchase equity securities or trust preferred securities is currently restricted (which restriction may be waived) due to its agreements with certain U.S. government entities, generally for so long as the U.S. government continues to hold any of Citigroup Inc.'s trust preferred securities acquired in connection with the exchange offers consummated in 2009. Citigroup Inc.'s subsidiaries may be party to credit agreements that also may restrict their ability to pay dividends. Citigroup Inc. currently believes that none of these regulatory or contractual restrictions on the ability of its subsidiaries to pay dividends will affect Citigroup Inc.'s ability to service its own debt. Citigroup Inc. must also maintain the required capital levels of a bank holding company before it may pay dividends on its stock.

Under the regulations of the Federal Reserve, a bank holding company is expected to act as a source of financial strength for its subsidiary banks. As a result of this regulatory policy, the Federal Reserve might require Citigroup Inc. to commit resources to its subsidiary banks when doing so is not otherwise in the interests of Citigroup Inc. or its shareholders or creditors.

The principal offices for Citigroup Inc. are located at 399 Park Avenue, New York, NY 10043, and its telephone number is + 1 212 559-1000. Citigroup Inc. was established as a corporation incorporated in Delaware on 8 March 1988 with perpetual duration pursuant to the Delaware General Corporation Law with file number 2154254. Citi's authorised capital stock consists of 6 billion shares of common stock and 30 million shares of preferred stock. As at 31 March 2012, there were approximately 2.9 billion fully paid common stock shares outstanding. A common stock share carries one vote, and no pre-emptive or other subscription rights or conversion rights. A preferred stock share carries no general voting rights.

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

## **Potential Future Events**

It is possible that CFI will merge into Citigroup Inc. in the near future after which Citigroup Inc. would begin issuing Securities under the Programme. In that event, CFI will cease to be an Issuer under the Programme and all outstanding Securities issued by CFI will become obligations of Citigroup Inc. In this event a Supplement to this Base Prospectus will be prepared describing the merger in more detail.

## DIRECTORS AND EXECUTIVE OFFICERS OF CITIGROUP INC.

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

Board of Directors	Title	Main duties outside Citigroup Inc.
Robert L. Joss, Ph.D.		Professor of Finance Emeritus and Former Dean, Stanford University Graduate School of Business.
Michael E. O'Neill	Chairman	
Vikram S. Pandit	CEO	–
Lawrence R. Ricciardi		Senior Advisor, IBM Corporation, Jones Day and Lazard Ltd.
Judith Rodin		President, Rockefeller Foundation.
Robert L. Ryan		Chief Financial Officer, Retired, Medtronic Inc.
Anthony M. Santomero		Former President, Federal Reserve Bank of Philadelphia.
Diana L. Taylor		Managing Director, Wolfensohn Fund Management, L.P.
William S. Thompson, Jr.		CEO, Retired, Pacific Investment Management Company (PIMCO).
Ernesto Zedillo		Director, Centre for the Study of Globalization and Professor in the Field of International Economics and Politics, Yale University
Franz B. Humer		Chairman, Roche Holding Ltd.
Joan E. Spero		Senior Research Scholar, Columbia University School of International and Public Affairs

The executive officers of Citigroup Inc. are: Stephen Bird, Don Callahan, Michael Corbat, John C. Gerspach, John Havens, Brian Leach, Gene McQuade, Manuel Medina-Mora, William J. Mills, Jeffrey R. Walsh, Rohan Weerasinghe and Vikram Pandit.

The business address of each director and executive officer of Citigroup Inc. in such capacities is 399 Park Avenue, New York, New York 10043.

Citigroup Inc. is not aware of any conflicts of interest between the private interests of its senior management and the interests of Citigroup Inc. that would be material in the context of any issuance of Securities.

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



## Committees of the Board of Directors

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

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

*The Citi Holdings oversight committee*, which is responsible for overseeing the management of the company's Citi Holdings business segment, which consists of Brokerage and Asset Management, Local Consumer Lending and the Special Asset Pool. The committee oversees management's strategy for the timely and economically efficient disposition or optimization of Citi Holdings' assets and businesses, and monitors management's execution of that strategy through appropriate milestones and metrics. Periodically, the committee will review and discuss with management the company's risk exposures with respect to Citi Holdings' assets and the steps management has taken to monitor and control such exposures.

*The nomination, governance and public affairs committee*, which is responsible for (i) identifying individuals qualified to become board members and recommending to the board the director nominees for the next annual meeting of stockholders, (ii) leading the board in its annual review of the board's performance, (iii) recommending to the board directors for each committee for appointment by the board (iv) reviewing Citi's policies and programmes that relate to public issues of significance to Citi and to the public at large and (v) reviewing Citi's relationships with external constituencies and issues that impact Citi's reputation, and advising management as to its approach to each.

*The personnel and compensation committee*, which is responsible for determining the compensation for the CEO, and approving the compensation structure for executive officers, other members of senior management and certain highly compensated employees in accordance with guidelines established by the committee from time to time. The committee annually reviews and discusses the Compensation Discussion and Analysis with management.

The committee meets periodically with Citi's senior risk officers to discuss the risk attributes of Citi's incentive compensation programmes so that such programmes do not encourage excessive risk taking. In consultation with the CEO, the committee regularly reviews Citi's talent development process to ensure it is effectively managed and to identify opportunities, performance gaps and next steps as part of Citi's executive succession planning and development process. The committee is also charged with annually reviewing Citi's performance toward meeting its goals on employee diversity.

*The risk management and finance committee*, which has the primary responsibility for (1) oversight of Citigroup's risk management framework, including the significant policies, procedures and practices used in managing credit, market, operational and certain other risks and (2) oversight of Citigroup's policies and practices relating to Treasury matters, including capital, liquidity and financing, as well as to merger, acquisition, and divestiture activity (M&A). The committee reports to the board regarding Citigroup's risk profile, as well as its risk management framework, including the significant policies, procedures, and practices employed to manage risks in Citigroup's businesses, as well as the overall adequacy of the Risk Management function. The committee's role is one of oversight, recognizing that management is responsible for executing Citigroup Inc.'s risk management, Treasury and M&A policies.

## SELECTED FINANCIAL INFORMATION RELATING TO CITIGROUP INC.

The following tables set out in summary form selected financial information for Citigroup Inc. and its consolidated subsidiaries. Such information is derived from the consolidated financial statements of Citigroup Inc. contained in the Citigroup Inc. 2011 Form 10-K as filed with the SEC on 24 February 2012.

	<b>At or for the year ended 31 December</b>		
	<b>2011</b>	<b>2010</b>	<b>2009</b>
	<b>(audited)</b>	<b>(audited)</b>	<b>(audited)</b>
	<i>(in millions of U.S. dollars)</i>		
<b>Income Statement Data:</b>			
Total revenues, net of interest expense .....	78,353	86,601	80,285
Income (loss) from continuing operations .....	11,103	10,951	(1,066)
Net Income (loss) .....	11,067	10,602	(1,606)
<b>Balance Sheet Data:</b>			
Total assets .....	1,873,878	1,913,902	-
Total deposits .....	865,936	844,968	-
Long-term debt <sup>(1)</sup> .....	323,505	381,183	-
Total stockholders' equity .....	177,806	163,468	-

(1) Including U.S.\$24,172 and U.S.\$25,997 at 31 December 2011 and 2010, respectively, at fair value.

The following table sets out in summary form selected financial information for Citigroup Inc. and its consolidated subsidiaries. Such information is derived from the consolidated financial statements of Citigroup Inc. contained in the Citigroup Inc. March 2012 Form 10-Q as filed with the SEC on 4 May 2012.

	<b>At or for the three months ended 31</b>	
	<b>March</b>	
	<b>2012 (unaudited)</b>	<b>2011 (unaudited)</b>
	<i>(in millions of U.S. dollars)</i>	
<b>Income Statement Data:</b>		
Total revenues, net of interest expense .....	19,406	19,726
Income from continuing operations .....	3,062	3,031
Net Income .....	2,931	2,999
<b>Balance Sheet Data:</b>		
Total assets .....	1,944,423	-
Total deposits .....	906,012	-
Long-term debt <sup>(2)</sup> .....	311,079	-
Total stockholders' equity .....	181,820	-

(2) Including U.S.\$26,700 at 31 March 2012 at fair value.

### Auditors

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

KPMG LLP audited the consolidated balance sheets of Citigroup Inc. as of 31 December 2011 and 2010 and the related consolidated statements of income, changes in stockholders' equity and cash flows for each of the

years in the three-year period ended 31 December 2011. KPMG LLP expressed an unqualified opinion on such financial statements in its report dated 24 February 2012 and in its report dated 25 May 2012.

**Material Contracts**

Citigroup Inc. has no contracts that are material to its ability to fulfil its obligations under the Securities.

## DESCRIPTION OF CGMFL

### CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

Citigroup Global Markets Funding Luxembourg S.C.A (**CGMFL**) was incorporated as a corporate partnership limited by shares (*société en commandite par actions*) on 24 May 2012 under the law of 10 August 1915 on commercial companies as amended for an unlimited duration and is registered with the Register of Trade and Companies of Luxembourg under number B169 199. CGMFL has been established for the purpose, among others, of granting loans or other forms of funding directly or indirectly in whatever form or means to any entities in the same group.

The issued share capital of CGMFL is two million Euro (€2,000,000) divided into one (1) share with a nominal value of one Euro (€1.-) (*action de commandité*, the **Unlimited Share**) held by Citigroup Global Markets Funding Luxembourg GP S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 31, Z.A. Bourmicht, L-8070 Bertrange, Grand Duchy of Luxembourg and registered with the Register of Trade and Companies of Luxembourg under number B169 149 (the **Unlimited Shareholder**) and one million nine hundred ninety-nine thousand nine hundred ninety-nine (1,999,999) shares with a nominal value of one Euro (€ 1.-) each (*actions de commanditaire*, the **Limited Shares**) held (i) by the Unlimited Shareholder for one (1) Limited Share and (ii) by Citigroup Global Markets Limited, a private limited company, incorporated under the laws of the United Kingdom, having its registered office at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom, registration number 1763297 for one million nine hundred ninety-nine thousand nine hundred ninety-eight (1,999,998) Limited Shares (the **Limited Shareholder** and together with the Unlimited Shareholder the **Shareholders**).

CGMFL's registered office is situated at 31, Z.A. Bourmicht, L-8070 Bertrange, Grand Duchy of Luxembourg and the telephone number is +352 451 41 4237/+352 2700 6201.

### Management of CGMFL

CGMFL is managed by Citigroup Global Markets Funding Luxembourg GP S.à r.l. in its capacity as manager (the **Manager**).

The following table sets forth the names of the members of the board of managers of the Unlimited Shareholder being the Manager (the **Board of Managers**) as of the date of this Base Prospectus:

- Mr. Laurent Dimanche, with professional address at Rue Hicht 14, L-6212 Consdorf, Luxembourg; and,
- Mr. Charles Denotte, with professional address at 48, avenue Gaston Diderich, L-1420 Luxembourg.

Charles Denotte is the Citi Country Officer (CCO) for Luxembourg and Managing Director, Compliance Cluster Head for Western and Northern Europe (12 countries).

Charles Denotte has over 24 years of Banking experience and prior to joining Citi he worked for Fortis Group, Credit Suisse and Bankgesellschaft Berlin in a variety of positions. In addition to his banking experience, Charles Denotte spent nearly two years as a criminal financial investigator for the Luxembourg judicial authorities.

Charles Denotte is a board member of CGML Luxembourg Sàrl, a board member of various other Citi entities in Luxembourg, board member of the American Bankers Association Luxembourg, of the AmCham Luxembourg, of the International Bankers Club Luxembourg, of PlanetFinance Luxembourg and of Jonk Entrepreneuren Asbl Luxembourg.

He was recently appointed as representative of Citi at the Luxembourg Stock Exchange (May 2012).

Charles Denotte was also a non executive director and chairman of the board of Citibank Belgium S.A., and member of the audit committee of Citibank Belgium S.A. until the sale of the Consumer business in Belgium in May 2012.

Charles Denotte holds a banking diploma from the Luxembourg University (Centre Universitaire de Luxembourg Cycle Court Section Commerce – Banques) and has a Master of Business Administration from Sheffield Hallam University, UK.

Laurent Dimanche is director and Country Head Trader within Citigroup Global Markets Luxembourg since May 2011.

He has dealt with Structured Finance for 11 years and has over 15 years of Banking experience.

Laurent Dimanche is a board member of CGML Luxembourg S.à.r.l..

Laurent Dimanche holds an Msc. in Finance and Banking from the Luxembourg School of Finance, a civil engineer degree in Electromechanics from the University of Liège (Belgium) as well as a post Graduate degree in Management from the same engineering school.

There are no potential conflicts of interest nor are there any interests that would be material to any issue of Notes under the Programme existing between any duties owed to CGMFL by the board of managers listed above and their private interests and/or other duties.

### **Principal activities**

The corporate object of CGMFL is the granting of loans or other forms of funding directly or indirectly in whatever form or means to any entities belonging to the same group (e.g. including, but not limited to, by subscription of bonds, debentures, other debt instruments, advances, the granting of pledges or the issuing of other guarantees of any kind to secure the obligations of any entities, through derivatives or otherwise).

CGMFL may finance itself in whatever form including, without limitation, through borrowing or through issuance of listed or unlisted notes and other debt or equity instruments, convertible or not (e.g. including but not limited to bonds, notes, loan participation notes, subordinated notes, promissory notes, certificates and warrants) including under stand-alone issues, medium term note and commercial paper programmes.

CGMFL may also:

- (i) grant security for funds raised, including notes and other debt or equity instruments issued, and for the obligations of CGMFL; and
- (ii) enter into all necessary agreements, including, but not limited to underwriting agreements, marketing agreements, management agreements, advisory agreements, administration agreements and other contracts for services, selling agreements, deposit agreements, fiduciary agreements, hedging agreements, interest and/or currency exchange agreements and other financial derivative agreements, bank and cash administration agreements, liquidity facility agreements, credit insurance agreements and any agreements creating any kind of security interest.

In addition to the foregoing, CGMFL can perform all legal, commercial, technical and financial investments or operations and, in general, all transactions which are necessary or useful to fulfil its objects as well as all operations connected directly or indirectly to facilitating the accomplishment of its purpose in all areas described above.

CGMFL's articles however prohibit it from entering into any transaction which would constitute a regulated activity of the financial sector or require a business licence under Luxembourg law without due authorisation under Luxembourg law.

CGMFL's constitutional documents will be published in the "*Mémorial C, Recueil des Sociétés et Associations*".

### Corporate Governance

CGMFL complies with the corporate governance regime of the Grand Duchy of Luxembourg.

### Share Capital

Issued shares (2,000,000 of €1), all these shares have been partially paid up, for an amount of five hundred thousand Euro (€500,000.-).

	Limited Shares:	Unlimited Share:	Subscription Price in Euro
Citigroup Global Markets Funding Luxembourg GP S.à.r.l.	1	1	0.50
Citigroup Global Markets Limited	1,999,998	/	499,999.50
<b>TOTAL SHARES</b>	<b>1,999,999</b>	<b>1</b>	<b>500,000</b>

**Total Capitalisation** €2,000,000

### Approved Statutory Auditor (*Réviseur d'entreprises agréé*) and financial year

CGMFL's approved statutory auditor (*réviseur d'entreprises agréé*) is KPMG Luxembourg, a *société à responsabilité limitée*, incorporated and existing under Luxembourg law, having its registered office at 9, allée Scheffer, L-2520 Luxembourg and registered with the Register of Commerce and Companies of Luxembourg under number B 149 133 (**KPMG Luxembourg**), who has been appointed by the first extraordinary general meeting of the Shareholders of CGMFL by a resolution dated 24 May 2012.

CGMFL's fiscal year starts on 1 January and ends on 31 December each year, except for the first fiscal year that starts on the date of incorporation of CGMFL and ends on 31 December 2012.

### Taxation

CGMFL is subject to the tax laws of Luxembourg on income and does not have any special tax status. It is, therefore, in principle entitled to the benefits of tax treaties concluded between the Grand Duchy of Luxembourg and other countries (subject to the acceptance of such contracting states).

### Employees

CGMFL has no employees.

### Financial Information

Since the date of its incorporation, CGMFL has not traded, no profits or losses have been made or incurred and no fees have been paid. Set out below is an opening balance sheet of CGMFL as at 24 May 2012. No financial statements of CGMFL have been drawn up and audited for any period since its incorporation. The Manager has prepared an opening balance sheet audited by KPMG of CGMFL for the purpose of supporting the financial information in respect of CGMFL disclosed in this Base Prospectus.

The following table sets out the opening balance sheet of CGMFL as at 24 May 2012:

	<b>EUR (audited)</b>
<b>ASSETS</b>	
Subscribed capital unpaid	
Subscribed capital uncalled	1,500,000
Current assets	
Cash at bank	500,000
<b>TOTAL ASSETS</b>	<b>2,000,000</b>
<b>LIABILITIES</b>	
Capital and reserves	
Subscribed capital	2,000,000
<b>TOTAL LIABILITIES</b>	<b>2,000,000</b>

**Auditors** The auditors of CGMFL are KPMG Luxembourg, a *société à responsabilité limitée*, incorporated and existing under Luxembourg law, having its registered office at 9, allée Scheffer, L-2520 Luxembourg and registered with the Register of Commerce and Companies of Luxembourg under number B 149 133.

KPMG Luxembourg audited the opening balance sheets of CGMFL as of 24 May 2012. KPMG Luxembourg expressed an unqualified opinion on such opening balance sheet report dated 18 June 2012.

#### **Accounts**

CGMFL will prepare annual, non-consolidated accounts. The first annual accounts will be prepared in respect of the period from the date of its incorporation to 31 December 2012 in accordance with the articles of incorporation and will be published by CGMFL in 2013.

In accordance with the provisions of the Luxembourg law of 10 August 1915 on commercial companies, as amended from time to time, CGMFL will publish its audited annual accounts on an annual basis following approval of the annual accounts by the annual general meeting of the Shareholders.

Any future published audited annual accounts prepared for CGMFL will be obtainable free of charge from the registered office of CGMFL in Luxembourg, as described in the section "*General Information*".

#### **Material Contracts**

Apart from the Fiscal Agency Agreement, the French Law Fiscal Agency Agreement, the Dealership Agreement and the CGMFL Deed of Covenant, to which it is a party, CGMFL has not entered into any material contracts other than in the ordinary course of its business.

In connection with the issue of Swedish Notes and Finnish Notes, CGMFL expects to enter into a Swedish Notes Issuing and Paying Agent Agreement and a Finnish Notes Issuing and Paying Agent Agreement respectively.

## BOOK ENTRY CLEARANCE SYSTEMS

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear, Clearstream, Luxembourg, Euroclear France, Euroclear Sweden or Euroclear Finland (together, the **Clearing Systems**) currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuers believe to be reliable, but none of Citigroup Inc., CFI, CGMFL, and any Dealer takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of Citigroup Inc., CFI, CGMFL, and any other party to the Fiscal Agency Agreement, the French Law Fiscal Agency Agreement, the Swedish Notes Issuing and Paying Agent Agreement or Finnish Notes Issuing and Paying Agent Agreement, as the case may be, will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.*

### Book-entry Systems

#### DTC

DTC has advised the Issuers that it is a limited purpose trust company organised under the New York Banking Law, a **banking organisation** within the meaning of the New York Banking Law, a member of the Federal Reserve System, a **clearing corporation** within the meaning of the New York Uniform Commercial Code and a **clearing agency** registered pursuant to Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants (**Direct Participants**) deposit with DTC. DTC also facilitates the settlement among Direct Participants of sales and other securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (**DTCC**). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulation subsidiaries. Access to the DTC System is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (**Indirect Participants**). The DTC rules applicable to its participants are on file with the Securities and Exchange Commission. More information about DTCC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

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

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC's records. The ownership interest of each actual purchaser of each DTC Note (**Beneficial Owner**) is in turn to be recorded on the Direct and Indirect Participant's records.



Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

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

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

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

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

Principal and interest payments on the DTC Notes will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the due date for payment in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the due date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC or the relevant Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the relevant Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

Under certain circumstances, DTC will exchange the DTC Notes for definitive Registered Notes, which it will distribute to its Participants in accordance with their proportionate entitlements and which, if representing interests in a Rule 144A Global Registered Note Certificate, will be legended as set forth under "*Subscription and Sale and Transfer and Selling Restrictions*".

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

#### *Euroclear and Clearstream, Luxembourg*

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account

holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

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

#### *Euroclear France*

Euroclear France holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between its account holders. Euroclear France offers clearance and settlement services through "ESES", its real time gross settlement system. ESES is the issuance and primary distribution system for issues of notes cleared through Euroclear France. The specific workings of ESES and the type of links implemented by Euroclear France with other clearing systems generate differences in the closing process.

The currency used as well as the admission of the issue to other clearing systems have to be taken into account to determine the clearing/settlement method to be used on the primary market in Euroclear France.

Euroclear France has established an electronic bridge between its systems and those of Euroclear and Clearstream, Luxembourg across which their respective participants may settle trades with each other.

#### *Euroclear Sweden*

Euroclear Sweden holds securities for its customers and facilitates the clearance and settlement of securities transactions by book-entry transfer between its account holders. Euroclear Sweden offers clearing and settlement of securities denominated in SEK and EUR through the VPC system. The VPC system supports different types of securities, equities and interest-bearing cash instruments as well as the respective derivatives.

#### *Euroclear Finland*

Euroclear Finland holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between its account holders. Euroclear Finland offers clearing and settlement of securities denominated in EUR through one of its systems, as applicable (RM or HexClear if the securities have been issued in the OM system). The systems support different types of securities, equities and interest-bearing cash instruments as well as the respective derivatives.

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

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

accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and interest in respect of a Global Registered Note Certificate accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Note. In the case of any payment in a currency other than U.S. dollars, payment will be made to the Exchange Agent on behalf of DTC or its nominee and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Global Registered Note Certificate in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Participants' account.

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

#### **Transfers of Notes Represented by Global Registered Note Certificates**

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

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

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Euroclear and Clearstream, Luxembourg and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Euroclear or Clearstream, Luxembourg and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Euroclear and Clearstream, Luxembourg, on the other, transfers of interests in the relevant Global Registered Note Certificates will be effected through the Registrar, the Fiscal Agent and the Custodian receiving instructions (and, where appropriate, certification)

from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

Euroclear and Clearstream, Luxembourg and DTC have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Global Registered Note Certificates among participants and accountholders of Euroclear and Clearstream, Luxembourg and DTC. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of Citigroup Inc., CFI, CGMFL, the Agents and any Dealer will be responsible for any performance by Euroclear or Clearstream, Luxembourg or DTC or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Global Registered Note Certificates or for maintaining, supervising or reviewing any records relating to such beneficial interests.

### **Euroclear UK and Ireland (CREST)**

If so specified in the applicable Final Terms, investors may also hold interests in Notes through Euroclear UK & Ireland Limited (formerly known as CRESTCo Limited) (**CREST**). Following their delivery into a clearing system, interests in the relevant Notes may be delivered, held and settled in CREST by means of the creation of CREST Depository Interests (**CDIs**) representing the interests in the relevant Notes. The CDIs will be issued by the **CREST Depository** to investors (**CDI Holders**) and will be governed by English Law.

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

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

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

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

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

Prospective subscribers for Notes represented by CDIs are referred to Chapter 3 of the CREST Manual which contains the form of the CREST Deed Poll to be entered into by the CREST Depository. The rights of the CDI Holders will be governed by the arrangements between CREST, Euroclear, Clearstream, Luxembourg and the relevant Issuer and the CFI Guarantor (where the relevant Issuer is CFI) including the CREST Deed Poll (in the form contained in Chapter 3 of the CREST International Manual (which forms part

of the CREST Manual)) executed by the CREST Depository. These rights may be different from those of holders of Notes which are not represented by CDIs.

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

- (a) CDI Holders will not be the legal owners of the relevant Notes. The CDIs are separate legal instruments from such Notes and represent an indirect interest in such Notes.
- (b) The relevant Notes themselves (as distinct from the CDIs representing indirect interests in such Notes) will be held in account with a custodian. The custodian will hold the relevant Notes through a clearing system. Rights in the relevant Notes will be held through custodial and depository links through the appropriate clearing systems. The legal title to the relevant Notes or to interests in such Notes will depend on the rules of the clearing system in or through which the relevant Notes are held.
- (c) Rights under the relevant Notes cannot be enforced by CDI Holders except indirectly through the intermediary depositories and custodians described above. The enforcement of rights under the relevant Notes will therefore be subject to the local law of the relevant intermediary. The rights of CDI Holders to the relevant Notes are represented by the entitlements against the CREST Depository which (through the CREST Nominee) holds interests in the relevant Notes. This could result in an elimination or reduction in the payments that otherwise would have been made in respect of the relevant Notes in the event of any insolvency or liquidation of the relevant intermediary, in particular where the relevant Notes held in clearing systems are not held in special purpose accounts and are fungible with other securities held in the same accounts on behalf of other customers of the relevant intermediaries.
- (d) The CDIs issued to CDI Holders will be constituted and issued pursuant to the CREST Deed Poll. CDI Holders will be bound by all provisions of the CREST Deed Poll and by all provisions of, or prescribed pursuant to, the CREST International Manual dated 14 April 2008 as amended, modified, varied or supplemented from time to time (the **CREST Manual**) and the CREST Rules (the **CREST Rules**) (contained in the CREST Manual) applicable to the CREST International Settlement Links Service and CDI Holders must comply in full with all obligations imposed on them by such provisions.
- (e) Potential investors should note that the provisions of the CREST Deed Poll, the CREST Manual and the CREST Rules contain indemnities, warranties, representations and undertakings to be given by CDI Holders and limitations on the liability of the relevant Issuer and the CFI Guarantor (where the relevant Issuer is CFI) and the CREST Depository.
- (f) CDI Holders may incur liabilities resulting from a breach of any such indemnities, warranties, representations and undertakings in excess of the money invested by them. The attention of potential investors is drawn to the terms of the CREST Deed Poll, the CREST Manual and the CREST Rules, copies of which are available from CREST at 33 Cannon Street, London EC4M 5SB or by calling +44 (0) 207 849 0000 or from the CREST website at [www.euroclear.com/site/public/EUI](http://www.euroclear.com/site/public/EUI).
- (g) Potential investors should note CDI Holders may be required to pay fees, charges, costs and expenses to the CREST Depository in connection with the use of the CREST International Settlement Links Service. These will include the fees and expenses charged by the CREST Depository in respect of the provision of services by it under the CREST Deed Poll and any taxes, duties, charges, costs or expenses which may be or become payable in connection with the holding of the CDIs through the CREST International Settlement Links Service.

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

## ERISA MATTERS

A fiduciary of a pension, profit-sharing or other employee benefit plan governed by the Employee Retirement Income Security Act of 1974, as amended (**ERISA**), should consider the fiduciary standards of ERISA in the context of the ERISA plan's particular circumstances before authorising an investment in the offered Notes of the relevant Issuer. Among other factors, the fiduciary should consider whether such an investment is in accordance with the documents governing the ERISA plan and whether the investment is appropriate for the ERISA plan in view of its overall investment policy and diversification of its portfolio.

Certain provisions of ERISA and the Internal Revenue Code of 1986, as amended (the **Code**), prohibit employee benefit plans (as defined in Section 3(3) of ERISA) that are subject to Title I of ERISA, plans described in and subject to Section 4975 of the Code (including, without limitation, retirement accounts and Keogh Plans), and entities whose underlying assets include plan assets by reason of a plan's investment in such entities (including, without limitation, as applicable, insurance company general accounts) (collectively, **plans**), from engaging in certain transactions involving "plan assets" with parties that are "parties in interest" under ERISA or "disqualified persons" under the Code with respect to the plan or entity. Governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA), non-U.S. plans (as described in Section 4(b)(4), of ERISA) and other plans that are not subject to ERISA or to the Code may be subject to similar restrictions under state, federal, local or non-U.S. law. Any employee benefit plan or other entity, to which such provisions of ERISA, the Code or similar law apply, proposing to acquire the offered Notes should consult with its legal counsel.

Each Issuer has affiliates, including insurance company affiliates and broker-dealer affiliates, that provide services to many employee benefit plans. Each Issuer and any such affiliate of such Issuer may each be considered a "party in interest" and a "disqualified person" to a large number of plans. A purchase of offered Notes of the relevant Issuer by any such plan would be likely to result in a prohibited transaction between the plan and the relevant Issuer.

Accordingly, unless otherwise provided in connection with a particular offering of Notes, offered Notes may not be purchased, held or disposed of by any plan or any other person investing "plan assets" of any plan that is subject to the prohibited transaction rules of ERISA or Section 4975 of the Code or other similar law, unless one of the following exemptions (or a similar exemption or exception) applies to such purchase, holding and disposition:

- Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code for transactions with certain service providers (the **Service Provider Exemption**);
- Prohibited Transaction Class Exemption (**PTCE**) 96-23 for transactions determined by in-house asset managers;
- PTCE 95-60 for transactions involving insurance company general accounts;
- PTCE 91-38 for transactions involving bank collective investment funds;
- PTCE 90-1 for transactions involving insurance company separate accounts; or
- PTCE 84-14 for transactions determined by independent qualified professional asset managers.

The U.S. Department of Labor has promulgated a regulation, 29 C.F.R. section 2510.3-101, as modified by Section 3(42) of ERISA (the **Plan Asset Regulation**) describing what constitutes the plan assets of a plan with respect to the plan's investment in an entity. Under the Plan Asset Regulation, if a plan invests in an equity interest of an entity that is neither a publicly-offered security nor a security issued by an investment company registered under the Investment Company Act, the plan's assets include both the equity interest and an undivided interest in each of the entity's underlying assets, unless one of the exceptions to such treatment described in the Plan Asset Regulation applies. Under the Plan Asset Regulation, a security which is in debt form may be considered an equity interest if it has substantial equity features. If the relevant Issuer were deemed under the Plan Asset Regulation to hold plan assets by reason of a plan's investment in any of the Notes issued by it, such plan assets would include an undivided interest in the assets held by the relevant Issuer and transactions by the relevant Issuer would result in, among other things, (i) the application of the prudence and other fiduciary responsibility standards of ERISA to investments made by the relevant Issuer, and (ii) the possibility that certain transactions that the relevant Issuer might enter into, or may have entered into, in the ordinary course of business might constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code. Each Issuer believes that the Notes issued by it should not be treated as equity interests for the purposes of the Plan Asset Regulation.

Unless otherwise provided in connection with a particular offering of Notes, any purchaser of the offered Notes or any interest therein will be deemed to have represented and warranted to the relevant Issuer on each day from the date of its purchase of the offered Notes through and including the date of disposition of such offered Notes that either:

- (a) it is not a plan subject to Title I of ERISA or Section 4975 of the Code and is not purchasing such Notes or interest therein on behalf of, or with "plan assets" of, any such plan;
- (b) its purchase, holding and disposition of such Notes are not and will not be prohibited because they are exempted by a statutory exemption or one or more of the following prohibited transaction exemptions: PTCE 96-23, 95-60, 91-38, 90-1 or 84-14; or
- (c) it is a governmental, church, non-U.S. or other plan that is not subject to the provisions of Title I of ERISA or Section 4975 of the Code and its purchase, holding and disposition of such Notes are not otherwise prohibited.

Due to the complexity of these rules and the penalties imposed upon persons involved in prohibited transactions, it is important that any person considering the purchase of the offered Notes with plan assets consult with its counsel regarding the consequences under ERISA and the Code, or other similar law, of the acquisition and ownership of offered Notes and the availability of exemptive relief under the class exemptions listed above.

## SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS FOR NOTES

Subject to the terms and conditions contained in an Amended and Restated Dealership Agreement dated 25 June 2012 (the **Dealership Agreement**) between Citigroup Inc., CFI, CGMFL, and the Arranger, the Notes will be offered on a continuous basis by the relevant Issuer to the Dealers (as defined in the Dealership Agreement). However, each Issuer reserves the right to sell Notes directly on its own behalf to other entities and to offer Notes in specified jurisdictions directly to the public through distributors, in accordance with all applicable rules and regulations. Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Issuer or the relevant Dealer. The Notes may also be sold by the relevant Issuer through the Dealers, acting as agent of the relevant Issuer. The Dealership Agreement also provides for Notes to be issued in syndicated Tranches which are jointly and severally underwritten by two or more Dealers.

The relevant Issuer (and the CFI Guarantor where the relevant Issuer is CFI) has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes issued by such relevant Issuer, including in relation to liabilities arising under the Securities Act. The Dealership Agreement may be terminated in relation to all the Dealers or any of them by Citigroup Inc., CFI, CGMFL, in relation to itself and Citigroup Inc., CFI, CGMFL only, by any Dealer or the Arranger, at any time on giving not less than ten days' notice.

### Transfer Restrictions

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

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

- (i) that either: (a) it is a QIB, purchasing (or holding) the Notes for its own account or for the account of one or more QIBs and it is aware that any sale to it is being made in reliance on Rule 144A or (b) it is outside the United States and is not a U.S. person;
- (ii) that the Notes, the Deed of Guarantee, and any Entitlements (in the case of Physical Delivery Notes) are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Notes and the Deed of Guarantee have not been and will not be registered under the Securities Act or any U.S. State securities laws and may not be offered, sold, pledged or otherwise transferred within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;
- (iii) that, unless it holds an interest in a Regulation S Global Registered Note Certificate and either is a person located outside the United States or is not a U.S. person, if in the future it decides to resell, pledge or otherwise transfer the Notes or any beneficial interests in the Notes, it will do so, prior to the date which is one year after the later of the last Issue Date for the Series and the last date on which the relevant Issuer or an affiliate of the relevant Issuer was the owner of such Notes, only (a) to the relevant Issuer or any affiliate thereof, (b) inside the United States to a person whom the seller reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A and which takes delivery in the form of an interest in the Rule 144A Global Registered Note Certificate, (c) outside the United States in compliance with Rule 903 or Rule 904 under the Securities Act, (d) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) or (e) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable securities laws of the States of the United States and any other jurisdiction;



- (iv) it will, and will require each subsequent holder to, notify any purchaser of the Notes from it of the resale restrictions referred to in paragraph (iii) above, if then applicable;
- (v) that Notes initially offered in the United States to QIBs will be represented by one or more Rule 144A Global Registered Note Certificates, and that Notes offered outside the United States in reliance on Regulation S will be represented by one or more Regulation S Global Registered Note Certificates;
- (vi) that the Notes, other than the Regulation S Global Registered Note Certificates, will bear a legend to the following effect unless otherwise agreed to by the relevant Issuer:

"[NEITHER]\* THIS GLOBAL SECURITY [NOR THE DEED OF GUARANTEE]\* [HAS NOT BEEN]\*\* [NOR ANY ENTITLEMENT TO BE DELIVERED]\*\* [AND ANY ENTITLEMENT TO BE DELIVERED HAS NOT BEEN]\*\* [HAS BEEN]\* NOR WILL BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION OF AN INTEREST HEREIN, THE HOLDER (A) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THE NOTES REPRESENTED HEREBY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS; (B) AGREES THAT IT WILL NOT RESELL, PLEDGE OR OTHERWISE TRANSFER THE NOTES REPRESENTED HEREBY EXCEPT IN ACCORDANCE WITH THE FISCAL AGENCY AGREEMENT AND, PRIOR TO THE DATE WHICH IS ONE YEAR AFTER THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER OF SUCH NOTES, OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT, (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM AN INTEREST IN THIS GLOBAL SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALE OF AN INTEREST IN THIS GLOBAL SECURITY. THE NOTES [THE DEED OF GUARANTEE]\* [AND ANY ENTITLEMENT]\*\* DO NOT CONSTITUTE, AND HAVE NOT BEEN MARKETED AS, CONTRACTS OF SALE OF A COMMODITY FOR FUTURE DELIVERY (OR OPTIONS THEREON) SUBJECT TO THE

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\* Applicable only for Notes issued by CFI.

\*\* Applicable only for Notes issued by Citigroup Inc..

\*\*\* Applicable only for Notes issued by CFI where Physical Delivery is specified as Applicable in the applicable Final Terms.

\*\*\*\* Applicable only for Notes issued by Citigroup Inc. where Physical Delivery is specified as Applicable in the applicable Final Terms.

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

U.S. COMMODITY EXCHANGE ACT, AS AMENDED (THE CEA), AND TRADING IN THE NOTES HAS NOT BEEN APPROVED BY THE U.S. COMMODITY FUTURES TRADING COMMISSION PURSUANT TO THE CEA.

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

- (vii) if it is outside the United States and is not a U.S. person, that if it should resell or otherwise transfer the Notes prior to the expiration of the 40-day distribution compliance period (which commences upon completion of distribution of all the Notes of the Tranche of which the Notes being resold or otherwise transferred forms a part of the offering and the closing date with respect to the original issuance of the Notes), it will do so only (a)(i) outside the United States in compliance with Rule 903 or 904 under the Securities Act or (ii) within the United States to a QIB in compliance with Rule 144A which takes delivery in the form of an interest in the Rule 144A Global Registered Note Certificate and (b) in accordance with all applicable securities laws of the States of the United States and any other jurisdiction; and it acknowledges that the Regulation S Global Registered Note Certificates will bear a legend to the following effect unless otherwise agreed to by the relevant Issuer:

"[NEITHER]\* THIS GLOBAL SECURITY [NOR THE DEED OF GUARANTEE]\* [HAS NOT BEEN]\*\* [NOR ANY ENTITLEMENT TO BE DELIVERED]\*\* [AND ANY ENTITLEMENT TO BE DELIVERED HAS NOT BEEN]\*\*\*\* [HAS BEEN]\* NOR WILL BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND MAY NOT AT ANY TIME BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED TO U.S. PERSONS OR PERSONS WITHIN THE UNITED STATES (AS SUCH TERMS ARE USED IN REGULATION S UNDER THE SECURITIES ACT), AND PAYMENTS [AND/OR DELIVERIES]\*\*\*\*\* ON THE NOTES MAY NOT BE MADE TO ANY U.S. PERSON OR ANY PERSON WITHIN THE UNITED STATES. CERTIFICATION OF NON-U.S. BENEFICIAL OWNERSHIP WILL BE REQUIRED AS A CONDITION TO RECEIVING ANY PAYMENTS [AND/OR DELIVERIES]\*\*\*\*\* ON THE NOTES. THE NOTES [THE DEED OF GUARANTEE]\* [AND ANY ENTITLEMENT]\*\*\*\*\* DO NOT CONSTITUTE, AND HAVE NOT BEEN MARKETED AS CONTRACTS OF SALE OF A COMMODITY FOR FUTURE DELIVERY (OR OPTIONS THEREON) SUBJECT TO THE U.S. COMMODITY EXCHANGE ACT, AS AMENDED (THE CEA) AND TRADING IN THE

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\* Applicable only for Notes issued by CFI.

\*\* Applicable if the Notes are issued by CGMFL or Citigroup Inc.

\*\*\* Applicable only for Notes issued by CFI where Physical Delivery is specified as Applicable in the applicable Final Terms.

\*\*\*\* Applicable if the Notes are issued by CGMFL or Citigroup Inc. where Physical Delivery is specified as Applicable in the applicable Final Terms.

\*\*\*\*\* Applicable only for Notes, regardless of Issuer, where Physical Delivery is specified as Applicable in the applicable Final Terms.

NOTES HAS NOT BEEN APPROVED BY THE U.S. COMMODITY FUTURES TRADING COMMISSION PURSUANT TO THE CEA. "; and

- (viii) that the relevant Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the relevant Issuer; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

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

### **United States of America**

The Notes, the Deed of Guarantee and any Entitlements to be delivered in respect of any Physical Delivery Notes have not been and will not be registered under the Securities Act or any state securities laws. Trading in the Notes has not been approved by the United States Commodity Futures Commission under the United States Commodity Exchange Act, as amended. None of the Issuers have registered as an investment company pursuant to the United States Investment Company Act of 1940, as amended. No issue of Notes may be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Notes, the Deed of Guarantee and any Entitlements to be delivered in respect of any Physical Delivery Notes do not constitute, and have not been marketed as, contracts of sale of a commodity for future delivery (or options thereon) subject to the United States Commodity Exchange Act, as amended, and trading in the Notes has not been approved by the United States Commodity Futures Commission under the United States Commodity Exchange Act, as amended. Hedging transactions involving Physical Delivery Notes may not be conducted unless in compliance with the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each Dealer has represented and agreed that, except as permitted by the Dealership Agreement, it, its affiliates (if any) or any person acting on its or their behalf have not offered and sold the Notes of any Tranche, and will not offer and sell the Notes of any Tranche (i) as part of their distribution at any time and (ii) (A) otherwise until 40 days after the later of the commencement of the offering of such Tranche as determined and certified by the relevant Dealers (or such longer distribution compliance period as may be specified in the applicable Final Terms) and the date of issue thereof or (B) in the event of a distribution of a Tranche that is fungible therewith, from the earlier of the commencement of the offering of such fungible Tranche and the date of issue thereof until 40 days after the later of the commencement of the offering of such fungible Tranche and the date of issue thereof (or such longer distribution compliance period as may be specified in the applicable Final Terms), within the United States or to, or for the account or benefit of, U.S. persons, and at or prior to confirmation of sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration

requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Dealers, directly or through their respective U.S. broker dealer affiliates, may arrange for the resale of Notes to QIBs pursuant to Rule 144A and each such purchaser of Notes is hereby notified that the Dealers may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A and one or more exemptions and/or exclusions from regulation under the United States Commodity Exchange Act, as amended. The minimum aggregate principal amount of Notes which may be purchased by a QIB pursuant to Rule 144A is U.S.\$100,000 (or the approximate equivalent thereof in any other Relevant Currency). To the extent that the relevant Issuer or, where the relevant Issuer is CFI, the CFI Guarantor is not subject to or does not comply with the reporting requirements of Section 13 or 15(d) of the Exchange Act or the information furnishing requirements of Rule 12g3-2(b) thereunder, the relevant Issuer and, in the case of Notes issued by CFI, the CFI Guarantor have agreed to furnish to holders of Notes and to prospective purchasers designated by such holders, upon request, such information as may be required by Rule 144A(d)(4) so long as the Notes are considered "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act.

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

CGMFL does not intend to issue, offer or sell any Notes to, or for the account or benefit of, any U.S. Person.

#### **Public Offer Selling Restriction under the Prospectus Directive**

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

- (a) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a **Non-exempt Offer**), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, PROVIDED THAT any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the relevant Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the relevant Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

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

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

### **United Kingdom**

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

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the **FSMA**) by the relevant Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to any of Citigroup Inc., CFI, CGMFL; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### **Australia**

No prospectus or other disclosure document (as defined in the Corporations Act 2001 of Australia) in relation to the Programme or the Notes has been, or will be, lodged with the Australian Securities Investments Commission (**ASIC**). Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, unless the relevant Final Terms (or any other supplement to this Base Prospectus) otherwise provides, it:

- (a) has not made or invited, and will not make or invite, an offer for the issue, sale or purchase of the Notes in, to or from Australia (including an offer or invitation which is received by a person in Australia); and
- (b) has not distributed or published, and will not distribute or publish, this Base Prospectus or any other offering material or advertisement relating to any Notes in Australia;

unless:

- (i) the aggregate consideration payable by each offeree is at least A\$500,000 (or its equivalent in an alternative currency, and in either case disregarding moneys lent by the offeror or its associates) or the offer or invitation does not otherwise require disclosure to be made to investors in accordance with Parts 6D.2 or 7.9 of the Corporations Act 2001 of Australia;
- (ii) the offer or invitation does not constitute an offer to a "retail client" for the purposes of section 761G of the Corporations Act 2001 of Australia;
- (iii) such action complies with all applicable laws, regulations and directives; and such action does not require any document to be lodged with ASIC or any other regulatory authority in Australia.

### **The Kingdom of Bahrain**

In relation to investors in the Kingdom of Bahrain, Notes issued in connection with the Base Prospectus and related offering documents may only be offered in registered form to existing account holders and accredited investors as defined by the Central Bank of Bahrain (**CBB**) in the Kingdom of Bahrain where such investors make a minimum investment of at least U.S.\$100,000.

Any offer contemplated by this Base Prospectus will not constitute an offer of securities in the Kingdom of Bahrain in terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (decree Law No. 64 of 2006). The Base Prospectus and related offering documents have not been and will not be registered as a prospectus with the CBB. Accordingly, no Notes may be offered, sold or made the subject of an invitation for subscription or purchase nor will this Base Prospectus or any other related document or material be used in connection with any offer, sale or invitation to subscribe or purchase Notes, whether directly or indirectly, to persons in the Kingdom of Bahrain.

The CBB has not reviewed or approved the Base Prospectus or related offering documents and it has not in any way considered the merits of the Notes to be offered for investment, whether in or outside the Kingdom of Bahrain. Therefore, the CBB assumes no responsibility for the accuracy and completeness of the statements and information contained in this document and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this document.

### **Brazil**

Notes issued under the Programme have not been and will not be registered with the Comissão de Valores Mobiliários (the Brazilian Securities Commission) and each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it will not offer or sell Notes in the Federative Republic of Brazil except in circumstances which do not constitute a public offering or distribution under Brazilian laws and regulations.

### **Republic of Cyprus**

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

- (a) it has not offered or sold and will not offer or sell any Notes, except in conformity with the provisions of the Public Offer and Prospectus Law, Law 114/2005 and the provisions of the Cyprus Companies Law, cap.113 (as amended);
- (b) it has not and will not offer or sell any Notes other than in compliance with the provisions of the Investment Services and Activities and Regulated Markets Law, Law 144(I)/2007; and

- (c) it will not be providing from or within Cyprus any "Investment Services", "Investment Activities" and "Non-Core Services" (as such terms are defined in the Investment Services and Activities and Regulated Markets Law, Law 144(I)/2007, (the **ISARM**)) in relation to the Notes or will be otherwise providing Investment Services, Investment Activities and Non-Core Services to residents or persons domiciled in Cyprus. Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it will not be concluding in Cyprus any transaction relating to such Investment Services, Investment Activities and Non-Core Services in contravention of the ISARM and/or applicable regulations adopted pursuant thereto or in relation thereto.

## **Denmark**

Each Dealer represents and agrees and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered or sold and will not offer, sell or deliver any Securities directly or indirectly in the Kingdom of Denmark by way of public offering, unless in compliance with the Danish Consolidation Act No. 883 of 9 August 2011 on Trading in Securities as amended and Executive Orders issued thereunder.

## **Dubai International Financial Centre**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Notes to be issued under the Programme to any person in the Dubai International Financial Centre unless such offer is: (a) deemed to be an "Exempt Offer" in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (the **DFSA**); and (b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.2 of the DFSA Conduct of Business Module of the DFSA Rulebook.

## **Finland**

Notes, including Finnish Notes, issued under the Programme may not be offered or sold, or this Base Prospectus be distributed, directly or indirectly to any resident of the Republic of Finland or in the Republic of Finland, except pursuant to applicable Finnish laws and regulations. Specifically, the Notes may not be marketed, offered or sold or this Base Prospectus be distributed, directly or indirectly, to any resident of the Republic of Finland or in the Republic of Finland, other than to a limited number of pre-selected investors not exceeding 99, to qualified investors as defined in the Finnish Securities Markets Act (Arvopaperimarkkinalaki 26.5.1989/495 as amended) or to be acquired for a consideration of at least EUR 50,000 per investor with regard to an offer or in portions of at least EUR 50,000 in nominal or counter value. This Base Prospectus is strictly for private use by its recipients and may not be passed on to third parties or otherwise distributed publicly. This Base Prospectus has not been approved by the Finnish Financial Supervisory Authority.

## **France**

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

- (i) *Offer to the public in France:*

it has only made and will only make an offer of Notes to the public in France in the period beginning (i) when a prospectus in relation to those Notes has been approved by the *Autorité des marchés financiers (AMF)*, on the date of such publication or, (ii) when a prospectus has been approved by the competent authority of another Member State of the European Economic Area which has implemented the EU Prospectus Directive No. 2003/71/EC, on the date of notification of such approval to the AMF, and ending at the latest on the date which is 12 months after the date of

approval of the prospectus, all in accordance with Articles L. 412-1 and L. 621-8 of the French *Code monétaire et financier* and the *Règlement général* of the AMF; or

(ii) *Private placement in France:*

it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Base Prospectus, the relevant Final Terms or any other offering material relating to the Notes, and that such offers, sales and distributions have been and will be made in France only to (a) providers of investment services relating to portfolio management for the account of third parties, and/or (b) qualified investors (*investisseurs qualifiés*), other than individuals all as defined in, and in accordance with, Articles L. 411-1, L. 411-2 and D. 411-1 to D. 411-3 of the French *Code monétaire et financier*.

### **Hong Kong Special Administrative Region**

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

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

### **Hungary**

In addition to the rules applicable to the European Economic Area as described above, in connection with any private placement in Hungary, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that (i) all written documentation prepared in connection with a private placement in Hungary will clearly indicate that it is a private placement, (ii) it will ensure that all investors receive the same information which is material or necessary to the evaluation of the relevant Issuer's current market, economic, financial and legal situation and its expected development, including that which was discussed in any personal consultation with an investor, and (iii) the following standard wording will be included in all such written communication:

"PURSUANT TO SECTION 18 OF ACT CXX OF 2001 ON THE CAPITAL MARKETS, THIS [NAME OF DOCUMENT] WAS PREPARED IN CONNECTION WITH A PRIVATE PLACEMENT IN HUNGARY."



## Ireland

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

- (a) it will not underwrite the issue of, or place any Notes otherwise than in conformity with the provisions of the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3) of Ireland, including, without limitation, Regulations 7 and 152 thereof or any codes of conduct used in connection therewith and the provisions of the Investor Compensation Act 1998;
- (b) it will not underwrite the issue of, or place any Notes otherwise than in conformity with the provisions of the Central Bank Acts 1942-2010 (as amended) and any codes of conduct rules made under Section 117(1) of the Central Bank Act 1989; and
- (c) it will not underwrite the issue of, place or otherwise act in Ireland in respect of any Notes otherwise than in conformity with the provisions of the Market Abuse (Directive 2003/6/EC) Regulations 2005 and any rules issued under Section 34 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 by the Central Bank of Ireland.

## Israel

No prospectus in relation to the Programme or the Notes has been, or will be, issued in Israel and/or reviewed by the Israel Securities Authority. Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it will not offer or sell Notes in the State of Israel except in circumstances which do not constitute a public offering or distribution under Israeli laws and regulations.

## Italy

Until an offering of Notes has been registered, pursuant to Italian securities legislation, no Notes may be offered, sold or delivered, nor may copies of this Base Prospectus (including the Final Terms) or of any other document relating to Notes be distributed in the Republic of Italy, except:

- (i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and Article 34-*ter*, first paragraph, letter b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time (**Regulation No. 11971**); or
- (ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-*ter* of Regulation No. 11971.

Any offer, sale or delivery of Notes or distribution of copies of this Base Prospectus or any other document relating to Notes in the Republic of Italy under (i) or (ii) above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the **Banking Act**); and
- (b) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or any other Italian authority.

*In accordance with Article 100-bis of the Financial Services Act where no exemption from the rules on public offerings applies under (i) and (ii) above, Notes which are initially offered and placed in the Republic of Italy or abroad to qualified investors only but in the following year are regularly ("sistematicamente") distributed on the secondary market in the Republic of Italy to non-qualified investors become subject to the public offer and the prospectus requirement rules provided under the Financial Services Act and Regulation No. 11971. Failure to comply with such rules may result in the sale of such Notes being declared null and void and in the liability of the intermediary transferring the Notes for any damages suffered by such non-qualified investors.*

## **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended; the **FIEA**) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Law (Law No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

## **Kuwait**

No Notes have been licensed for offering in Kuwait by the Capital Markets Authority or any other relevant Kuwaiti government agency. The offering of Notes in Kuwait is, therefore, restricted in accordance with the Executive Regulations of Kuwait Law No. 7/2010 on the Establishment of the Capital Market Authority and the Regulation of Securities Trading Activities as amended. No private or public offering of Notes is being made in Kuwait, and no agreement relating to the sale of Notes will be concluded in Kuwait. No marketing or solicitation or inducement activities are being used to offer or market Notes in Kuwait.

## **The Grand Duchy of Luxembourg**

The Notes may not be offered or sold to the public within the territory of the Grand Duchy of Luxembourg unless:

- (a) a prospectus has been duly approved by the Commission de Surveillance du Secteur Financier (the **CSSF**) pursuant to part II of the Luxembourg law dated 10 July 2005 on prospectuses for securities (the **Luxembourg Prospectus Law**), as amended from time to time and implementing the Prospectus Directive EC 2003/71, as amended from time to time (the **Prospectus Directive**) if Luxembourg is the home Member State as defined under the Luxembourg Prospectus Law; or
- (b) if Luxembourg is not the home member state, the CSSF has been notified by the competent authority in the home member state that a prospectus in relation to the Notes has been duly approved in accordance with the Prospectus Directive; or
- (c) the offer of Notes benefits from an exemption to or constitutes a transaction not subject to, the requirement to publish a prospectus under the Luxembourg Prospectus Law, as amended from time to time.

## **Mexico**

Notes have not been, and will not be, registered with the Mexican National Registry of Securities pursuant to the Mexican Securities Market Law and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell Notes

publicly in the United Mexican States. The Mexican National Banking and Securities Commission has not reviewed or approved this Base Prospectus. This Base Prospectus may not be publicly distributed in Mexico.

## **Norway**

Until this Base Prospectus has been filed with the Norwegian competent authority, the Notes may not, directly or indirectly, be offered or sold in Norway or to residents of Norway, other than:

- (a) to persons who are registered with the Financial Supervisory Authority of Norway as professional investors and/or to persons who are automatically treated as professional investors according to section 7-1 of Regulation 876 of 29 June 2007, as amended; or
- (b) in circumstances which according to chapter 7 of the Securities Trading Act do not trigger a requirement to file this Base Prospectus with the Norwegian competent authority, including because the denomination of the Notes are €50,000 (€100,000 as of the date Directive 2010/73/EU is implemented in Norway) or more, or an equivalent amount in another currency.

For the purposes of the provision above, the expression an "offer" in relation to any Notes in Norway means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in Norway by any measure implementing the Prospectus Directive in Norway.

Notes denominated in Norwegian Kroner may not be offered or sold within Norway or outside Norway to Norwegian citizens abroad, without the Notes prior thereto having been registered with the Norwegian Central Securities Depository (VPS).

The Notes will only be sold in Norway to investors who have sufficient knowledge and experience to understand the risks involved with investing in the Notes.

## **Oman**

This Base Prospectus does not constitute a public offer of securities in the Sultanate of Oman, as contemplated by the Commercial Companies Law of Oman (Royal Decree No. 4/47 as amended) or the Capital Market Law of Oman (Royal Decree No. 80/98), or an offer to sell or the solicitation of any offer to buy securities in the Sultanate of Oman, as contemplated by the Executive Regulations of the Capital Market Law issued by Ministerial Decision No. 1/2009.

This Base Prospectus is strictly private and confidential. It may be provided to a limited number of sophisticated investors within the Sultanate of Oman solely to enable them to decide whether or not to make an offer to enter into commitments to invest in Notes, outside of the Sultanate of Oman upon the terms and subject to the restrictions set out herein and may not be reproduced or used for any other purpose or provided to any person other than the original recipient.

Additionally, this Base Prospectus is not intended to lead to the making of any contract within the territory or under the laws of the Sultanate of Oman.

This Base Prospectus has been approved by the Luxembourg *Commission de Surveillance du Secteur Financier*. Citigroup Inc. and CFI are regulated by the Federal Reserve. The Capital Market Authority and the Central Bank of Oman take no responsibility for the accuracy of the statements and information contained in this Base Prospectus or for the performance of any Notes nor shall they have any liability to any person for damage or loss resulting from reliance on any statement or information contained herein.

## Peru

Neither this Base Prospectus nor any Notes have been registered with the *Superintendencia de Mercado de Valores* (Peru's National Corporations and Securities Supervisory Commission or SMV) and therefore, no Notes may be publicly offered in Peru or through Peruvian broker/dealers. The Notes are being placed privately or publicly in several markets outside of Peru, and Peruvian residents interested in acquiring the Notes must hire the services of broker dealers active in those markets, and enter into transactions under laws other than Peruvian law. Neither the Regulations for Initial Public Offerings and Sale of Securities (CONASEV Resolution 141-98-EF/94.10) nor the obligations regarding the information applicable to securities registered with the *Registro Público del Mercado de Valores* (Peruvian Stock Market Public Registry) apply to the Notes or any offering thereof.

Peruvian residents may be taxed under Peruvian tax laws, on the profits obtained from the Notes or the sale thereof. Investors must independently evaluate the application of such taxes before purchasing the Notes.

## Poland

In addition to the rules applicable to the European Economic Area as described above, in connection with any private placement in the Republic of Poland (**Poland**), no permit has been obtained from the Polish Financial Supervisory Authority (the **Polish FSA**) in relation to the issue of any Notes nor has the issue of any Notes been notified to the Polish FSA in accordance with applicable procedures. Accordingly, Notes may not be publicly offered in Poland, as defined in the Polish Act on Public Offerings and on the Conditions of Introducing Financial Instruments to an Organised Trading System and on Public Companies of 29 July 2005 (as amended) as an offering to sell or purchase of securities, made in any form and by any means, if the offering is directed at 100 or more people or at an unnamed addressee (a **Polish Public Offering**). Each Dealer has confirmed, and each further Dealer appointed under the Programme will be required to confirm, and each Noteholder, by the purchase of a Note, is deemed to confirm, that it is aware that no such permit has been obtained nor such notification made.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, and each Noteholder is deemed to represent, that it has not offered, sold or delivered and shall not offer, sell or deliver the Notes in Poland in the manner defined as a Polish Public Offering as part of its initial distribution or otherwise to residents of Poland or in Poland. Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, and each Noteholder is deemed to acknowledge, that the acquisition and holding of the Notes by residents of Poland may be subject to restrictions imposed by Polish law (including foreign exchange regulations), and that offers and sales of Notes to Polish residents or in Poland in secondary trading may also be subject to restrictions.

## Portugal

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme and any person offering the Notes in Portugal (a **Portuguese Offeror**) will be required to represent and agree, that Notes may only be offered by any such Dealer or any such Portuguese Offeror to the public in the Portuguese Republic (**Portugal**) under circumstances which are deemed to be a public offer (*oferta pública*) under the Portuguese Securities Code (*Código dos Valores Mobiliários*) enacted by Decree Law no. 486/99 of November 13, as amended from time to time, subject to the fulfilment of the requirements and provisions applicable to public offerings in Portugal.

In particular, no offering materials will be publicly distributed in Portugal by any such Dealer or any such Portuguese Offeror and no publicity or marketing activities related to Notes will be conducted in Portugal by any such Dealer or any such Portuguese Offeror unless the requirements and provisions applicable to public offerings in Portugal are met, and in any case Notes will only be distributed or placed or advertised in Portugal if all applicable legal and regulatory requirements are met, including the approval and publication (if required) or an informative document approved by the Portuguese Securities Market Commission

(CMVM) under the terms of CMVM Regulation 1/2009 (or of any CMVM Regulation superseding or replacing it) in case the Notes qualify as a complex financial product.

In addition, each Dealer has represented and agreed, and each further Dealer appointed under the Programme and any Portuguese Offeror will be required to represent and agree, that: (i) it has not directly or indirectly taken any action or offered, advertised, marketed, invited to subscribe, gathered investment intentions, sold or delivered and will not directly or indirectly take any action, offer, advertise, invite to subscribe, gather investment intentions, sell, re-sell, re-offer or deliver any Notes in circumstances which could qualify as a public offer (*oferta pública*) of securities pursuant to the Portuguese Securities Code, notably in circumstances which could qualify as a public offer addressed to individuals or entities resident in Portugal or having a permanent establishment located in Portuguese territory, as the case may be, or in circumstances which could qualify the issue of Notes as an issue in the Portuguese market except in accordance with all applicable laws and regulations; (ii) all offers, sales and distributions by it of Notes have been and will only be made in Portugal in circumstances that, pursuant to the Portuguese Securities Code or other securities legislation or regulations, qualify as a private placement of Notes (*oferta particular*) except if such offers, sales and distributions qualify as and follow the requirements applicable to a public offer (*oferta pública*) pursuant to the aforementioned provisions; (iii) it has not distributed, made available or caused to be distributed and will not distribute, make available or cause to be distributed this Base Prospectus or any other offering material relating to Notes in Portugal except in accordance with all applicable laws and regulations; (iv) it will comply with all applicable provisions of the Portuguese Securities Code, the Prospectus Regulation implementing the Prospectus Directive and any applicable Regulations of the CMVM and all relevant Portuguese securities laws and regulations, in any such case that may be applicable to it in respect of any offer or sale of Notes by it in Portugal or to individuals or entities resident in Portugal or having a permanent establishment located in Portuguese territory (or to whom Portuguese laws and regulations on the distribution of financial instruments otherwise apply), as the case may be, including the publication of a prospectus, when applicable, or commencing a prospectus recognition procedure with the CMVM, and/or filing with the CMVM and disclosing to investors an informative document under the applicable Portuguese regulatory provisions, namely CMVM Regulation 1/2009 (or any CMVM Regulation superseding or replacing it) on complex financial products, when applicable, and that such placement shall only be authorised and performed to the extent that there is full compliance with such laws and regulations.

#### **Qatar (excluding the Qatar Financial Centre)**

Each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell, directly or indirectly, any Notes in Qatar, except (a) in compliance with all applicable laws and regulations of Qatar and (b) through persons or corporate entities authorised and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in Qatar.

#### **Russian Federation**

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold or transferred or otherwise disposed of and will not offer or sell or transfer or otherwise dispose of any Notes (as part of their initial distribution or at any time thereafter) to or for the benefit of any persons (including legal entities) resident, incorporated, established or having their usual residence in the Russian Federation or to any person located within the territory of the Russian Federation unless and to the extent otherwise permitted under Russian law.

Since neither the issuance of the Notes nor a securities prospectus in respect of the Notes has been registered, or is intended to be registered, with the Federal Service for Financial Markets of the Russian Federation, the Notes are not eligible for initial offering or public circulation in the Russian Federation and may not be sold or offered in the Russian Federation in any way other than to Russian "qualified investors" (as defined under Russian law) in a manner that does not constitute "advertisement", "placement" or "public circulation" (as defined under Russian law) of the Notes in the Russian Federation.

Information set forth in this Base Prospectus is not an offer, advertisement or invitation to make offers, to sell, exchange or otherwise transfer the Notes in the Russian Federation or to or for the benefit of any Russian person or entity.

### **Kingdom of Saudi Arabia**

Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a **Saudi Investor**) who acquires Notes pursuant to any offering should note that the offer of any such Notes is a private placement under Article 10 and/or Article 11 of the "Offer of Securities Regulations" as issued by the Board of the Capital Market Authority resolution number 2-11-2004 dated 4 October 2004 and amended by the Board of the Capital Market Authority resolution number 1-28-2008 dated 18 August 2008 (the **KSA Regulations**). Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that any offer of Notes will not be directed at more than 60 Saudi Investors (excluding "Sophisticated Investors" (as defined in Article 10 of the KSA Regulations)) and the minimum amount payable per Saudi Investor will be not less than Saudi Riyal (**SR**) 1 million or an equivalent amount.

Each offer of Notes shall not therefore constitute a "public offer" pursuant to the KSA Regulations but is subject to the restrictions on secondary market activity under Article 17 of the KSA Regulations. Any Saudi Investor who has acquired Notes pursuant to a private placement under Article 10 and/or 11 of the KSA Regulations may not offer or sell such Notes to any person unless the offer or sale is made through an authorised person appropriately licensed by the Saudi Arabian Capital Market Authority and: (a) the Notes are offered or sold to a "Sophisticated Investor"; (b) the price to be paid for the Notes in any one transaction is equal to or exceeds SR 1 million or an equivalent amount; or (c) the offer or sale is otherwise in compliance with Article 17 of the KSA Regulations.

### **Singapore**

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

Where Notes are subscribed or purchased under Section 275 of the Securities and Futures Act by a relevant person which is:

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

securities (as defined in Section 239(1) of the Securities and Futures Act) of that corporation or the beneficiaries' rights and interests (howsoever described) in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the relevant Notes pursuant to an offer under Section 275 of the Securities and Futures Act except:

- (i) to an institutional investor or to a relevant person defined in Section 275(2) of the Securities and Futures Act or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the Securities and Futures Act; or
- (ii) where no consideration is or will be given for the transfer; or
- (iii) where the transfer is by operation of law; or
- (iv) pursuant to Section 276(7) of the Securities and Futures Act.

### **Switzerland**

This document is not intended to constitute an offer or solicitation to purchase or invest in Notes described herein. Unless explicitly stated otherwise in the applicable Final Terms, Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Unless explicitly stated otherwise, neither this Base Prospectus nor any other offering or marketing material relating to Notes issued under the Programme constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations nor a simplified prospectus as such term is understood pursuant to article 5 of the Swiss Collective Investment Scheme Act, and neither this Base Prospectus nor any other offering or marketing material relating to any Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Base Prospectus nor any other offering or marketing material relating to the offering of any Notes has been or will be filed with or approved by any Swiss regulatory authority. Notes do not constitute a participation in a collective investment scheme in the meaning of the Swiss Collective Investment Schemes Act and are not subject to the supervision by any Swiss regulatory authority, e.g., the Swiss Financial Markets Supervisory Authority FINMA, and investors in Notes will not benefit from protection or supervision by any Swiss regulatory authority.

### **Taiwan**

The Notes may not be sold, offered or issued to Republic of China (**Taiwan**) resident investors or in Taiwan unless they are made available, (i) outside Taiwan for purchase outside Taiwan by such investors and/or (ii) in Taiwan, (A) in the case of Structured Notes (as defined below) through bank trust departments, licensed securities brokers and/or insurance company investment linked insurance policies pursuant to the Taiwan Rules Governing Offshore Structured Products or (B) in the case of Notes which are not Structured Notes, through properly licensed Taiwan intermediaries (including the specified trust of money services of licensed banks in Taiwan acting as trustees) in such manner as complies with Taiwan law and regulation and/or (iii) in such other manner as may be permitted or exempted in accordance with Taiwan laws and regulations.

For the purpose of the preceding paragraph, **Structured Notes** means combination products issued outside of Taiwan by means of securities that link fixed income products and underlying financial derivative products that derive from equities, interest rates, foreign exchange rates, indexes, commodities, credit events or other interests.

### **Republic of Turkey**

Notes issued under the Programme have not been, and will not be, registered with the Turkish Capital Markets Board (the **CMB**) under the provisions of Law No. 2499 relating to capital markets (the **Capital Markets Law**) and Communiqué Serial III, No. 44 of the CMB. According to Article 15(d)(ii) of Decree 32 of Council of Ministers (as amended from time to time), Turkish residents are free to purchase and sell Notes PROVIDED THAT any such transaction is effected through banks or brokerage firms licensed by the CMB,

and that proceeds are transferred outside Turkey via banks. Under the Capital Markets Law and implementing regulations, sale of Notes through invitation is considered a public offering or a private placement and both are subject to registration requirements of the CMB if the invitation is not limited to a small number and is made through advertisements, announcements, video shows or presentations which are open to the public. Neither this Base Prospectus nor any other offering material related to the offering will be utilised in connection with any general offering to the public within Turkey for the purpose of the sale of Notes without the prior approval of the CMB.

#### **United Arab Emirates (excluding the Dubai International Financial Centre)**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that Notes to be issued under the Programme have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities.

#### **Uruguay**

Notes issued under the Programme are not and will not be registered with the Financial Services Superintendent of the Central Bank of Uruguay to be publicly offered in Uruguay and none of the Issuers qualify as an investment fund regulated by Uruguayan law 16,774, as amended. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that Notes placed in Uruguay will be placed relying on a private placement (*oferta privada*) pursuant to section 2 of law 18,627.

#### **General**

These selling restrictions may be amended by the agreement of the relevant Issuer and the relevant Dealers. Any such amendment will be set out in the Final Terms issued in respect of the issue of Notes to which it relates or in a supplement to this Base Prospectus.

No action has been taken or will be taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Base Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where, or under circumstances in which, action for that purpose is required and has not been taken. No offers, sales, resales or deliveries of any Notes, or distribution of any offering material relating to any Notes, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and which will not impose any obligation on any of Citigroup Inc., CFI, CGMFL and/or any Dealer.

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



## **SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS FOR CERTIFICATES**

CERTIFICATES MAY ONLY BE ISSUED BY CFI AND CITIGROUP INC. AND REFERENCES IN THIS SECTION TO THE RELEVANT ISSUER ARE TO WHICHEVER OF CFI OR CITIGROUP INC. IS THE RELEVANT ISSUER

The Certificates will be offered on a continuous basis by the relevant Issuer to Citigroup Global Markets Limited (**CGML**). However, the relevant Issuer reserves the right to sell Certificates directly on its own behalf to other entities and to offer Certificates in specified jurisdictions directly to the public through distributors, in accordance with all applicable rules and regulations. Certificates may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Issuer or CGML. Certificates may also be sold by the relevant Issuer through CGML, acting as agent of the relevant Issuer.

### **United States of America**

The Certificates, the Deed of Guarantee and any Entitlements to be delivered in respect of any Physical Delivery Certificates have not been and will not be registered under the Securities Act. The relevant Issuer has not registered as an investment company pursuant to the United States Investment Company Act of 1940, as amended. No issue of Certificates, or any interests therein, may at any time be offered, sold, resold or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person. Consequently, any offer, sale, resale or delivery of an issue of Certificates, or interests therein, made directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons will not be recognised by the relevant Issuer or any agent thereof. Hedging transactions involving Physical Delivery Certificates may not be conducted unless in compliance with the Securities Act. As used herein, United States means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction, and **U.S. person** has the meaning given in Regulation S under the Securities Act.

CGML or any other entity or entities nominated by the relevant Issuer for any offer will be required to agree in relation to an issue of Certificates that it will not at any time offer, sell, resell or deliver, directly or indirectly, such Certificates in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any such U.S. person. Any person purchasing any Certificates must agree with CGML or the seller of such Certificates that, (i) it will not at any time offer, sell, resell or deliver, directly or indirectly, any such Certificates so purchased in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person, (ii) it is not purchasing any such Certificates for the account or benefit of any U.S. person and (iii) it will not make offers, sales, resales or deliveries of any such Certificates (otherwise acquired), directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person. CGML or any other entity or entities nominated by the relevant Issuer for any offer will also be required to agree, and any person purchasing any Certificates must agree, to send each person who purchases such Certificates from it a written confirmation (which shall include the definitions of **United States** and **U.S. persons** set forth herein) stating that the Certificates have not been and will not be registered under the Securities Act and that such purchaser agrees that it will not at any time offer, sell, resell or deliver such Certificates, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person. Any person exercising such Certificate will be required to represent that it is not a U.S. person and is not acting on behalf of a U.S. person. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

## Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), CGML and any other entity or entities nominated by the relevant Issuer for any offer of the Notes will be required to represent and agree that, with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Certificates which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Certificates to the public in that Relevant Member State:

- (a) if the final terms in relation to the Certificates specify that an offer of those Certificates may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a **Non-exempt Offer**), following the date of publication of a prospectus in relation to such Certificates which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, PROVIDED THAT any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable, and the relevant Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 100, or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of CGML or any other entity or entities nominated by the relevant Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

PROVIDED THAT no such offer of Certificates referred to in (b) to (d) above shall require the relevant Issuer or CGML or any other entity or entities nominated by the relevant Issuer for any such offer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

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

## United Kingdom

All applicable provisions of the FSMA must be complied with in respect to anything done in relation to any Certificates in, from or otherwise involving the United Kingdom.

In respect of Certificates which constitute debentures and which are exercisable at any time prior to one year from their date of issue, such Certificates will not be offered or sold other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent)

for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of such Certificates would otherwise constitute a contravention of Section 19 of the FSMA by the relevant Issuer.

An invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) may only be communicated or caused to be communicated in connection with the issue or sale of any Certificates in circumstances in which Section 21(1) of the FSMA does not apply to the relevant Issuer.

## Italy

Until an offering of Certificates has been registered pursuant to Italian securities legislation, no Certificates may be offered, sold or delivered, nor may copies of this Base Prospectus (including Final Terms) or of any other document relating to Certificates be distributed in the Republic of Italy, except:

- (i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and Article 34-ter, first paragraph, letter b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time (**Regulation No. 11971**); or
- (ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971.

Any offer, sale or delivery of Certificates or distribution of copies of this Base Prospectus or any other document relating to Certificates in the Republic of Italy under (i) or (ii) above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September, 1993, as amended (the **Banking Act**);
- (b) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authority.

*In accordance with Article 100-bis of the Financial Services Act, where no exemption from the rules on public offerings applies under (i) and (ii) above, Certificates which are initially offered and placed in the Republic of Italy or abroad to qualified investors only but in the following year are regularly ("sistematicamente") distributed on the secondary market in the Republic of Italy to non-qualified investors become subject to the public offer and the prospectus requirement rules provided under the Financial Services Act and Regulation No. 11971. Failure to comply with such rules may result in the sale of such Certificates being declared null and void and in the liability of the intermediary transferring the Certificates for any damages suffered by such non-qualified investors.*

## General

These selling restrictions may be modified following a change in a relevant law, regulation or directive. Any such modification will be set out in the Final Terms issued in respect of the issue of Certificates to which it relates or in a supplement to this Base Prospectus.

No action has been taken or will be taken in any jurisdiction that would permit a public offering of any of the Certificates, or possession or distribution of this Base Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where, or under circumstances in which action for that purpose is

required and has not been taken. No offers, sales, re-sales or deliveries of any Certificates, or distribution of any offering material relating to any Certificates, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and which will not impose any obligation on the relevant Issuer and/or CGML and/or or any other entity or entities nominated by the relevant Issuer for any offer.

CGML or any other entity or entities nominated by the relevant Issuer for any offer will be required to agree that it will comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Certificates or has in its possession or distributes this Base Prospectus, any other offering material or any Final Terms and neither of Citigroup Inc. nor CFI shall have responsibility therefor.

## PRO FORMA FINAL TERMS FOR ISSUES OF NOTES

Final Terms dated [ ]

[Citigroup Funding Inc./Citigroup Inc./Citigroup Global Markets Funding Luxembourg S.C.A.]<sup>1</sup>

Issue of [Aggregate Principal Amount of Tranche] [Title of Notes]

[Guaranteed by Citigroup Inc.]<sup>5</sup>

Under the U.S.\$30,000,000,000 Global Medium Term Note and Certificate Programme

**[The Notes do not constitute a participation in a collective investment scheme in the meaning of the Federal Act on Collective Investment Schemes and are not licensed by the Swiss Financial Market Supervisory Authority FINMA thereunder. Accordingly, neither the Notes nor holders of the Notes benefit from protection under the Federal Act on Collective Investment Schemes or supervision by the Swiss Financial Market Supervisory Authority FINMA and investors are exposed to the credit risk of the Issuer [and the CFI Guarantor]<sup>5</sup>.]<sup>2</sup>**

[The Base Prospectus referred to below (as completed by this Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (b) below, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of the Notes may only do so:

- (a) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or
- (b) in those Public Offer Jurisdictions mentioned in item 48 of Part A below, provided such person is one of the persons mentioned in item 48 of Part A below and that such offer is made during the Offer Period specified for such purpose therein.

None of the Issuer[, the CFI Guarantor]<sup>5</sup> and any Dealer has authorised, nor do any of them authorise, the making of any offer of Notes in any other circumstances. The expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measures in the Relevant Member State and the expression **2010 PD Amending Directive** means Directive 2010/73/EU.<sup>3</sup>

[The Base Prospectus referred to below (as completed by this Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. None of the Issuer[, the CFI Guarantor]<sup>5</sup> and any Dealer has authorised, nor does any of them authorise, the making of any offer of Notes in any other circumstances. The expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measures in the Relevant Member State and the expression **2010 PD Amending Directive** means Directive 2010/73/EU.]<sup>4</sup>

<sup>1</sup> Delete as applicable.

<sup>2</sup> Include this legend where the Notes are offered in Switzerland.

<sup>3</sup> Consider including this legend where a non-exempt offer of Notes is anticipated.

<sup>4</sup> Consider including this legend where only an exempt offer of Notes is anticipated.

The Notes [and the Deed of Guarantee]<sup>5</sup> [and any Entitlements]<sup>6</sup> have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**) or any state securities law, and may not be offered or sold within the United States or to, or for the account or benefit of, any U.S. person (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Notes [and the Deed of Guarantee]<sup>7</sup> [and any Entitlements]<sup>8</sup> do not constitute, and have not been marketed as, contracts of sale of a commodity for future delivery (or options thereon) subject to the United States Commodity Exchange Act, as amended, and trading in the Notes has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended. For a description of certain restrictions on offers and sales of Notes, see "*Subscription and sale and transfer and selling restrictions for Notes*" in the Base Prospectus.

[These Notes constitute *obligations* within the meaning of Article L.213-5 of the French *Code monétaire et financier*.]<sup>9</sup>

## PART A – CONTRACTUAL TERMS

The Notes are English Law Notes and [Bearer Notes/Registered Notes]/French Law Notes/Australian Domestic Notes]<sup>8</sup> [The Notes are also Swedish Law Notes and the provisions of Annex 1 apply./The Notes are also Finnish Law Notes and the provisions of Annex 2 apply.]<sup>10</sup>

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth under the section[s] entitled ["*Terms and Conditions of the Notes other than French Law Notes*"/"*Terms and Conditions of the French Law Notes*"]<sup>10</sup>, [and the Underlying Schedule[s] applicable to [the/each] Underlying] in the Base Prospectus [and the Supplement[s]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive.

This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus [as so supplemented]. Full information on the Issuer[, the CFI Guarantor]<sup>5</sup> and the offer of the Notes is only available on the basis of the combination of this Final Terms and the Base Prospectus [as so supplemented].

The Base Prospectus [and the Supplement[s]] [and the translation of the Summary into [*insert language required by any relevant Public Offer Jurisdictions*]] [is] [are] available for viewing at the offices of the Paying Agents and on the web-site of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). [In addition, this Final Terms is available [on the web-site of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and] [*insert method of publication required in any relevant Public Offer Jurisdiction(s)*].] (*N.B. Consideration should be given as to how the Final Terms will be published in the event that the Notes are not listed on the Luxembourg Stock Exchange but are publicly offered*).

[*Use this paragraph if the Base Prospectus has not been supplemented*: For the purposes hereof, **Base Prospectus** means the Base Prospectus in relation to the Programme dated [ ].]

[*Use this paragraph if the Base Prospectus has been supplemented*: For the purposes hereof, **Base Prospectus** means the Base Prospectus relating to the Programme dated [ ], as supplemented by a Base Prospectus Supplement (No.[ ]) dated [ ] ([the] **Supplement** [No.[ ]]) [and a Base Prospectus Supplement (No.[ ]) dated [ ] (**Supplement No.**[ ]) and, together with Supplement No.[ ], the **Supplements**)].]

<sup>5</sup> Delete if Issuer is CGMFL or Citigroup Inc.

<sup>6</sup> To be included for Physical Delivery Notes.

<sup>7</sup> Applicable only for Notes issued by CFI.

<sup>8</sup> To be included for Physical Delivery Notes.

<sup>9</sup> Include this legend where the Notes are French Law Notes **and only if** the French Law Notes have a Specified Denomination of at least 0.1 euro, the Tranche comprises at least five French Law Notes, the holders of the relevant French Law Notes are grouped in a Masse in accordance with Condition 9 (Representation of Noteholders) of the Terms and Conditions of the French Law Notes and all French Law Notes confer the same rights against the relevant Issuer at any time.

<sup>10</sup> Delete as applicable.

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.]*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth under the section[s] entitled ["*Terms and Conditions of the Notes other than French Law Notes*"/"*Terms and Conditions of the French Law Notes*"]<sup>8</sup>, [and the Underlying Schedule[s] applicable to [the/each] Underlying] in the Base Prospectus [as supplemented by the Supplement[s] to the Base Prospectus].

This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Current Base Prospectus [and the Supplement[s] to the Current Base Prospectus], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Base Prospectus [as supplemented by the Supplement[s] to the Base Prospectus] and are attached hereto. Full information on the Issuer[, the CFI Guarantor]<sup>5</sup> and the offer of the Notes is only available on the basis of the combination of this Final Terms and the Base Prospectus [and the Supplement[s] to the Base Prospectus] and the Current Base Prospectus [and the Supplement[s] to the Current Base Prospectus].

The Base Prospectus [and the Supplement[s] to the Base Prospectus] and the Current Base Prospectus [and the Supplement[s] to the Current Base Prospectus] [and the translation of the Summary into *[insert language required by any relevant Public Offer Jurisdictions]*] are available for viewing at the offices of the Paying Agents and on the web-site of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). [In addition, this Final Terms is available [on the web-site of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and] *[insert method of publication required in any relevant Public Offer Jurisdiction(s)]*.] (*N.B. Consideration should be given as to how the Final Terms will be published in the event that the Notes are not listed on the Luxembourg Stock Exchange but are publicly offered*).

*[Use this paragraph if the Conditions have not been amended by way of a Supplement to the Base Prospectus:* For the purposes hereof, **Base Prospectus** means the Base Prospectus relating to the Programme dated [ ].]

*[Use this paragraph if the Conditions have been amended by way of a Supplement to the Base Prospectus:* For the purposes hereof, **Base Prospectus** means the Base Prospectus relating to the Programme dated [ ], as supplemented by a Base Prospectus Supplement (No.[ ]) dated [ ] ([the] **Supplement [to the Base Prospectus]** [No.[ ]]) [and a Base Prospectus Supplement (No.[ ]) dated [ ] (**Supplement No.[ ]** and, together with Supplement No.[ ], the **Supplements to the Base Prospectus**)].]

*[Use this paragraph if the Current Base Prospectus has not been supplemented:* For the purposes hereof, **Current Base Prospectus** means the Base Prospectus relating to the Programme dated [ ].]

*[Use this paragraph if the Current Base Prospectus has been supplemented:* For the purposes hereof, **Current Base Prospectus** means the Base Prospectus relating to the Programme dated [ ], as supplemented by a Base Prospectus Supplement (No.[ ]) dated [ ] ([the] **Supplement [to the Current Base Prospectus]** [No.[ ]]) [and a Base Prospectus Supplement (No.[ ]) dated [ ] (**Supplement No.[ ]** and, together with Supplement No.[ ], the **Supplements to the Current Base Prospectus**)].]

*[Include the following where the issue is Australian Domestic Notes:* The Issuer is not a bank which is authorised or regulated under the Banking Act 1959 of Australia. The Notes are not the obligations of the Australian Government and, in particular, are not guaranteed by the Commonwealth of Australia]

*[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.]*

[When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]

1. (i) Issuer: [Citigroup Funding Inc./Citigroup Inc./Citigroup Global Markets Funding Luxembourg S.C.A.]<sup>1</sup>
- (ii) Guarantor: [Citigroup Inc./Not Applicable]

*(N.B. Only Notes issued by Citigroup Funding Inc. are guaranteed by Citigroup Inc.)*

2. [(i)] Series Number: [ ]
- (ii) [Tranche Number: [ ]

*(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)]*

3. [(i)] Specified Currency or Currencies: [ ]
- (ii) [Relevant Currency (if different to the Specified Currency) [ ]]
4. Aggregate Principal Amount:
  - (i) [Series:] [ ]
  - (ii) [Tranche:] [ ]
5. Issue Price: [ ] per cent. of the Aggregate Principal Amount [plus accrued interest from [insert date] (in the case of fungible issues, if applicable)]
6. (i) Specified Denominations: [ ]

*(in the case of Registered Notes, this means the minimum integral amount in which transfers can be made)*

[In respect of French Law Notes, Swedish Notes and Finnish Notes, there shall be one denomination only.]

- (ii) Calculation Amount: [ ]

*(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. N.B. There must be a common factor in the case of two or more Specified Denominations)*

7. (i) Issue Date: [ ]
- (ii) Interest Commencement Date: [Specify/Issue Date/Not Applicable]



8. Maturity Date: *[specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]*
9. Types of Notes:
- (i) *[Fixed Rate/Floating Rate/Zero Coupon/ Dual Currency/Underlying Linked /specify other] Notes*
  - (ii) *[The Notes relate to the Underlying(s) specified in item 16(i) below]*
  - (iii) *The Notes are [Cash Settled Notes/Physical Delivery Notes]*
10. Interest Basis:
- [Fixed Rate. The Notes bear interest as specified in item 17 below]*
  - [Floating Rate. The Notes bear interest as specified in item 18 below]*
  - [Zero Coupon]*
  - [Dual Currency]*
  - [Underlying Linked Interest. The Notes bear interest as specified in item 16 and item 21 below]*
  - [Other (specify)]*
  - [The Notes do not bear or pay any interest]*
11. Redemption/Payment Basis
- [Redemption at par]*
  - [Partly Paid]*
  - [Instalment]*
  - [Underlying Linked Redemption]*
  - [Other (specify)]*
- (N.B. If the Redemption Amount is other than 100 per cent. of the principal amount, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply)*
12. Change of Interest or Redemption/Payment Basis:
- [Specify details of any provision for convertibility of Notes into another interest or redemption/ payment basis] [Not Applicable]*
13. Put/Call Options:
- [Issuer Call as specified in item 22 below]*
  - [Investor Put as specified in item 23 below]*
  - [Not Applicable]*
14. [(i)] Status of the Notes: Senior
- (ii) [Status of the Deed of Senior Guarantee: *(Delete for Notes issued by CGMFL)*]
15. Method of distribution: *[Syndicated/Non-syndicated]*

## **PROVISIONS RELATING TO UNDERLYING LINKED NOTES**

16. **Underlying Linked Notes Provisions:** [Applicable – the provisions in Condition 19 of the General Conditions apply (subject as provided in the relevant Underlying Schedule)][Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Underlying:  
*(the following information may be tabulated)*

(A) Description of Underlying(s): [Specify each Underlying]

(B) Classification: [Share Index/Inflation Index/Commodity Index/Commodity/Share/Depository Receipt/ETF Share/Mutual Fund Interest/FX Rate/Warrant/Proprietary Index/Dividend Futures Contract/other]

(C) Electronic Page: [ ]

(ii) Particulars in respect of each Underlying:  
*(Delete the sub-paragraphs which are not applicable)*  
*(the following information may be tabulated)*

[Share Index/Indices: *(Specify for each Share Index)*

(A) Type of Index: [Single Exchange Index/Multiple Exchange Index]

(B) Exchange(s): [ ]

*(NB: Only required in relation to Single Exchange Indices)*

(C) Related Exchange(s): [Specify/All Exchanges]

[Inflation Index/Indices: *(Specify for each Inflation Index)*

(A) Fallback Bond: [Applicable: The definition set out in Condition 1 of the Inflation Index Conditions shall apply/specify][Not Applicable]

(B) Revision of level of Inflation Index: [Revision/No Revision]

*(NB: If neither "Revision" nor "No Revision" is specified, "No Revision" will be deemed to apply)*

[Commodity/Commodities: *(Specify for each Commodity)*

(A) Commodity Price: [[high price][low price][average of high and low prices][closing price][opening price][bid price][asked price][average of bid and asked prices][settlement price][official settlement price][official price][morning fixing][afternoon fixing][spot price][other] [per [insert unit]] of [insert commodity] on [the relevant

Exchange/*specify*] [of the [relevant] Futures Contract for the [relevant] Delivery Date] as made public by [the [relevant] Exchange] on [the [relevant] Price Source]] [*specify*][Fallback Commodity Dealers]

(B) Delivery Date: [date] [month and year] [[First/Second/Third/*other*] Nearby Month] [*specify method*]

(C) Exchange(s): [ ]

(D) Price Source: [ ]

(E) Scheduled Trading Day: [ ]

*(NB: Only applicable if the definition for Bullion Commodities in the Commodity Conditions is not applicable)*

[Share: (*Specify for each Share*)

(A) Share Company: [ ]

(B) Exchange(s): [ ]

(C) Related Exchange(s): [*Specify*/All Exchanges]]

[Depository Receipt: (*Specify for each Depository Receipt*)

(A) Full Lookthrough: [Applicable/Not Applicable]

(B) Partial Lookthrough: [Applicable/Not Applicable]

(C) Depository Receipt Exchange(s): [ ]

(D) Depository Receipt Related Exchange(s): [*Specify*/All Exchanges]

(E) Underlying Share Company: [ ]

(F) Underlying Share Exchange(s): [ ]

(G) Underlying Share Related Exchange(s): [*Specify*/All Exchanges]]

[ETF Share: (*Specify for each ETF Share*)

(A) Fund: [ ]

(B) Exchange(s): [ ]

(C) Related Exchange(s) [*Specify*/All Exchanges]]

[Mutual Fund Interest: (Specify for each Fund Interest)

(A) Mutual Fund: [ ]

(B) Scheduled Trading Day: [Scheduled Interim Valuation Date/Scheduled Redemption Valuation Date]]

[FX Rate: (Specify for each FX Rate)

(A) Base Currency: [ ]

(B) Quote Currency: [ ]

(C) Event Currency [Specify if different to the FX Rate Conditions]  
/Currencies:

*(NB: only required if "General Inconvertibility", "General Non-Transferability", "Material Change in Circumstances", "Nationalisation", "Specific Inconvertibility" or "Specific Non-Transferability" are specified as Currency Disruption Events below)*

(D) Specified Financial [ ]  
Centres:

[Proprietary Index/Indices:

(A) Scheduled Trading Day: [Specify if different to the Proprietary Index Conditions/A Scheduled Trading Day shall be an "Index Business Day" as defined in the Index Conditions]]

[Dividend Futures Contract(s):

(A) Exchange(s): [ ]

(B) Relevant Price: In respect of [the/a] [Final] Valuation Date:

[the "daily settlement price" (however defined in the contract specifications of the Dividend Futures Contract or by the relevant Exchange, as the case may be)]

[the "final settlement price" (however defined in the contract specifications of the Dividend Futures Contract or by the relevant Exchange, as the case may be) of the Dividend Futures Contract on such [Final] Valuation Date. The provisions of Condition 19(c) (in the case of Notes other than French Law Notes) or Condition 17(c) (in the case of French Law Notes) and Condition 19(d) (in the case of Notes other than French Law Notes) or Condition 17 (d) (in the case of French Law Notes) of the General Conditions shall not apply in respect of such [Final] Valuation Date]

[Specify other]

*(N.B. Where "final settlement price" is specified as the Relevant Price, the additional wording set out in item 21(vi) and/or item 25(ii) below should be included and Condition 19(c) (in the case of Notes other than French Law Notes) or Condition 17(c) (in the case of French Law Notes) and Condition 19(d) (in the case of Notes other than French Law Notes) or Condition 17(d) (in the case of French Law Notes) of the General Conditions should be specified as Not Applicable)*

- (iii) Elections in respect of each type of Underlying: *(Delete the sub-paragraphs which are not applicable)*  
*(the following information may be tabulated)*

[Share Index/Indices:

- (A) Additional Disruption [Increased Cost of Stock Borrow]  
Event(s): [Loss of Stock Borrow]]

[Inflation Index/Indices:

- (A) Reference Month: [In respect of a Valuation Date *[specify]*]]  
(B) Manifest Error Cut-off [2 Business Days prior to the [relevant] Payment  
Date: Date/*Specify*]

*(NB: If no Manifest Error Cut-off Date is specified, the cut-off date will be 2 Business Days prior to any relevant Payment Date)*

- (C) Revision Cut-off Date: [2 Business Days prior to the [relevant] Payment  
Date/*Specify*]

*(NB: If no Revision Cut-off Date is specified, the cut-off date will be 2 Business Days prior to any relevant Payment Date)]*

[Commodity Index/Indices:

- (A) Additional Adjustment Tax Disruption: [Applicable/Not Applicable]  
Event:  
(B) Commodity Index [specify/As determined by Calculation Agent]  
Substitution Criteria:  
(C) Commodity Component [Applicable/Not Applicable]]  
Valuation:

[Commodity/Commodities:

- (A) Commodity Dealers [The definition set out in Condition 1 of the Commodity  
Conditions shall apply/*Specify*]

*(NB: If no Commodity Dealers are specified, the*

*Commodity Dealers shall be four leading dealers in the relevant market selected by the Calculation Agent)*

- (B) Disruption Event(s): [Condition 3(a) of the Commodity Conditions applies]  
[Disappearance of Commodity Price]  
[Material Change in Content]  
[Material Change in Formula]  
[Price Source Disruption]  
[Tax Disruption]  
[Trading Disruption (*specify any additional futures/options contracts*)]
- (C) Disruption Fallback(s): [Condition 3(b) of the Commodity Conditions applies.]  
[The following Disruption Fallbacks apply, in the following order:  
  
[Fallback Commodity Price (*specify alternative Commodity Price*)]  
[Fallback Commodity Dealers]  
[Delayed Publication and Announcement]  
[Postponement]  
[Calculation Agent Determination]  
[Cancellation]  
[*specify other*]]]

[Share:

- (A) Additional Disruption [Increased Cost of Stock Borrow]  
Event(s): [Loss of Stock Borrow]
- (B) Share Substitution [Reference Index/*specify*/As determined by the  
Criteria: Calculation Agent]]

[Depository Receipt:

- (A) Additional Disruption [Increased Cost of Stock Borrow]  
Event(s): [Loss of Stock Borrow]
- (B) Depository Receipt [Specify/As determined by the Calculation Agent]]  
Substitution Criteria:

[ETF Share:

- (A) Additional Disruption [Increased Cost of Stock Borrow]  
Event(s): [Loss of Stock Borrow]
- (B) ETF Share Substitution [Specify/As determined by the Calculation Agent]]  
Criteria:

[Mutual Fund Interest:

- (A) Additional Disruption [Fees or Charges Event]  
Event(s): [Fund Adviser Event - *specify AUM Threshold if different to the Conditions*]

[Holding Ratio Change]

[Limitation Event]

[NAV Trigger Event]

[New Information Event]

[Non Currency Redemption]

[Related Agreement Termination – *specify other relevant party (if any)*]

[Asset Trigger Event]

[Delisting – *if applicable also specify the relevant Exchange*]

(B) Mutual Fund Interest Substitution Criteria: [Specify/As determined by the Calculation Agent]

[FX Rate:

(A) Currency Disruption Event(s): [Dual Exchange Rate]  
[General Inconvertibility]  
[General Non-Transferability]  
[Governmental Authority Default]  
[Illiquidity]  
[Material Change in Circumstances]  
[Nationalisation]  
[Price Materiality – *if applicable also specify "Primary Rate", "Secondary Rate" and "Price Materiality Percentage"*]  
[Specific Inconvertibility]  
[Specific Non-Transferability]  
[Specify other]  
(Specify the Currency Disruption Events which apply (if any) and the related definitions)]

[Proprietary Index/Indices:

(A) Additional Disruption Event: [Specify any Additional Disruption Events]

(B) Additional Adjustment Event: Tax Disruption: [Applicable/Not Applicable]

(C) Component Valuation: [Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) [Component Valuation Roll: [ ]/[eight]

(ii) [Component Disrupted Day:] [Specify if different to the Proprietary Index Conditions/A Component Disrupted Day in respect of a Component shall be a "Disrupted Day" as defined for such Component in the Index Conditions]

(iii) [Component Scheduled Trading Day:] [Specify if different to the Proprietary Index Conditions/A Component Scheduled Trading Day in respect of a Component shall be a "Scheduled Trading Day" as defined for such Component in the Index Conditions]]]

(D) Proprietary Index Substitution Criteria: [specify/As determined by the Calculation Agent]

[Dividend Futures Contract(s):

(A) Additional Disruption Event(s): [Specify any Additional Disruption Events]

(B) Dividend Futures Contract Index Substitution Criteria: [specify/As determined by the Calculation Agent]

(iv) Trade Date: [ ]

(v) Realisation Disruption: [Applicable/Not Applicable]

#### **PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

17. **Fixed Rate Note Provisions** [Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Interest Rate[(s)]: [ ] per cent. per annum [payable [annually/semi-annually/quarterly/monthly/other (specify)] in arrear]

(ii) Interest Payment Date(s): [ ] in each year [adjusted in accordance with [specify Business Day Convention]/not adjusted]

(iii) Interest Period End Date(s): [Interest Payment Date(s)/[ ] in each year [adjusted in accordance with [specify Business Day Convention]/not adjusted]]

(iv) Interest Amount[(s)]: [ ] per Calculation Amount

(v) Broken Amount(s): [ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]

*(Insert particulars of any initial or final broken interest amounts which do not correspond with the Interest Amount)*

(vi) Day Count Fraction: [30/360 / Actual/Actual (ICMA) / other]

(vii) [Determination Dates: [ ] in each year (insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where



*Day Count Fraction is Actual/Actual (ICMA))]*

(viii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]

18. **Floating Rate Note Provisions** [Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Specified Period(s)/Specified Interest Payment Dates: [ ]

(ii) Interest Period End Date(s): [Interest Payment Date(s)/[ ] in each year [adjusted in accordance with [specify Business Day Convention]/not adjusted]]

(iii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ other (give details)]

(iv) Manner in which the Interest Rate(s) is/are to be determined: [Screen Rate Determination/ISDA Determination/other (give details)]

(v) Party responsible for calculating the Interest Rate(s) and/or Interest Amount(s) (if not the Calculation Agent): [ ]

(vi) Screen Rate Determination: [Applicable/Not Applicable]

– Reference Rate: [ ]

*(Either LIBOR, EURIBOR or other, although additional information is required if other – including fallback provisions in the Fiscal Agency Agreement)*

– Interest Determination Date(s): [ ]

*(Second day on which commercial banks are open for business (including dealing in foreign exchange and foreign currency deposits) in London prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)*

– Page: [ ]

*(In the case of EURIBOR, if not Reuters EURIBOR01, ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*

- (vii) ISDA Determination: [Applicable/Not Applicable]
- Floating Rate Option: [ ]
- Designated Maturity: [ ]
- Reset Date: [ ]
- (viii) Margin(s): [+/-][ ] per cent. per annum (*or insert details of any rate multiplier*)
- (ix) Minimum Interest Rate: [[ ] per cent. per annum/Not Applicable]
- (x) Maximum Interest Rate: [[ ] per cent. per annum/Not Applicable]
- (xi) Day Count Fraction: [Actual/Actual / Actual/Actual (ISDA)  
Actual/365 (Fixed)  
Actual/365 (sterling)  
Actual/360  
30/360 / 360/360 / Bond Basis  
30E/360 / Eurobond Basis  
30E/360 (ISDA)  
RBA Bond Basis / Australian Bond Basis  
(*See General Condition 4 for alternatives*)
- (xii) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the General Conditions: [ ]  
(*Include details of Interest Determination Date(s), any Reference Banks, details of any Business Centres and all other relevant terms*)

19. **Zero Coupon Note Provisions** [Applicable/Not Applicable]

(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)

- (i) Amortisation Yield: [ ] per cent. per annum
- (ii) Reference Price: [ ]
- (iii) Any other formula/basis of determining amount payable (including Day Count Fraction): [ ]

20. **Dual Currency Interest Provisions** [Applicable/Not Applicable]

(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)

- (i) Exchange rate/method of calculating exchange rate: [give details]

(ii) Provisions applicable where calculation by reference to exchange rate impossible or impracticable: [ ]

(iii) Person at whose option Specified Currency(ies) is/are payable: [ ]

21. **Underlying Linked Notes Interest Provisions** [Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Interest Amount/Interest Rate: [See the Schedule attached hereto/[specify] per Calculation Amount]

(ii) Interest Period(s): [ ]

(iii) Interest Payment Date(s): [ ]

(iv) Interest Period End Date(s): [Interest Payment Date(s)/[ ] in each year [adjusted in accordance with [specify Business Day Convention]/not adjusted]]

(v) Day Count Fraction: [ ]

(vi) Specified Valuation Date(s): [Specify in respect of an Interest Payment Date] [[Each] such date shall be subject to adjustment [as provided in Condition 19 of the Terms and Conditions of the Notes other than French Law Notes/as provided in Condition 17 of the Terms and Conditions of the French Law Notes/specify]] [[In respect of an Underlying,] Each Scheduled Trading Day for [the/all the/such] Underlying[s] during [specify period]. [The provisions of Condition 19(c) [and Condition 19(d)] of the Terms and Conditions of the Notes other than French Law Notes/[The provisions of Condition 17(c) and Condition 17(d)] of the Terms and Conditions of the French Law Notes] shall not apply in respect of [each] such Specified Valuation Date]

[ ] (being the expiry date of the Dividend Futures Contract on which the final settlement price of the Dividend Futures Contract is expected to be announced by the Dividend Futures Contract Sponsor and published on the Exchange) or, if such final settlement price is not so announced and published and, on or prior to such Specified Valuation Date, the relevant Dividend Futures Contract Sponsor has announced arrangements for the publication of such final settlement price on another date then, subject as provided in the applicable Underlying Schedule, such Specified Valuation Date shall be the

date on which the final settlement price of the Dividend Futures Contract is then scheduled to be published by the relevant Dividend Futures Contract Sponsor (the **[Final Valuation Date]**)

*(Insert for Notes linked to Dividend Futures Contracts where the Relevant Price for the relevant Specified Valuation Date is specified to be the "final settlement price" in item 16 above)*

(vii) Valuation Disruption (Scheduled Trading Days): [Move in Block/Value What You Can/Not Applicable/specify] [[Condition 19(c)(i) of the Terms and Conditions of the Notes other than French Law Notes]/[Condition 17(c)(i) of the Terms and Conditions of the French Law Notes] applies]

(viii) Valuation Disruption (Disrupted Days): [Move in Block/Value What You Can/Not Applicable/specify] [[Condition 19(d)(i) of the Terms and Conditions of the Notes other than French Law Notes]/[Condition 17(d)(i) of the Terms and Conditions of the French Law Notes] applies]

*(In relation to determination of Underlying Levels, specify adjustments to Valuation Dates where different to the Conditions)*

(ix) Valuation Roll: [ ]/[eight] [Not Applicable]

*(If no Valuation Roll is stated, Specified Maximum Days of Disruption will be equal to eight)*

## PROVISIONS RELATING TO REDEMPTION

22. **Issuer Call** [Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Optional Redemption Date(s): [ ]

(ii) Optional Redemption Amount and method, if any, of calculation of such amount: [ ] per Calculation Amount

*(Consideration to be given to whether the Optional Redemption Amount should include accrued interest or whether, as provided in the General Conditions, the amount payable in the Optional Redemption Amount plus accrued interest)*

(iii) If redeemable in part:

(a) Minimum Redemption Amount: [ ] per Calculation Amount

(b) Maximum Redemption Amount: [ ] per Calculation Amount

- (iv) Notice period (if other than as set out in Condition 5(e) of the Terms and Conditions of the Notes other than French Law Notes or in Condition 4(e) of the Terms and Conditions of the French Law Notes) [ ]
- (N.B. If setting notice periods which are different to those provided in the General Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Fiscal Agent).*

23. **Investor Put**

[Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount and method, if any, of calculation of such amount: [ ] per Calculation Amount
- (Consideration to be given to whether the Optional Redemption Amount should include accrued interest or whether, as provided in the General Conditions, the amount payable is the Optional Redemption Amount plus accrued interest)*
- (iii) Notice period (if other than as set out in Condition 5(f) of the Terms and Conditions of the Notes other than French Law Notes or in Condition 4(e) of the Terms and Conditions of the French Law Notes) [ ]
- (N.B. If setting notice periods which are different to those provided in the General Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Fiscal Agent)*

24. **Redemption Amount of each Calculation Amount**

[ ] per Calculation Amount/See item 25 below *(N.B. only applicable in relation to Underlying Linked Notes)*

*(N.B. If the Redemption Amount is other than 100 per cent. of the principal amount, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply)*

25. **Underlying Linked Notes Redemption Provisions**

[Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Redemption Amount for Underlying Linked Notes: [See the Schedule attached hereto/[specify] per Calculation Amount]
- (ii) Specified Valuation Date(s): [Specify] [[Each] such date shall be subject to

adjustment [as provided in Condition 19 of the Terms and Conditions of the Notes other than French Law Notes/as provided in Condition 17 of the Terms and Conditions of the French Law Notes/specify] [[In respect of an Underlying,] Each Scheduled Trading Day for [the/all the/such] Underlying[s] during [specify period]. The provisions of Condition 19(c) [and Condition 19(d)] of the Terms and Conditions of the Notes other than French Law Notes]/[The provisions of Conditions 17(c) [ and Condition 17(d)] of the French Law Notes] shall not apply in respect of [each] such Specified Valuation Date]

[[ ] (being the expiry date of the Dividend Futures Contract on which the final settlement price of the Dividend Futures Contract is expected to be announced by the Dividend Futures Contract Sponsor and published on the Exchange) or, if such final settlement price is not so announced and published and, on or prior to such Specified Valuation Date, the relevant Dividend Futures Contract Sponsor has announced arrangements for the publication of such final settlement price on another date then, subject as provided in the applicable Underlying Schedule, such Specified Valuation Date shall be the date on which the final settlement price of the Dividend Futures Contract is then scheduled to be published by the relevant Dividend Futures Contract Sponsor (the **[Final] Valuation Date**)]

*(Insert for Notes linked to Dividend Futures Contracts where the Relevant Price for the relevant Specified Valuation Date is specified to be the "final settlement price" in item 16 above)*

(iii) Valuation Disruption (Scheduled Trading Days): [Move in Block/Value What You Can/Not Applicable/specify] [Condition 19(c)(i) (in the case of Notes other than French Law Notes) or Condition 17(c)(i) (in the case of French Law Notes) of the General Conditions [applies/does not apply]]

(iv) Valuation Disruption (Disrupted Days): [Move in Block/Value What You Can/Not Applicable/specify] [Condition 19(d)(i) (in the case of Notes other than French Law Notes) or Condition 17(d)(i) (in the case of French Law Notes) of the General Conditions [applies/does not apply]]

*(In relation to determination of Underlying Levels, specify adjustments to Valuation Dates where different to the Conditions)*

(v) Valuation Roll: [ ]/[eight] [Not Applicable]

*(If no Valuation Roll is stated, Specified Maximum Days of Disruption will be equal to eight)*

26. **Mandatory Early Redemption Provisions** [Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Mandatory Early Redemption Event: [See the Schedule attached hereto/specify]
- (ii) Mandatory Early Redemption Amount(s): [See the Schedule attached hereto/specify in respect of a Mandatory Early Redemption Date and a Calculation Amount]
- (iii) Mandatory Early Redemption Date(s): [See the Schedule attached hereto/specify]
- (iv) Specified Valuation Date(s): [*Specify in respect of a Mandatory Early Redemption Date*] [[Each] such date shall be subject to adjustment [as provided in Condition 19 of the Terms and Conditions of the Notes other than French Law Notes]/ as provided in Condition 17 of the Terms and Conditions of the French Law Notes/specify]] [[In respect of an Underlying,] Each Scheduled Trading Day for [the/all the/such] Underlying[s] during [*specify period*]. [The provisions of Condition 19(c) [and Condition 19(d)] of the Terms and Conditions of the Notes other than French Law Notes]/[The provisions of Condition 17(c) [and Condition 17(d)] of the Terms and Conditions of the French Law Notes] shall not apply in respect of [each] such Specified Valuation Date]
- (v) Valuation Disruption (Scheduled Trading Days): [Move in Block/Value What You Can/Not Applicable/specify] [Condition 19(c)(i) of the Terms and Conditions of the Notes other than French Law Notes/[Condition 17(c)(i) of the Terms and Conditions of the French Law Notes] applies]
- (vi) Valuation Disruption (Disrupted Days): [Move in Block/Value What You Can/Not Applicable/specify] [Condition 19(d)(i) of the Terms and Conditions of the Notes other than French Law Notes/[Condition 17(d)(i) of the Terms and Conditions of the French Law Notes] applies]
- (vii) Valuation Roll: [ ]/[eight] [Not Applicable]

*(In relation to determination of Underlying Levels, specify adjustments to Valuation Dates where different to the Conditions)*

*(If no Valuation Roll is stated, Specified Maximum Days of Disruption will be equal to eight)*

27. **Early Redemption Amount**

(i) Early Redemption Amount(s) payable on redemption for taxation reasons or illegality (Condition 5(b) of the Terms and Conditions of the Notes other than French Law Notes or Condition 4(b) of the Terms and Conditions of the French Law Notes) or on Event of Default (Condition 9 of the Terms and Conditions of the Notes other than French Law Notes or Condition 8 of the Terms and Conditions of the French Law Notes) or other relevant early redemption pursuant to the Conditions and/or the method of calculating the same: [[ ] per Calculation Amount/Condition 5(d)(iii) of the Terms and Conditions of the Notes other than French Law Notes/Condition 4(d)(iii) of the Terms and Conditions of the French Law Notes applies]

*(See Condition 5(d) of the Terms and Conditions of the Notes other than French Law Notes or Condition 4(d) of the Terms and Conditions of the French Law Notes. N.B. In the case of structured Notes consider whether this should be fair market value as provided in Condition 5(d)(iii) of the Terms and Conditions of the Notes other than French Law Notes or Condition 4(d)(iii) of the Terms and Conditions of the French Law Notes, which amount would include any accrued interest)*

[The Early Redemption Amount per Calculation Amount shall be an amount equal to the Redemption Amount except that the [Final] Valuation Date shall be deemed to be the date of cancellation or termination of the Underlying]

*(N.B. Only applicable in respect of Notes linked to Warrants)*

(ii) Early Redemption Amount includes amount in respect of accrued interest: [Yes: no additional amount in respect of [accrued] interest to be paid/No: together with the Early Redemption Amount, [accrued] interest shall also be paid]

[Yes, subject as provided below:

Where the Notes are represented by a Global Note, the Early Redemption Amount shall include in its computation all accrued but unpaid interest

Where the Notes are in definitive form, the preceding paragraph shall apply except where the due date for early redemption is an Interest Payment Date, in which case, accrued interest due on such Interest Payment Date in respect of a Note shall be payable against presentation of the relevant Coupon as provided in the Conditions and no such accrued interest shall be deemed to be included in the computation of the Early Redemption Amount]

*(N.B. Only applicable in respect of Notes other than French Law Notes)*

28. **Provisions applicable to Physical Delivery** [Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*



*(N.B. If the Notes are Physical Delivery Notes, physical delivery of any Relevant Asset must be made in compliance with the provisions of the United States Securities Act of 1933, as amended and the Investment Company Act of 1940, as amended)*

- (i) Entitlement: Entitlement per Calculation Amount is [*specify*]
- (ii) Equivalent Amount: [Physical Delivery:  
  
For the purposes of [Condition 5(a) of the Terms and Conditions of the Notes other than the French Law Notes/Condition 4(a) of the Terms and Conditions of the French Law Notes], **Equivalent Amount** means[, in respect of each Calculation Amount and in relation to [the/each] Relevant Asset comprising the Entitlement, an amount equal to the product of (i) the number of such Relevant Asset comprising the Entitlement and (ii) the Underlying Closing Level of such Relevant Asset on the [Final] Valuation Date] [*Specify*]]  
  
[The Issuer shall procure that the Intermediary purchases the number of such Relevant Asset comprising the Entitlement at [*specify price/time*] on [*specify date*]]
- (iii) Relevant Asset(s): [As specified above]/[The relevant asset to which the Notes relate [is/are] [ ]]
- (iv) Delivery Method and details required for delivery using such Delivery Method: [*Specify*]
- (v) Settlement Business Day(s): [*Specify*]
- (vi) Intermediary: [*Specify*] [*Insert contact details for delivery of Asset Transfer Notice*]
- (vii) Failure to Deliver due to Illiquidity: [Applicable/Not Applicable]  
(Condition 6(j)(vi) of the Terms and Conditions of the Notes other than French Law Notes or Condition 5(e)(vi) of the Terms and Conditions of the French Law Notes)
- (viii) Aggregation of Entitlements: [Applicable/Not Applicable]
- (ix) Cash Adjustment: [Applicable/Not Applicable]  
  
[The value of Fractional Entitlement shall be determined by the Intermediary [by reference to the Underlying Closing Level] of the Underlying on [*specify*]]

Tradable Amount: [1/Specify] [Share]

29. **Variation of Settlement**

- (i) Issuer's option to vary settlement [The Issuer has the option to vary settlement in respect of the Notes pursuant to Condition 6(k) of the Terms and Conditions of the Notes other than French Law Notes/The Issuer has the option to vary settlement in respect of the Notes pursuant to Condition 5(f) of the Terms and Conditions of the French Law Notes] [Not Applicable]
- (ii) Holder's option to vary settlement: [The Noteholder [has/does not have] the option to elect for settlement [by way of cash payment/by way of physical delivery][, subject as provided in the General Conditions to the Issuer's right to cash settlement upon redemption of the Notes]] [Not Applicable]

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

30. **Form of Notes:**

[The following applies in respect of Notes other than French Law Notes]

Bearer Notes: [ ]

***(N.B. Bearer Notes will only be issued subject to such immobilisation conditions as are agreed by the Issuer, such that the Notes are treated as issued in registered form for U.S. federal income tax purposes)***

[Registered Notes

Regulation S Global Registered Note Certificate (U.S.\$[ ] principal amount) registered in the name of a nominee for [DTC/a common depository for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg]/Rule 144A Global Registered Note Certificate (U.S.\$[ ] principal amount registered in the name of a nominee for [DTC/ a common depository for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg])

***(N.B. Consideration must be given to any United States Investment Company Act issues prior to the issue of any Registered Notes to be sold to QIBs pursuant to Rule 144A by CGMFL)***

[Australian Domestic Notes – insert details (including details of the Deed Poll, the Australian Registrar, the provisions of the Fiscal Agency Agreement which apply to the Notes and any process agent)]

[Swedish Notes - insert details (including details of the

*Swedish Notes Issuing and Paying Agent and the provisions of the Fiscal Agency Agreement which apply to the Notes)]*

*[Finnish Notes – insert details (including details of the Finnish Notes Issuing and Paying Agent]*

*[The following applies in respect of French Law Notes:]*

Dematerialised Notes

*[Bearer dematerialised form (au porteur) /  
[fully/administered] Registered dematerialised form (au  
nominatif [pur/administer])]*

*[Insert name of Registration Agent]*

31. New Global Note: [No/Yes] [Not applicable]

*(N.B. Not applicable to French Law Notes)*

32. Business Centres: [ ]

*(N.B. this paragraph relates to the definition of Business Day in Condition 4(i) of the Terms and Conditions of the Notes other than French Law Notes or Condition 3(i) of the Terms and Conditions of the French Law Notes)*

33. Business Day Jurisdiction(s) or other special provisions relating to payment dates: [Not Applicable/give details]

*(N.B. this paragraph relates to the date and place of payment and Condition 6(i) of the Terms and Conditions of the Notes other than French Law Notes or Condition 5(d) of the Terms and Conditions of the French Law Notes)*

34. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No If yes, give details][Not Applicable]

*(N.B. Not applicable to French Law Notes)*

35. Coupons to become void upon the due date for redemption of the Notes: [Yes/No/Not Applicable]

*(N.B. Not applicable to French Law Notes)*

36. Details relating to Partly Paid Notes: [Not Applicable/give details]

amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:

*(N.B. Partly Paid Notes may not be offered, sold, transferred, pledged or delivered in the United States or to, or for the account or benefit of, any U.S. person.)*

37. Details relating to Instalment Notes: amount of each Instalment Amount (including any maximum or minimum Instalment Amount), date on which each payment is to be made: [Not Applicable/*give details*]
38. Redenomination, renominatisation and reconventioning provisions: [Not Applicable/[The provisions of Condition 16 of the Terms and Conditions of the Notes other than French Law Notes]/[The provisions of Condition 15 of the Terms and Conditions of the French Law Notes] apply]  
*(N.B. Specify any changes to Floating Rate Note provisions as applicable)*
39. Consolidation provisions: [Not Applicable/[The provisions of Condition 12 of the Terms and Conditions of the Notes other than French Law Notes]/[The provisions of Condition 11 of the Terms and Conditions of the French Law Notes] apply]
40. Representation of Noteholders/Masse (Conditions 9 of the Terms and Conditions of the French Law Notes) [Applicable/Not Applicable/Condition 9 replaced by the full provisions of the French Code *de commerce* relating to the Masse [*Masse will not be applicable to Notes other than French Law Notes*]]  
[Name and address of the Representative]  
[Remuneration of the Representative]  
*(Note that: (i) in respect of any Tranche of Notes issued outside France within the meaning of L.228-90 of the French code de commerce, Condition 9 may be waived, amended or supplemented and (ii) in respect of any Tranche of Notes issued inside France, Condition 9 must be waived in its entirety and replaced by the provisions of the French Code de commerce relating to the Masse. If Condition 9 (as it may be amended or supplemented) applies or if the full provisions of the French Code de commerce apply, insert details of Representative and alternate representative and remuneration, if any).*
41. Other final terms: [Not Applicable/*give details*]  
[The Issuer shall have the right to obtain extracts from the register of creditors (*Sw.skuldbok*) from Euroclear Sweden - *only applicable in case of Swedish Notes*]  
The Issuer shall, subject to regulations of Euroclear Finland and applicable laws, be entitled to acquire from Euroclear Finland a list of the holders of Finnish Notes, provided that it is technically possible for Euroclear Finland to maintain such a list.  
*(When adding any other final terms, consideration should be given as to whether such terms constitute*

*"significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive)*

42. Name and address of Calculation Agent: [Citibank, N.A./Citigroup Global Markets Limited/specify other] [address]
43. Determinations: [Any matter falling to be determined, considered, elected, selected or otherwise decided upon by the Issuer, the Calculation Agent or any other person shall be determined, considered, elected, selected or otherwise decided upon by such person [in a commercially reasonable manner]/specify other]/[The provisions of Condition 10(c) of the Terms and Conditions of the Notes other than French Law Notes]/[The provisions of Condition 10 of the Terms and Conditions of the French Law Notes] apply]

## DISTRIBUTION

44. (i) If syndicated, names [and addresses of Managers and underwriting commitments]\*: [Not Applicable/give names, addresses and underwriting commitments]
- (Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers)*
- (ii) [Date of [Subscription Agreement]: [Not Applicable][specify]]\*
- (iii) Stabilising Manager(s) (if any): [Not Applicable/give name]
45. If non-syndicated, name and address of Dealer: [Not Applicable/give name and address]
46. [Total commission and concession: [ ] per cent. of the Aggregate Principal Amount]\*
47. U.S. Selling Restrictions: Reg. S Compliance Category 2
- [Insert any additional selling and transfer restrictions] (N.B.: In the event that any Inflation Index Linked Notes, Commodity Linked Notes, Commodity Index Linked Notes and/or FX Rate Linked Notes are Partly Paid Notes, additional selling restrictions and certifications will be required)*
48. Non-exempt Offer: [Not Applicable] [An offer [(the **Offer**)] of the Notes may be made by the Managers [and [specify, if applicable]] other than pursuant to Article 3(2) of the Prospectus Directive [and [specify any applicable local legislation in the Public Offer Jurisdiction(s)]] in [specify relevant Member State(s) - which must be

*jurisdictions where the Prospectus and any supplements have been passported*] (**Public Offer Jurisdictions**) during the period from (and including) [*specify date*] to (and including) [*specify date*] (the **Offer Period**). See further Paragraph [10] of Part B below]

49. Additional selling restrictions:

[Not Applicable/*give details*]

[The Notes may be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland] (*Include if the Notes are to be publicly offered in Switzerland*)

## **PURPOSE OF FINAL TERMS**

This Final Terms comprises the final terms required for the issue [and] [public offer in the Public Offer Jurisdictions] [and] [admission to trading on [*specify relevant regulated market*]] of the Notes described herein] pursuant to the U.S.\$30,000,000,000 Global Medium Term Note and Certificate Programme of Citigroup Inc., Citigroup Funding Inc. and Citigroup Global Markets Funding Luxembourg S.C.A.]

## **RESPONSIBILITY**

The Issuer [and the CFI Guarantor]<sup>11</sup> accept[s]<sup>12</sup> responsibility for the information contained in this Final Terms. [*(Relevant third party information)*] has been extracted from (*specify source*). [Each of the]<sup>11</sup>/[The]<sup>12</sup> Issuer [and the CFI Guarantor]<sup>11</sup> confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by (*specify source*), no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By: .....  
Duly authorised

---

<sup>11</sup> Delete where the Issuer is CGMFL or Citigroup Inc.

<sup>12</sup> Delete where the Issuer is CFI.

## PART B – OTHER INFORMATION†

### 1. LISTING AND ADMISSION TO TRADING

- (i) Listing [Official List of the Luxembourg Stock Exchange][None]
- (ii) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the regulated market of the Luxembourg Stock Exchange with effect from [ ]][Not Applicable]
- [(Where documenting a fungible issue need to indicate that original Notes are already admitted to trading)]\**
- (iii) [Estimate of total expenses related to admission to trading: [ ]]\*\*

### 2. RATINGS

Ratings: The Issuer's long-term/short-term senior debt is rated:

- (i) [S&P: [ ]]
- (ii) [Moody's: [ ]]
- (iii) [Fitch: [ ]]
- (iv) [[Other]: [ ]]

*[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider]\**

*[[Insert the legal name of the relevant credit rating agency entity] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended). [As such [insert the legal name of the relevant credit rating agency entity] is included in the list of credit ratings agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]]*

*[[Insert the legal name of the relevant non-EU credit rating agency entity] is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009 (as amended). [[Insert the legal name of the relevant non-EU credit rating agency entity] is therefore not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]*

[[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). The ratings have been endorsed by [*insert the legal name of the relevant EU-registered credit rating agency entity*] in accordance with the CRA Regulation. [*Insert the legal name of the relevant EU-registered credit rating agency entity*] is established in the European Union and registered under the CRA Regulation. [As such [*insert the legal name of the relevant EU credit rating agency entity*] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.]] The European Securities Markets Authority has indicated that ratings issued in [Japan/Australia/the USA/Canada/Hong Kong/Singapore/Argentina/Mexico (*delete as appropriate*)] which have been endorsed by [*insert the legal name of the relevant EU CRA entity that applied for registration*] may be used in the European Union by the relevant market participants.]

[[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**) but it [is]/[has applied to be] certified in accordance with the CRA Regulation[[EITHER:] and it is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation] [ [OR:] although notification of the corresponding certification decision has not yet been provided by the European Securities and Markets Authority and [*insert the legal name of the relevant non-EU credit rating agency entity*] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].

[[[*Insert legal name of the relevant credit rating agency*] is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009 (as amended), although notification of the corresponding registration decision has not yet been provided by the European Securities and Markets Authority [and [*insert the legal name of the relevant credit rating agency*] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation].]



[[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). However, the application for registration under the CRA Regulation of [*insert the legal name of the relevant EU credit rating agency entity that applied for registration*], which is established in the European Union, disclosed the intention to endorse credit ratings of [*insert the legal name of the relevant non-EU credit rating agency entity*][, although notification of the corresponding registration decision has not yet been provided by the European Securities and Markets Authority and [*insert the legal name of the relevant EU credit rating agency entity*] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation]The European Securities Markets Authority has indicated that ratings issued in [Japan/Australia/the USA/Canada/Hong Kong/Singapore/Argentina/Mexico (delete as appropriate)] which have been endorsed by [*insert the legal name of the relevant EU CRA entity that applied for registration*] may be used in the EU by the relevant market participants.]]]

*[If reference is made to the ratings of Citigroup Inc. then insert the legal name of the relevant credit rating agency entity and the status of its application under the CRA Regulation]*

*[Include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider]*

*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

### **3. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER]**

*[Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:*

Save as discussed in ["*Subscription and sale and transfer and selling restrictions for Notes*"], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the Offer]

*(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to*

*the Prospectus under Article 16 of the Prospectus Directive)*

**4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

(i) [Reasons for the Offer: [ ]]

*(See "Use of Proceeds" wording in Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here)]*

(ii) [Estimated net proceeds:] [ ]

*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding)*

(iii) [Estimated total expenses:] [ ]

*[Include breakdown of expenses]]\**

*(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above)*

**5. [Fixed Rate Notes only – YIELD**

Indication of yield: [ ]

*[Calculated as [include details of method of calculation in summary form] on the Issue Date]\**

*As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield]*

[Unified Yield Rate: [ ]] *[Include for Hungarian public offers only]*

**6. [Floating Rate Notes only - HISTORIC INTEREST RATES**

*Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Reuters]]\**

**7. [PERFORMANCE OF THE UNDERLYING(S), EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING(S)**

*[Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident]\**

*[Need to include details of where past and future performance and volatility of the Underlying can be obtained]\*\**

*[Where the Underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of*

*where the information about the index can be obtained]*\*\*\*

*[Where the Underlying is not an index need to include equivalent information. Where the Underlying is a security need to include the name of the issuer of the security and the ISIN or equivalent identification number. Where the Underlying is a basket of Underlyings, need to include the relevant weightings of each Underlying in the basket]*\*\*\*

*[Need to include a description of any market disruption or settlement disruption events that affect the Underlying and any adjustment rules in relation to events concerning the underlying (if applicable)]*\*\*\*

## **8. UNDERLYING DISCLAIMER\*\*\*\***

*[For use in connection with Indices, Inflation Indices and Commodities where no specific disclaimer is provided]*

[The issue of this series of Notes (in this paragraph, the **Transaction**) is not sponsored, endorsed, sold, or promoted by [NAME OF INDEX] (the **Index**) or [NAME OF INDEX] (the **Index Sponsor**) and the Index Sponsor makes any representation whatsoever, whether express or implied, either as to the results to be obtained from the use of the Index and/or the levels at which the Index stands at any particular time on any particular date or otherwise. No Index or Index Sponsor shall be liable (whether in negligence or otherwise) to any person for any error in the Index. No Index Sponsor is making any representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with entering into any Transaction. The Issuer shall not have any liability for any act or failure to act by the Index Sponsor in connection with the calculation, adjustment or maintenance of the Index. Except as disclosed prior to the Issue Date, neither the Issuer nor its affiliates has any affiliation with or control over the Index or Index Sponsor or any control over the computation, composition or dissemination of the Index. Although the Calculation Agent will obtain information concerning the Index from publicly available sources it believes reliable, it will not independently verify this information. Accordingly, no representation, warranty or undertaking (express or implied) is made and no responsibility is accepted by the Issuer, its affiliates or the Calculation Agent as to the accuracy, completeness and timeliness of information concerning the Index]

*[For additional use in connection with Inflation Indices where no specific disclaimer is provided]*

### **[Related Bond Disclaimer**

The Notes are not sponsored, endorsed, sold or promoted by the issuer of the Related Bond and the issuer of the Related Bond has made no representation whatsoever, whether express or implied, as to the performance of the Related Bond and/or any amendments, adjustments or modifications to the terms and conditions of the Related Bond, and/or as to the results to be obtained from the use of any value or index level determined or derived with respect to the Related Bond or otherwise. The issuer of the Related Bond shall not be liable (whether in negligence or otherwise) to any person for any error in the index level or any value determined or derived with respect to the Related Bond and such issuer is under no obligation to advise any person of any error with respect thereto. The issuer of the Related Bond has made no representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with the Notes. Neither the issuer of the Related Bond nor any calculation agent in respect thereof shall have any liability to any person for any act or failure to act in connection with the Related Bond]

### **[Proprietary Index Disclaimer**

None of the Issuer[, the CFI Guarantor<sup>9</sup>, [ ] (the **Index Sponsor** [and the **Index Calculation**

**Agent**]) for the Underlying and any of their respective directors, officers, employees, representatives, delegates or agents (each a **Relevant Person**) makes any express or implied representations or warranties as to (a) the advisability of purchasing the Notes, (b) the level(s) of the Underlying at any particular time on any particular date, (c) the results to be obtained by any investor in the Notes or any other person or entity, from the use of the Underlying or any data included therein for any purpose, (d) the merchantability or fitness for a particular purpose of the Underlying or (e) any other matter. Each Relevant Person hereby expressly disclaims, to the fullest extent permitted by applicable law, all warranties of accuracy, completeness, merchantability or fitness for a particular purpose with respect to the Underlying. No Relevant Person shall have any liability (direct or indirect, special, punitive, consequential or otherwise) to any person even if notified of the possibility of damages. [The Index Sponsor is not/Neither the Index Sponsor nor the Index Calculation Agent is] under any obligation to continue the calculation, publication and dissemination of the Underlying nor shall they have any liability for any errors, omissions, interruptions or delays relating to the Underlying. The Index Sponsor [and the Index Calculation Agent] shall [each] act as principal and not as agent or fiduciary of any other person.

Past performance is not indicative of future performance. Any numbers or figures presented as past performance of the Underlying prior to its launch date (however defined in the Index Conditions) may include performances calculated from back-testing simulations. Any back-testing is illustrative only and derived from proprietary models based on certain historic data and assumptions and estimates. Such back-testing information should not be considered indicative of the actual results that might be obtained from an investment or participation in the Notes. Any scenario analysis is for illustrative purposes only and does not represent the actual performance of the Underlying nor does it purport to describe all possible performance outcomes for the Underlying.

As at the date hereof, the Underlying is described in full in the Index Conditions which are set out at [Schedule [ ] ] attached hereto. Any decision to invest in the Notes should be based upon the information contained in the Base Prospectus and this Final Terms only.

The Underlying is proprietary and confidential to the Index Sponsor. No person may use the Underlying in any way or reproduce or disseminate the information relating to the Underlying contained in the Base Prospectus relating to the Notes without the prior written consent of the Index Sponsor (save in respect of the distribution of the terms of the Notes using customary clearing and settlement procedures). The Underlying is not in any way sponsored, endorsed or promoted by the issuer or sponsor, as applicable, of any of its constituents.]

#### [**Bloomberg**<sup>®</sup>

Certain information contained in this Final Terms consists of extracts from or summaries of information that is publicly-available from Bloomberg L.P. (**Bloomberg**<sup>®</sup>). The Issuer [and the CFI Guarantor]<sup>11</sup> accept[s]<sup>11</sup> responsibility for accurately reproducing such extracts or summaries and, as far as the Issuer [and the CFI Guarantor are]<sup>11</sup> [is]<sup>12</sup> aware and are able to ascertain from such publicly-available information, no facts have been omitted which would render the reproduced information inaccurate or misleading. Bloomberg<sup>®</sup> makes no representation, warranty or undertaking, express or implied, as to the accuracy of the reproduction of such information, and accepts no responsibility for the reproduction of such information or for the merits of an investment in the Notes. Bloomberg<sup>®</sup> does not arrange, sponsor, endorse, sell or promote the issue of the Notes.]

## 9. OPERATIONAL INFORMATION

ISIN Code: [ ] [ ]

Common Code: [ ] [ ]

CUSIP	[ ]
Any clearing system(s) other than Euroclear France (in relation to French Law Notes only) Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and DTC and the relevant identification number(s) and details relating to the relevant depository, if applicable:	[Not Applicable/give name(s) and number(s)] The Notes will be accepted for settlement in Euroclear UK & Ireland ( <b>CREST</b> ) via the CREST Depository Interest (CDI) mechanism. [Euroclear Sweden AB]/[Euroclear Finland Oy]
Delivery:	Delivery [versus/free of] payment
Names and addresses of initial Paying Agent(s):	[Citibank, N.A., London branch, at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom]  [KBL European Private Bankers S.A. at 43, Boulevard Royal, L-2955 Luxembourg]
Names and address of the Swedish Notes Issuing and Paying Agent (if any):	[Nordea Bank AB (publ), Smålandsgatan 17, Stockholm, Sweden]/[Not Applicable]
Names and address of the Finnish Notes Issuing and Paying Agent (if any):	[Nordea Bank Finland Plc, Aleksis Kiven Katu 3-5, Helsinki, Finland]/[Not Applicable]
Names and addresses of additional Paying Agent(s) (if any):	[ ]/[Not Applicable]
Name and address of Registrar:	[Citigroup Global Markets Deutschland AG at Frankfurter Welle, Reuterweg 16, 60323 Frankfurt-am-Main, Germany] [Not Applicable]  <i>(Care should be taken when selecting the Registrar that there are no U.K. stamp duty or stamp duty reserve tax issues)</i>
Name and address of Registration Agent:	[ ] / [Not applicable] ( <i>French Law Notes only</i> )
Name and addresses of Transfer Agents:	[KBL European Private Bankers S.A. at 43, Boulevard Royal, L-2955 Luxembourg and the Registrar][Not Applicable]
Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes][No]  [Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper, that is, held under the New Safekeeping Structure,] <i>[Include this text for Registered Notes which are to be held under the New Safekeeping</i>

*Structure or NSS]* and does not necessarily mean that the Notes will be recognized as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met] *(include this text if "yes" selected in which case Bearer Notes must be issued in NGN form) (Not applicable to French Law Notes only)*

## 10. TERMS AND CONDITIONS OF THE OFFER

Offer Price:	[Issue Price][ <i>specify</i> ]
Conditions to which the Offer is subject:	[Not Applicable/ <i>give details</i> ]
Description of the application process:	[Not Applicable/ <i>give details</i> ]
Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:	[Not Applicable/ <i>give details</i> ]
Details of the minimum and/or maximum amount of application:	[Not Applicable/ <i>give details</i> ]
Details of the method and time limits for paying up and delivering the Notes:	[Not Applicable/ <i>give details</i> ]
Manner in and date on which results of the offer are to be made public:	[Not Applicable/ <i>give details</i> ]
Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:	[Not Applicable/ <i>give details</i> ]
Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries:	[Not Applicable/ <i>give details</i> ]
Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:	[Not Applicable/ <i>give details</i> ]
Amount of any expenses and taxes specifically charged to the subscriber or purchaser:	[Not Applicable/ <i>give details</i> ]
Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place.	[None/ <i>give details</i> ]

## 11. UNITED STATES TAX CONSIDERATIONS

[The Issuer will treat the Notes as [debt/contingent payment debt instruments/forward contracts/options/options that pay a premium to the Noteholders/[specify other]] for U.S. federal income tax purposes, and by purchasing a Note each Noteholder shall be deemed to agree to such treatment. Prospective purchasers of the Notes should consult with their own tax advisors regarding U.S. federal income tax consequences of an investment in the Notes as well as the application of state, local and foreign tax laws. [The comparable yield relating to the Notes will be [ ] compounded [[semi] annually/quarterly] (*Only include where contingent payment debt instruments is specified above*)]

## 12. OTHER INFORMATION

[e.g. *secondary market information*]

### Notes:

- \* Delete if the minimum denomination is greater than or equal to EUR50,000 (or its equivalent)
- \*\* Delete if the minimum denomination is less than EUR50,000 (or its equivalent)
- \*\*\* Required for Derivative Securities
- \*\*\*\* Required for Underlying Linked Notes
- † If an issue of Notes is (i) NOT admitted to trading on a regulated market within the European Economic Area and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive, the Issuer may elect to amend and/or delete certain of the above paragraphs of Part B

## PRO FORMA FINAL TERMS FOR ISSUES OF CERTIFICATES

THE CERTIFICATES AND THE DEED OF GUARANTEE<sup>1</sup> [AND ANY ENTITLEMENT(S)]<sup>2</sup> HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND MAY NOT AT ANY TIME BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED TO U.S. PERSONS OR PERSONS WITHIN THE UNITED STATES (AS SUCH TERMS ARE USED IN REGULATIONS UNDER THE SECURITIES ACT), AND PAYMENTS [AND/OR DELIVERIES]<sup>2</sup> IN RESPECT OF THE CERTIFICATES MAY NOT BE MADE TO ANY U.S. PERSON OR ANY PERSON WITHIN THE UNITED STATES. DEFINITIVE CERTIFICATES WILL NOT BE ISSUED. THE CERTIFICATES [AND THE DEED OF GUARANTEE]<sup>1</sup> [AND ANY ENTITLEMENTS]<sup>2</sup> DO NOT CONSTITUTE, AND HAVE NOT BEEN MARKETED AS, CONTRACTS OF SALE OF A COMMODITY FOR FUTURE DELIVERY (OR OPTIONS THEREON) SUBJECT TO THE UNITED STATES COMMODITY EXCHANGE ACT, AS AMENDED, AND TRADING IN THE CERTIFICATES HAS NOT BEEN APPROVED BY THE UNITED STATES COMMODITY FUTURES TRADING COMMISSION UNDER THE UNITED STATES COMMODITY EXCHANGE ACT, AS AMENDED. FOR A DESCRIPTION OF CERTAIN RESTRICTIONS ON OFFERS AND SALES OF CERTIFICATES, SEE "*SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS FOR CERTIFICATES*" IN THE BASE PROSPECTUS.

Final Terms dated [ ]

[Citigroup Funding Inc./Citigroup Inc.]<sup>3</sup>

Issue of [Aggregate Number] [Title of Certificates]

[Guaranteed by Citigroup Inc.]<sup>1</sup>

Under the Global Medium Term Note and Certificate Programme

[The Base Prospectus referred to below (as completed by this Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Certificates in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Certificates. Accordingly any person making or intending to make an offer in that Relevant Member State of the Certificates may only do so:

- (i) in circumstances in which no obligation arises for the Issuer or any Dealer or any Distributor to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or
- (ii) in those Public Offer Jurisdictions mentioned in Paragraph 35 of Part A below, provided such person is one of the persons mentioned in Paragraph 35 of Part A below and that such offer is made during the Offer Period specified for such purpose therein.

None of the Issuer, [the Guarantor]<sup>1</sup>, any Dealer and any Distributor has authorised, nor do any of them authorise, the making of any offer of Certificates in any other circumstances. The expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing

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<sup>1</sup> Delete where the Issuer is Citigroup Inc.

<sup>2</sup> To be included for Physical Delivery Certificates.

<sup>3</sup> Delete as applicable



measure in the Relevant Member State and the expression **2010 PD Amending Directive** means Directive 2010/73/EU.]<sup>4</sup>

[The Base Prospectus referred to below (as completed by this Final Terms) has been prepared on the basis that any offer of Certificates in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Certificates. Accordingly any person making or intending to make an offer in that Relevant Member State of the Certificates may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. None of the Issuer, [the Guarantor]<sup>1</sup> and any Dealer has authorised, nor does any of them authorise, the making of any offer of Certificates in any other circumstances. The expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression **2010 PD Amending Directive** means Directive 2010/73/EU.]<sup>5</sup>

## PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth under the section[s] entitled "*Terms and Conditions of the Certificates*" [and "*Annex 1 - ADDITIONAL TERMS AND CONDITIONS FOR INDEX LINKED CERTIFICATES*" / "*Annex 2 - ADDITIONAL TERMS AND CONDITIONS FOR INFLATION LINKED CERTIFICATES*" / "*Annex 3 – ADDITIONAL TERMS AND CONDITIONS FOR COMMODITY LINKED CERTIFICATES*" / "*Annex 4 - ADDITIONAL TERMS AND CONDITIONS FOR SHARE LINKED CERTIFICATES*"] in the Base Prospectus dated [ ] [and the supplement[s] to the Base Prospectus dated [ ] and [ ]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive. This document constitutes the Final Terms of the Certificates described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus [as so supplemented]. Full information on the Issuer, [the Guarantor]<sup>1</sup> and the offer of the Certificates is only available on the basis of the combination of this Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [and the supplement[s] to the Base Prospectus] [and the translation of the Summary into [*insert language required by any relevant Public Offer Jurisdictions*]] [is] [are] available for viewing at the office of the Principal Certificate Agent and on the web-site of the Luxembourg Stock Exchange (www.bourse.lu). [In addition, the Final Terms is available [on the web-site of the Luxembourg Stock Exchange (www.bourse.lu) and] [*insert method of publication required in any relevant Public Offer Jurisdiction(s)*].] (*N.B. Consideration should be given as to how the Final Terms will be published in the event that the Certificates are not listed on the Luxembourg Stock Exchange but are publicly offered*).

[*The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth under the section[s] entitled "*Terms and Conditions of the Certificates*" [and "*Annex 1 - Additional Terms and Conditions for Index Linked Certificates*" / "*Annex 2 - Additional Terms and Conditions for Share Linked Certificates*" / "*Annex 3 - Additional Terms and Conditions for Inflation Linked Certificates*" / "*Annex 4 – Additional Terms and Conditions for Commodity Linked Certificates*"] in the Base Prospectus dated [ ] [and the supplement[s] to the Base Prospectus dated [ ] and [ ]]. This document constitutes the Final Terms of the Certificates described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus dated [*current date*] [and the supplement[s] to the Base Prospectus dated [ ] and [ ]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Base Prospectus dated

<sup>4</sup> Consider including this legend where a non-exempt offer of Certificates is anticipated.

<sup>5</sup> Consider including this legend where only a non an exempt offer of Certificates is anticipated.

[original date] and are attached hereto. Full information on the Issuer, [the Guarantor]<sup>1</sup> and the offer of the Certificates is only available on the basis of the combination of this Final Terms and the Base Prospectuses dated [original date] and [current date] [and the supplement[s] to the Base Prospectus dated [ ] and [ ]]. The Base Prospectuses [and the supplement[s] to the Base Prospectus] [and the translation of the Summary into [insert language required by any relevant Public Offer Jurisdictions]] [is] [are] available for viewing at the office of the Principal Certificate Agent and on the web-site of the Luxembourg Stock Exchange (www.bourse.lu). [In addition, the Final Terms is available [on the web-site of the Luxembourg Stock Exchange (www.bourse.lu) and] [insert method of publication required in any relevant Public Offer Jurisdiction(s)].] (N.B. Consideration should be given as to how the Final Terms will be published in the event that the Certificates are not listed on the Luxembourg Stock Exchange but are publicly offered.)

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.]

[When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]

1. (i) Issuer: Citigroup Funding Inc.
- (ii) [Guarantor: Citigroup Inc.]<sup>1</sup>  

[The Guarantor may not be substituted and the provisions of Condition 13(b) of the General Conditions shall not apply to the Certificates] (N.B. To be included for Certificates listed on the Italian Stock Exchange only)
2. [(i)] Series Number: [ ]
- (ii) Consolidation: The Certificates are to be consolidated and form a single Series with [insert title of relevant Series of Certificates] issued on [insert issue date]
3. Type of Certificate: The Certificates are [Index Linked Certificates / Inflation Linked Certificates / Commodity Linked Certificates / Share Linked Certificates / Foreign Exchange Rate Linked Certificates / Formula Linked Certificates/ (specify other type of Certificate)]
4. Exercise Style: The Certificates are [European Style/American Style/specify other] Certificates]
5. Call/Put Certificates: The Certificates are [Call Certificates/Put Certificates]
6. [(i)] Number of Certificates being issued: The number of Certificates being issued is [ ]
- [(ii)] Total number of Certificates in issue: The total number of Certificates in issue is [ ]  

(NB: Only applicable for fungible issues of Certificates)
7. Issue Price: The issue price per Certificate is [ ]
8. Exercise Price: The exercise price per Certificate is [ ]

*(N.B. This should take into account any relevant Weighting and, in the case of an Index Linked Certificate, must be expressed as a monetary value if an Index Currency is specified for such Index)*

9. Issue Date: The issue date of the Certificates is [ ]
10. Exercise Date(s): [The exercise date of the Certificates is [ ], PROVIDED THAT, if such date is not a Business Day, the Exercise Date shall be the immediately [preceding/succeeding] Business Day]
- [The exercise date of the Certificates is the Business Day following the [last occurring] Valuation Date] *(N.B. Only applicable for Certificates listed on the Italian Stock Exchange which are linked to Shares listed on the Italian Stock Exchange)*
- [The exercise date of the Certificates is the [last occurring] Valuation Date] *(N.B. Only applicable for Certificates listed on the Italian Stock Exchange other than such Certificates linked to Shares listed on the Italian Stock Exchange)* [The Certificates will be automatically exercised as provided in the General Conditions subject to each holder's right to renounce such automatic exercise by delivering a Renouncement Notice as provided in the General Conditions at or prior to [10.00 a.m. (Milan time) on the Exercise Date] *(N.B. Only applicable for Certificates listed on the Italian Stock Exchange which are linked to Shares listed on the Italian Stock Exchange or Indices managed by Borsa Italiana S.p.A.)* [5.00 p.m. (Milan time) on the Business Day following the Exercise Date] *(N.B. Only applicable for Certificates listed on the Italian Stock Exchange other than such Certificates linked to Shares listed on the Italian Stock Exchange or Indices managed by Borsa Italiana S.p.A.)*] *(N.B. To be included for Certificates listed on the Italian Stock Exchange only)*  
*(N.B. Only applicable in relation to European Style Certificates)*
11. Exercise Period: The exercise period in respect of the Certificates is from and including [ ] to and including [ ] [, or if [ ] is not a Business Day, the immediately succeeding Business Day]
- (N.B. Only applicable in relation to American Style Certificates)*
12. Business Day Centre(s): The applicable Business Day Centre[s] for the purposes of the definition of "Business Day" in Condition 3 of the General Conditions [is/are] [ ]
13. Settlement Date: The settlement date for the Certificates is [ ]

[PROVIDED THAT if such day is not a [Settlement] Business Day, the Settlement Date shall be the immediately [succeeding/preceding] [Settlement] Business Day]

14. Settlement: Settlement will be by way of [cash payment (**Cash Settled Certificates**)] [and/or] [physical delivery (**Physical Delivery Certificates**)]
15. Cash Settlement Amount(s): *[Insert details for calculation including any fallback provisions if different to the Conditions]*
16. Hedging Taxes: [Applicable/Not Applicable]
17. Calculation Agent: The Calculation Agent is [Citigroup Global Markets Limited]/*[specify other]* at *[insert address]*
18. Determinations: [The provisions of Condition 9(c) of the General Conditions apply/*specify other*]
19. Settlement Currency: The settlement currency for the payment of the Cash Settlement Amount (*in the case of Cash Settled Certificates*)/[the Disruption Cash Settlement Price] [and/or the Failure to Deliver Settlement Price] (*in the case of Physical Delivery Certificates*) [and/or any other amounts payable in respect of the Certificates] is [ ]
20. Minimum Exercise Number: The minimum number of Certificates that may be exercised (including automatic exercise) on any day by any Certificateholder is [ ] [and Certificates may only be exercised (including automatic exercise) in integral multiples of [ ] Certificates in excess thereof]
21. Maximum Exercise Number: The maximum number of Certificates that may be exercised on any day by any Certificateholder or group of Certificateholders (whether or not acting in concert) is [ ] (*N.B. Not applicable for European Style Certificates*)
- 22. Index Linked Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Whether the Certificates relate to a Basket of Indices or a Single Index: [Basket of Indices/Single Index]
- (ii) Index/Indices: [ ]  
[Composite/non-Composite]
- (iii) Index Currency: [ ]
- (iv) Formula: [*Specify*]
- (v) Settlement Price: The Settlement Price will be calculated [*insert calculation*]

*method*]/[[Basket Settlement Price/Per Index Settlement Price] as set out in paragraph [(a)(i)/(a)(ii)] of the definition of "Settlement Price" in the Index Linked Conditions] (*N.B. Only applicable for Certificates relating to a Basket of Indices*)/[As set out in paragraph (b) of the definition of "Settlement Price" in the Index Linked Conditions] (*N.B. Only applicable for Certificates relating to a Single Index*)

- (vi) Provisions for determining the Cash Settlement Amount where calculation by reference to Formula is impossible or impracticable: [Specify]/As set out in the Index Linked Conditions]
- (vii) Averaging: Averaging [applies/does not apply] to the Certificates
- [The Averaging Dates are [ ]]
- [In the event that an Averaging Date is a Disrupted Day, [Omission/Postponement/ Modified Postponement] will apply]
- Specified Maximum Days of Disruption will be equal to [ ]/[eight]  
(*If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to eight*)
- Move in Block: [Applicable/Not Applicable]
- Value What You Can: [Applicable/Not Applicable]  
(*N.B. Only applicable in relation to Certificates linked to a Basket of Indices*)
- (viii) Valuation Date: [Specify]
- Specified Maximum Days of Disruption will be equal to [ ]/[eight]  
(*If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to eight*)
- Move in Block: [Applicable/Not Applicable]
- Value What You Can: [Applicable/Not Applicable]  
(*N.B. Only applicable in relation to Certificates linked to a Basket of Indices*)
- (ix) Observation Date(s): [The Observation Date(s) is/are [ ]/Not Applicable]]
- [In the event that an Observation Date is a Disrupted Day, [Omission/Postponement/ Modified Postponement] will apply/specify fallbacks]

Specified Maximum Days of Disruption will be equal to [ ]/[eight]  
*(If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to eight)*

Move in Block: [Applicable/Not Applicable]

Value What You Can: [Applicable/Not Applicable]  
*(N.B. Only applicable in relation to Certificates linked to a Basket of Indices)*

- (x) Observation Period: [Specify/Not Applicable]
- (xi) Exchange(s) and Index Sponsor: (a) the relevant Exchange[s] [is/are] [ ]; and  
(b) the relevant Index Sponsor is [ ]
- (xii) Related Exchange(s): [Specify/Each exchange or quotation system on which option contracts or futures contracts relating to such Index are traded/All Exchanges]
- (xiii) Weighting: [Not Applicable/The weighting to be applied to each item comprising the basket to ascertain the Settlement Price is [ ]/specify other]  
*(N.B. Only applicable in relation to Cash Settled Certificates relating to a Basket of Indices)]*
- (xiv) Relevant Time: [Scheduled Closing Time/specify]  
*(N.B. if no Relevant Time is specified, the Valuation Time will be as specified in the Index Linked Conditions)*
- (xv) Additional Disruption Events: The following Additional Disruption Events apply to the Certificates:  
*(Specify each of the following which applies)*  
[Change in Law]  
[Hedging Disruption]  
[Increased Cost of Hedging]  
[Increased Cost of Stock Borrow]  
[Loss of Stock Borrow]  
  
[The Trade Date is [ ]]  
*(N.B. only applicable if Change in Law and/or Increased Cost of Hedging is applicable)]*  
  
[The Maximum Stock Loan Rate in respect of [specify in relation to each relevant security/commodity] is [ ]]  
*(N.B. only applicable if Loss of Stock Borrow is applicable)]*  
  
[The Initial Stock Loan Rate in respect of [specify in relation to each relevant security/commodity] is [ ]]

(N.B. only applicable if Increased Cost of Stock Borrow is applicable)]

- (xvi) X Percentage: [Applicable/Not Applicable]
- (xvii) Mandatory Early Repayment Event: [Not Applicable/Applicable: *specify*/"greater than"/"greater than or equal to"/"less than"/"less than or equal to"] the Mandatory Early Repayment Level] [*other*]  
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Mandatory Early Repayment Amount: [*Specify*]
- (b) Mandatory Early Repayment Date(s): [*Specify*] [PROVIDED THAT if such date is not a Business Day, that Mandatory Early Repayment Date shall be the immediately [succeeding/preceding] Business Day]
- (c) Mandatory Early Repayment Level: [*Specify*]
- (d) Mandatory Early Repayment Valuation Date(s): [*Specify*]  
[In the event that a Mandatory Early Repayment Valuation Date is a Disrupted Day, [Omission/Postponement/Modified Postponement] will apply/*specify fallbacks*]  
  
Specified Maximum Days of Disruption will be equal to [ ]/[eight]  
(If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to eight)
- Move in Block: [Applicable/Not Applicable]
- Value What You Can: [Applicable/Not Applicable]  
(N.B. Only applicable in relation to Certificates linked to a Basket of Indices)
- (e) Mandatory Early Repayment Valuation Time: [Scheduled Closing Time/At any time/Valuation Time/*specify*]

**23. Inflation Linked Provisions**

[Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Index/Indices: [ ]
- (ii) Formula: [ ]
- (iii) Provisions for determining the [Specify/As set out in the Inflation Linked Conditions]

Cash Settlement Amount where calculation by reference to Formula is impossible or impracticable:

- (iv) Formula for determining the Underlying Level pursuant to Condition 1(a)(iii) of the Inflation Linked Conditions: [Specify/Condition 1(a) of the Inflation Linked Conditions applies]
- (v) Payment Date(s): [Settlement Date/Specify]
- (vi) Valuation Date: [Specify/Five Business Days prior to [each/the] Payment Date]/[Not Applicable]
- (vii) Related Bond: [Applicable/Not Applicable]  
[Specify for an Index/Fallback Bond]
- (viii) Issuer of Related Bond: [ ]/[Not Applicable]
- (ix) Fallback Bond: [Applicable/Not Applicable]  
[Specify for an Index]  
End Date: [ ]
- (x) Period of Cessation of Publication: [2 consecutive months/specify]  
*(If no Period of Cessation of Publication is specified, the period will be two consecutive months)*
- (xi) Revised Index Levels: [[In respect of an Index,] [No Revision/Revision] shall apply in relation to the first publication and announcement of a level of [such/the] Index for a Reference Month]  
*(N.B. if neither "No Revision" nor "Revision" is specified, "No Revision" shall be deemed to apply)*
- (xii) Revision Cut-off Date: [In respect of an Index,] [2 Business Days prior to any relevant Payment Date/specify]  
*(If no Revision Cut-off Date is specified, the cut-off date will be two Business Days prior to any relevant Payment Date)*
- (xiii) Manifest Error Cut-off Date: [In respect of an Index,] [2 Business Days prior to any relevant Payment Date/specify]  
*(If no Manifest Error Cut-off Date is specified, the cut-off date will be two Business Days prior to any relevant Payment Date)*
- (xiv) Trade Date: [Specify]



(xv) Mandatory Early Repayment Event: [Applicable/Not Applicable]

*(If applicable specify the terms of the Mandatory Early Repayment Event)*

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

(A) Mandatory Early Repayment Amount: [Specify]

(B) Mandatory Early Repayment Date(s): [Specify]

**24. Commodity Linked Provisions** [Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Commodity/Commodities: [ ] [which is a Bullion Commodity]

(ii) Formula: [ ]

(iii) Provisions for determining the Cash Settlement Amount where calculation by reference to Formula is impossible or impracticable: [Specify/As set out in the Commodity Linked Conditions]

(iv) Pricing Date(s): [ ]

Commodity Business Day Convention: [Following/Modified Following/Nearest/Preceding]

Common Pricing: [Applicable/Not Applicable]  
*(NB: only applicable in relation to Certificates linked to a basket of Commodities)*

(v) Commodity Business Day: [Specify/The definition in Condition 5 of the Commodity Linked Conditions applies]

(vi) Commodity Reference Price: [ ]

(vii) Specified Price: [high price][low price][average of high and low prices][closing price][opening price][bid price][asked price][average of bid and asked prices][settlement price][official settlement price][official price][morning fixing][afternoon fixing][spot price][other] [insert time, if applicable]

(viii) Delivery Date: [date][month and year][[First/Second/Third/other] Nearby Month][specify method]

- (ix) Unit: [ ]
- (x) Price Source: [ ]
- (xi) Exchange: [ ]
- (xii) Market Disruption Event(s): [The following Market Disruption Events apply to the Certificates:  
 [Price Source Disruption]  
 [Trading Disruption: *specify any additional futures/options contract commodity*]  
 [Disappearance of Commodity Reference Price]  
 [Material Change in Formula]  
 [Material Change in Content]  
 [Tax Disruption]]  
 [Condition 1(b) of the Commodity Linked Conditions applies]
- (NB: if Condition 1(b) of the Commodity Linked Conditions applies, the Market Disruption Events specified in that Condition will apply)*
- (xiii) Disruption Fallback(s): [The following Disruption Fallbacks apply to the Certificates (in the following order):  
 [Fallback Reference Dealers]  
 [Fallback Reference Price: *specify alternate Commodity Reference Price*]  
 [Cancellation]  
 [Postponement]  
 [Calculation Agent Determination]  
 [Delayed Publication and Announcement]  
 [*specify other*]]  
 [Condition 2(b) of the Commodity Linked Conditions applies]  
*(NB: if Condition 2(b) of the Commodity Linked Conditions applies, the Market Disruption Events specified in that Condition will apply)*
- (xiv) Reference Dealers: [*Specify four dealers*]
- (xv) Specified Maximum Days of Disruption: [ ]
- (If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to five)*
- (xvi) Trade Date: [ ]
- (xvii) Mandatory Early Repayment Event: [Applicable/Not Applicable]
- (If applicable specify the terms of the Mandatory Early*

Repayment Event)

(If not applicable, delete the remaining subparagraphs of this paragraph)

(A) Mandatory Early Repayment Amount: [Specify]

(B) Mandatory Early Repayment Date(s): [Specify]

**25. Share Linked Provisions**

[Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Whether the Certificates relate to a Basket of Shares or a single Share:

[Basket of Shares/Single Share]

(ii) Share/Shares:

[Give or annex details of each Share and the Share Company or each Basket Company]

(iii) Formula:

[Specify]

(iv) Settlement Price:

[The Settlement Price will be calculated [insert calculation method]]/[Basket Settlement Price/Per Share Settlement Price] as set out in paragraph [(a)(i)/(a)(ii)] of the definition of "Settlement Price" in the Share Linked Conditions] (N.B. Only applicable for Certificates relating to a Basket of Shares)/[As set out in paragraph (b) of the definition of "Settlement Price" in the Share Linked Conditions] (N.B. Only applicable for Certificates relating to a Single Share) [and converted into the Settlement Currency at the Exchange Rate]

(v) Provisions for determining the Cash Settlement Amount where calculation by reference to formula is impossible or impracticable:

[ ]

(vi) Averaging:

Averaging [applies/does not apply] to the Certificates

[The Averaging Dates are [ ]]

[In the event that an Averaging Date is a Disrupted Day, [Omission/Postponement/ Modified Postponement] will apply]

Specified Maximum Days of Disruption will be equal to [ ]/[eight]

(If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to eight)

Move in Block: [Applicable/Not Applicable]

Value What You Can: [Applicable/Not Applicable]

*(N.B. Only applicable in relation to Certificates linked to a Basket of Shares)*

(vii) Valuation Date: [Specify]

Specified Maximum Days of Disruption will be equal to [ ]/[eight]

*(If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to eight)*

Move in Block: [Applicable/Not Applicable]

Value What You Can: [Applicable/Not Applicable]

*(N.B. Only applicable in relation to Certificates linked to a Basket of Shares)*

(viii) Observation Date(s): [The Observation Date(s) is/are [ ]/Not Applicable]

[In the event that an Observation Date is a Disrupted Day, [Omission/Postponement/ Modified Postponement] will apply/specify fallbacks]

Specified Maximum Days of Disruption will be equal to [ ]/[eight]

*(If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to eight)*

Move in Block: [Applicable/Not Applicable]

Value What You Can: [Applicable/Not Applicable]

*(N.B. Only applicable in relation to Certificates linked to a Basket of Shares)*

(ix) Observation Period: [Specify]

(x) Observation Time: [Scheduled Closing Time/At any time/Valuation Time/specify]

(xi) Exchange(s): [Specify]

(xii) Related Exchange(s): [Specify/All Exchanges]

(xiii) Weighting: [Not Applicable/The weighting to be applied to each Share comprising the Basket of Shares to ascertain the [Settlement Price] is [ ]/Specify other]

*(N.B. Only applicable in relation to Certificates relating to a Basket of Shares)*

- (xiv) Relevant Time: [Scheduled Closing Time/*Specify*]  
(*N.B. if no Relevant Time is specified, the Valuation Time will be the Scheduled Closing Time*)
- (xv) Exchange Rate: [*Specify*/Not Applicable]
- (xvi) Additional Disruption Events: [(a)] The following Additional Disruption Events apply to the Certificates:  
(*Specify each of the following which applies*)
- [Change in Law]
  - [Hedging Disruption]
  - [Increased Cost of Hedging]
  - [Increased Cost of Stock Borrow]
  - [Insolvency Filing]
  - [Loss of Stock Borrow]
- [(b)] [The Trade Date is [ ]].  
(*N.B. only applicable if Change in Law and/or Increased Cost of Hedging is applicable*)]
- [(c)] [The Maximum Stock Loan Rate in respect of [*specify in relation to each Share*] is [ ]]  
(*N.B. only applicable if Loss of Stock Borrow is applicable*)]
- [(d)] The Initial Stock Loan Rate in respect of [*specify in relation to each Share*] is [ ]  
(*N.B. only applicable if Increased Cost of Stock Borrow is applicable*)]
- (xvii) Share Substitution: [Applicable/Not Applicable]
- (xviii) Mandatory Early Repayment Event: [Not Applicable/Applicable: *specify* ["greater than"/"greater than or equal to"/"less than"/"less than or equal to"] the Mandatory Early Repayment Level]  
[*other*]]
- (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (a) Mandatory Early Repayment Amount: [*Specify*]
- (b) Mandatory Early Repayment Date(s): [*Specify*] [PROVIDED THAT if such date is not a Business Day, that Mandatory Early Repayment Date shall be the immediately [succeeding/preceding] Business Day]
- (c) Mandatory Early Repayment Level: [*Specify*]
- (d) Mandatory Early Repayment Valuation [*Specify*]

Date(s):

[In the Event that a Mandatory Early Repayment Valuation Date is a Disrupted Day, [Omission/Postponement/Modified Postponement] will apply/specify fallbacks]

Specified Maximum Days of Disruption will be equal to [ ]/[eight]:

*(If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to eight)*

Move in Block: [Applicable/Not Applicable]

Value What You Can: [Applicable/Not Applicable]

*(N.B. Only applicable in relation to Certificates linked to a Basket of Indices)*

(e) Mandatory Early Repayment Valuation Time:

[Scheduled Closing Time/At any time/Valuation Time/specify]

**26. Foreign Exchange Rate Linked Provisions**

[Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Formula/Exchange Rates: [ ]

(ii) Provisions for determining the Cash Settlement Amount where calculation by reference to Formula/ Exchange Rates is impossible or impracticable: [ ]

(iii) Other Provisions: [ ]

**27. Formula Linked Provisions**

[Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Formula: [ ]

(ii) Underlying: [ ]

(iii) Provisions for determining the Cash Settlement Amount where calculation by reference to Formula is impossible or impracticable: [ ]

(iv) Other Provisions: [ ]

**28. Provisions applicable to Physical Delivery**

[Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Entitlement in relation to each Certificate: Entitlement in relation to each Certificate is *[specify]*
- (ii) Relevant Asset(s): *[As specified above]/[The relevant asset to which the Certificates relate [is/are] [ ]]*
- (iii) Equivalent Amount: *[For the purposes of Condition 4(b)(ii), **Equivalent Amount** means[, in respect of each Calculation Amount and in relation to [the/each] Relevant Asset comprising the Entitlement, an amount equal to the product of (i) the number of such Relevant Asset comprising the Entitlement and (ii) the Settlement Price of such Relevant Asset on the [final Averaging Date/Valuation Date]] *[Specify]*.  
  
*[The Issuer shall procure that the Intermediary purchases the number of such Relevant Asset comprising the Entitlement at *[specify price/time]* on *[specify date]*]**
- (iv) Method of Delivery of Entitlement: *[Specify]*
- (v) Settlement Business Day(s): For the purposes of Condition 4(c)(iii) and Condition 5(e) of the General Conditions, *[specify]*
- (vi) Intermediary: *[Specify] [Insert contact details for delivery of Exercise Notice]*
- (vii) Failure to Deliver due to Illiquidity: (Condition 4(d) of the General Conditions) *[Applicable/Not Applicable]*
- (viii) Cash Adjustment: *[Applicable/Not Applicable]*  
  
*[The value of Fractional Entitlement shall be determined by the Calculation Agent [by reference to the Settlement Price] of the relevant [Share]].*  
  
Tradeable Amount: *[1/specify] [Share]*

## 29. Variation of Settlement

- (i) Issuer's option to vary settlement The Issuer *[has/does not have]* the option to vary settlement in respect of the Certificates pursuant to Condition 4(e) of the General Conditions.
- (ii) Holder's option to vary settlement: The Certificateholder has the option to elect for settlement *[by way of cash payment/by way of physical delivery]*

30. Other final terms: *[Not Applicable/give details]*

*(When adding any other final terms consideration should be given as to whether such terms constitute "significant*

*new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive)*

31. Form of the Certificates: Registered Form: Permanent Global Certificates
32. (i) If syndicated, names and [addresses of Dealers and underwriting commitments]: [Not Applicable/give names, addresses and underwriting commitments] (*Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Dealers*)
- (ii) Date of [Subscription] [ ] Agreement:
33. If non-syndicated, name and address of Dealer: [Not Applicable/give name and address]
34. If publicly offered by the Issuer through Distributors, name and address of Distributors: [Not Applicable/give name and address]
35. Non-exempt Offer: [Not Applicable] [An offer [(the **Offer**)] of the Certificates may be made by the [Dealers/Distributors] [and [*specify, if applicable*]] other than pursuant to Article 3(2) of the Prospectus Directive [and [*specify any applicable local legislation in the Public Offer Jurisdiction(s)*]] in [*specify relevant Member State(s) - which must be jurisdictions where the Prospectus and any supplements have been passported*] (**Public Offer Jurisdictions**) during the period from (and including) [*specify date*] to (and including) [*specify date*] (the **Offer Period**). See further Paragraph [7] of Part B below.]
36. Additional selling restrictions: [Not Applicable/give details]
- [*Set out any additional certifications required particularly in relation to Commodity Certificates*]

## PURPOSE OF FINAL TERMS

This Final Terms comprises the final terms required for the issue [and] [public offer in the Public Offer Jurisdictions] [and] [admission to trading on [*specify relevant regulated market*]] of the Certificates described herein pursuant to the U.S.\$30,000,000,000 Global Medium Term Note and Certificate Programme of Citigroup Inc., Citigroup Funding Inc. and Citigroup Global Markets Funding Luxembourg S.C.A.

## RESPONSIBILITY

The Issuer [and the Guarantor]<sup>6</sup> accept[s]<sup>7</sup> responsibility for the information contained in this Final Terms[, subject as provided below]. [*(Relevant third party information)* has been extracted from (*specify source*).

<sup>6</sup> Delete where the Issuer is CFI.



[Each of the]<sup>8</sup> [The]<sup>7</sup> Issuer [and the Guarantor(s)]<sup>6</sup> confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by (*specify source*), no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By: .....  
Duly authorised

hi

<sup>7</sup> Delete where Issuer is Citigroup Inc.

## PART B – OTHER INFORMATION†

### 1. LISTING AND ADMISSION TO TRADING

Listing and admission to trading [Application has been made by the Issuer (or on its behalf) for the Certificates to be admitted to trading on the regulated market of the Luxembourg Stock Exchange [and listed on the Official List of the Luxembourg Stock Exchange] with effect from [ ].] [Application is expected to be made by the Issuer (or on its behalf) for the Certificates to be admitted to trading on the regulated market of the Luxembourg Stock Exchange [and to be listed on the Official List of the Luxembourg Stock Exchange] with effect from [ ].] [Not Applicable]

*(Where documenting a fungible issue need to indicate that original Notes are already admitted to trading)*

### 2. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

*[Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:*

*"Save as discussed in ["Subscription and sale and transfer and selling restrictions for Certificates"], so far as the Issuer is aware, no person involved in the offer of the Certificates has an interest material to the offer."*

*(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive)*

### 3. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

(i) [Reasons for the offer: [ ]]

*(See "Use of Proceeds" wording in Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here)]*

(ii) [Estimated net proceeds: [ ]]

(iii) [Estimated total expenses: [ ]]

*(It is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i)).*

4. **[PERFORMANCE OF INDEX/COMMODITY/INFLATION/FOREIGN EXCHANGE RATE/FORMULA/SHARE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING**

*[Need to include details of where past and future performance and volatility of the index/share/formula/other variable can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident]*

*[Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is a security need to include the name of the issuer of the security and the ISIN or equivalent identification number. Where the underlying is a basket of underlyings, need to include the relevant weightings of each underlying in the basket. Where the underlying does not fall within any of the foregoing categories, need to include equivalent information.]*

*[Need to include a description of any market disruption or settlement disruption events that affect the underlying and any adjustment rules in relation to events concerning the underlying (if applicable)]*

*[Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]*

*[Where Certificates are offered to the public in Italy consider including (i) Cash Settlement Amount yield scenarios, i.e. positive scenario, intermediate scenario and worst case scenario, (ii) back testing simulation and include the source of all third party information]*

5. **UNDERLYING DISCLAIMER\***

*[For use in connection with Indices, Inflation Indices and Commodities where no specific disclaimer is provided]*

[The issue of this series of Certificates (in this paragraph, the **Transaction**) is not sponsored, endorsed, sold, or promoted by [NAME OF INDEX] (the **Index**) or [NAME OF INDEX] (the **Index Sponsor**) and the Index Sponsor makes any representation whatsoever, whether express or implied, either as to the results to be obtained from the use of the Index and/or the levels at which the Index stands at any particular time on any particular date or otherwise. No Index or Index Sponsor shall be liable (whether in negligence or otherwise) to any person for any error in the Index. No Index Sponsor is making any representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with entering into any Transaction. The Issuer shall not have any liability for any act or failure to act by the Index Sponsor in connection with the calculation, adjustment or maintenance of the Index. Except as disclosed prior to the Issue Date, neither the Issuer nor its affiliates has any affiliation with or control over the Index or Index Sponsor or any control over the computation, composition or dissemination of the Index. Although the Calculation Agent will obtain information concerning the Index from publicly available sources it believes reliable, it will not independently verify this information. Accordingly, no representation, warranty or undertaking (express or implied) is made and no responsibility is accepted by the Issuer, its affiliates or the Calculation Agent as to the accuracy, completeness and timeliness of information concerning the Index]

*[For additional use in connection with Inflation Indices where no specific disclaimer is provided]*

## [RELATED BOND DISCLAIMER

The Certificates are not sponsored, endorsed, sold or promoted by the issuer of the Related Bond and the issuer of the Related Bond has made no representation whatsoever, whether express or implied, as to the performance of the Related Bond and/or any amendments, adjustments or modifications to the terms and conditions of the Related Bond, and/or as to the results to be obtained from the use of any value or index level determined or derived with respect to the Related Bond or otherwise. The issuer of the Related Bond shall not be liable (whether in negligence or otherwise) to any person for any error in the index level or any value determined or derived with respect to the Related Bond and such issuer is under no obligation to advise any person of any error with respect thereto. The issuer of the Related Bond has made no representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with the Certificates. Neither the issuer of the Related Bond nor any calculation agent in respect thereof shall have any liability to any person for any act or failure to act in connection with the Related Bond]

## [Bloomberg®

Certain information contained in this Final Terms consists of extracts from or summaries of information that is publicly-available from Bloomberg L.P. (**Bloomberg®**). The Issuer [and the Guarantor]<sup>13</sup> accept responsibility for accurately reproducing such extracts or summaries and, as far as the Issuer [and the Guarantor]<sup>13</sup> are aware and are able to ascertain from such publicly-available information, no facts have been omitted which would render the reproduced information inaccurate or misleading. Bloomberg® makes no representation, warranty or undertaking, express or implied, as to the accuracy of the reproduction of such information, and accepts no responsibility for the reproduction of such information or for the merits of an investment in the Certificates. Bloomberg® does not arrange, sponsor, endorse, sell or promote the issue of the Certificates.]

## 6. OPERATIONAL INFORMATION

ISIN Code: [ ]

Common Code: [ ]

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme [Not Applicable/give name(s), and number(s) and address(es)]

and the relevant identification number(s) and details relating to the relevant depository, if applicable: [The Certificates will also be cleared indirectly through Monte Titoli S.p.A.]<sup>r</sup>

Delivery: Delivery [against/free of] payment

## 7. TERMS AND CONDITIONS OF THE OFFER

Offer Price: [Issue Price][specify]

Conditions to which the offer is subject: [Not Applicable/give details]

Description of the application process: [Not Applicable/give details]

Details of the minimum and/or maximum amount of application: [Not Applicable/give details]

Details of the method and time limits [Not Applicable/give details]

for paying up and delivering the Certificates:

Manner in and date on which results of the offer are to be made public: [Not Applicable/*give details*]

Categories of potential investors to which the Certificates are offered and whether tranche(s) have been reserved for certain countries: [Not Applicable/*give details*]

Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: [Not Applicable/*give details*]

Amount of any expenses and taxes specifically charged to the subscriber or purchaser: [Not Applicable/*give details*]

Name(s) and address(es), to the extent known to the Issuer, of the placers/distributors in the various countries where the offer takes place. [None/*give details*].

## 8. OTHER INFORMATION

[*e.g. secondary market information*]

### Notes:

- \* Required for Index Linked Certificates and, where relevant, Inflation Linked Certificates and Commodity Linked Certificates
- † If an issue of Certificates is (i) NOT admitted to trading on a regulated market within the European Economic Area and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive, the Issuer may elect to amend and/or delete certain of the above paragraphs of Part B
- Υ To be included for all Certificates listed on the Italian Stock Exchange

**NOTICE FROM THE BENEFICIAL OWNER(S) TO HIS/HER/THEIR FINANCIAL  
INTERMEDIARY**

(to be completed by the beneficial owner(s) of the Certificates for the valid renouncement of the automatic  
exercise of the certificates)

[     ]

*[To be included for Certificates listed on the Italian Stock Exchange only.]*

## TAXATION OF NOTES

### GENERAL

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

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

### UNITED STATES TAX CONSIDERATIONS

*Any U.S. federal tax discussion in this Base Prospectus was not written and is not intended to be used and cannot be used by any taxpayer for purposes of avoiding United States federal income tax penalties that may be imposed on the taxpayer. Any such tax discussion was written to support the promotion or marketing of the Notes to be issued pursuant to this Base Prospectus. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.*

#### General

The following is a summary of certain U.S. federal income tax consequences that may be relevant to the purchase, ownership and disposition of the Notes. This summary does not purport to be a comprehensive description of all of the tax consequences that may be relevant to the decision to purchase the Notes by any particular investor, including tax consequences that arise from rules of general application to all taxpayers or to certain classes of taxpayers or that are generally assumed to be known by investors. This summary also does not address the tax consequences to (i) persons that may be subject to special treatment under U.S. federal income tax law, such as banks, insurance companies, thrift institutions, regulated investment companies, real estate investment trusts, tax-exempt organisations, traders in securities that elect to mark to market and dealers in securities or currencies, (ii) persons that will hold the Notes as part of a position in a "straddle" or as part of a "hedging", "conversion" or other integrated investment transaction for federal income tax purposes, (iii) persons whose functional currency is not the U.S. dollar, (iv) persons that do not hold the Notes as capital assets or (v) persons that did not purchase the Notes in the initial offering.

This summary is based on the U.S Internal Revenue Code of 1986, as amended (the **Code**), U.S. Treasury Regulations and judicial and administrative interpretations thereof, in each case as in effect and available on the date hereof. All of the foregoing are subject to change, which change could apply retroactively and could affect the tax consequences described below. Further, this summary does not describe any tax consequences arising out of the tax laws of any state, local or foreign jurisdiction.

Prospective purchasers of the Notes are urged to consult their own tax advisers concerning the U.S. federal, state, local and foreign tax consequences of owning Notes in light of their own particular circumstances.

For the purposes hereof, **U.S. Holder** means a person that is (i) an individual citizen or resident of the United States, (ii) a corporation organised in or under the laws of the United States or any state thereof or the District of Columbia or (iii) otherwise subject to U.S. federal income taxation on a net income basis in respect of the Notes. The term **Non-U.S. Holder** means a holder of the Notes that is a non-resident alien individual or a foreign corporation. If a partnership holds Notes, the tax treatment of a partner generally will depend on the status of the partner and upon the activities of the partnership. Partners of partnerships holding Notes should consult their own tax advisers.

Any special United States federal income tax considerations relevant to a particular issue of Notes will be provided in the applicable Final Terms. Purchasers of such Notes should carefully examine the applicable Final Terms and should consult with their tax advisors with respect to those Notes.

## **CHARACTERISATION OF THE NOTES**

No statutory, judicial or administrative authority directly addresses the characterisation of the Notes or instruments similar to the Notes for U.S. federal income tax purposes. As a result, significant aspects of the U.S. federal income tax consequences of an investment in the Notes are not certain. No ruling is being requested from the Internal Revenue Service (the **IRS**) with respect to the Notes and no assurance can be given that the IRS will agree with the conclusions expressed herein. Although issued in the form of debt, it is possible that the Notes could be characterised as options for U.S. federal income tax purposes. The relevant Final Terms in respect of the issue of any Notes will specify the expected characterisation of the Notes for U.S. federal income tax purposes. Both characterisations are described below. It is possible that the IRS could seek to characterise the Notes in a manner that results in tax consequences different from those described below. **ACCORDINGLY, A PROSPECTIVE INVESTOR IN THE NOTES SHOULD CONSULT ITS OWN TAX ADVISORS IN DETERMINING THE TAX CONSEQUENCES OF AN INVESTMENT IN THE NOTES, INCLUDING THE APPLICATION OF STATE, LOCAL OR OTHER TAX LAWS AND THE POSSIBLE EFFECTS OF CHANGES IN FEDERAL OR OTHER TAX LAWS.**

## **TAXATION OF U.S. HOLDERS**

The following discussion only addresses U.S. Holders of Notes issued by CFI or Citigroup Inc. The United States federal income tax considerations relevant to U.S. Holders of Notes issued by CGMFL will be provided in the applicable Final Terms.

### **Notes Treated as Options**

#### *Sale, Exchange, Redemption or Other Disposition of Notes*

A U.S. Holder will recognise gain or loss on the sale, exchange, redemption or other disposition of the Notes equal to the difference between the amount realised, if any, and the U.S. Holder's tax basis in the Notes. Any gain or loss will be short-term capital gain or loss and generally will be United States source gain or loss for U.S. foreign tax credit purposes.

If a U.S. Holder holds a Physical Delivery Note and the relevant Issuer does not elect to make a cash settlement of such a Note, then the U.S. Holder's basis in the Relevant Asset or Relevant Assets constituting the Entitlement shall consist of the U.S. Holder's basis in the Note. The U.S. Holder will recognise gain or loss on the exchange or sale of the Relevant Asset or Relevant Assets equal to the difference between the amount realised, if any, and the U.S. Holder's basis in the Relevant Asset or Relevant Assets. Any gain or loss will be long-term capital gain or loss if the U.S. Holder held the Relevant Asset or Relevant Assets for more than one year and will generally be United States source gain or loss for U.S. foreign tax credit purposes.

Prospective investors should consult their own tax advisors with respect to the treatment of long-term capital gains (which may be taxed at lower rates than ordinary income for certain taxpayers) and capital losses (the deductibility of which is subject to limitations).

#### *Possible Alternative Treatment*

There is currently no statutory, judicial or administrative authority that directly addresses the proper treatment of the Notes for U.S. federal income tax purposes. Accordingly, no assurance can be given that the IRS will agree with, or that a court will uphold, the characterisation and treatment of the Notes described above. If the IRS successfully asserts an alternative characterisation of the Notes, the timing and the



character of any income with respect to the Notes may differ from that described above. For example, it would be a reasonable interpretation of current law for the IRS to assert that the Notes should be treated as debt instruments as described below under "*Notes Treated as Debt*". Accordingly, prospective investors are urged to consult their own tax advisors regarding the U.S. federal income tax consequences of an investment in the Notes.

On 7 December 2007, the IRS released a notice that may affect the taxation of holders of Notes. According to the notice, the IRS and the Treasury Department are actively considering whether the holder of instruments such as the Notes should be required to accrue ordinary income on a current basis, and they are seeking taxpayer comments on the subject. It is not possible to determine what guidance they will ultimately issue, if any. It is possible, however, that under such guidance, holders of Notes will ultimately be required to accrue income currently and this could be applied on a retroactive basis. The IRS and the Treasury Department are also considering other relevant issues including whether additional gain or loss from such instruments should be treated as ordinary or capital and whether the special "constructive ownership rules" of Section 1260 of the Code might be applied to such instruments. Each Issuer intends to continue treating Notes for U.S. federal income tax purposes in accordance with the treatment described in this Base Prospectus unless and until such time as the IRS and the Treasury Department determine that some alternative treatment is more appropriate. **Prospective investors are urged to consult their own tax advisers concerning the significance, and the potential impact, of the above considerations.**

## **Notes Treated as Options that Pay a Premium**

### *General*

There is currently no statutory, judicial or administrative authority that directly addresses the U.S. tax treatment of a U.S. Holder of the Notes. Unless otherwise indicated in the applicable Final Terms, by purchasing a Note, a U.S. Holder will be deemed to agree to treat such Note as consisting of (1) a put option that requires the U.S. Holder to purchase the Underlying from the relevant Issuer for an amount equal to the deposit if a barrier event has occurred and/or the closing price of the Underlying on the valuation date is less than the initial price and (2) a deposit of cash in an amount equal to the principal amount of the Note to secure the U.S. Holder's potential obligation to purchase the Underlying. Accordingly, under this characterisation, the stated interest payment on the Notes is divided into two components for U.S. federal income tax purposes, a portion of which is treated as interest on the deposit, and the remainder of which is the put premium attributable to the U.S. Holder's sale of the put option to the relevant Issuer. These two components for each issuance of Notes will be specified in the applicable Final Terms. The relevant Issuer is not requesting a ruling from the IRS with respect to the Notes, and the relevant Issuer cannot assure a U.S. Holder that the IRS will agree with the conclusions expressed in this Base Prospectus regarding the treatment of the Notes and the relevant Issuer's allocation of stated interest payments on the Notes. If the IRS successfully argues that the Notes and the allocation should be treated differently, the timing and character of any inclusion in income in respect of a U.S. Holder's Notes may be affected. Except as provided in "*Possible Alternative Treatment*" below, the remainder of this discussion assumes that the Notes are treated as described above.

### *Interest Payments on Notes*

By purchasing a Note, a U.S. Holder shall be deemed to agree to treat the deposit as debt for U.S. federal income tax purposes as described below under "*Notes Treated as Debt*".

### *Put Premium on Notes*

The put premium generally will not be taxable to a U.S. Holder upon receipt. If the put option expires unexercised and a cash payment is made to a U.S. Holder upon maturity of the Notes, the U.S. Holder will recognise with respect to the put option component of the Notes, short-term capital gain equal to the total put premium received.

If the relevant Issuer exercises the put option and the Note is a Physical Delivery Note (i.e., the Underlying is delivered upon maturity of the Notes), a U.S. Holder will not recognise any gain or loss with respect to the put option other than with respect to any cash received in lieu of fractional Underlying. A U.S. Holder's adjusted basis in the Underlying received will equal the deposit, plus any original issue discount (OID) the U.S. Holder has recognised on the deposit, less the total put premium received. A U.S. Holder's holding period for any Underlying received will commence on the day after the delivery of the Underlying. To the extent a U.S. Holder receives any cash in lieu of fractional Underlying, the U.S. Holder will generally recognise short-term capital gain or loss in an amount equal to the difference between the amount of such cash received and the U.S. Holder's basis in the fractional Underlying, which is determined by allocating the U.S. Holder's total adjusted basis in the Underlying between the amount of cash received and the relative fair market value of the Underlying actually received.

If the relevant Issuer elects to cash settle the put option or the Note is not a Physical Delivery Note, a U.S. Holder will recognise a short-term capital gain or loss equal to the difference between (1) the total amount of cash and put premium received on the Note and (2) the principal amount of the Note.

#### *Sale, Exchange, Redemption or Other Disposition of Notes*

Upon the sale, exchange, redemption or other disposition of the Notes for cash, a U.S. Holder will be required to apportion the amount the U.S. Holder receives between the deposit and the put option according to their respective values on the date of the sale, exchange, redemption or other disposition. A U.S. Holder will generally recognise gain or loss with respect to the deposit in an amount equal to the difference between the amount the U.S. Holder receives that is apportioned to the deposit and the U.S. Holder's adjusted basis in the deposit. A U.S. Holder's adjusted basis in the deposit will generally equal the principal amount of the U.S. Holder's Notes, increased by the amount of any OID the U.S. Holder has recognised in connection with the deposit and decreased by the amount of any payment received with respect to the deposit (other than interest payments treated as qualified stated interest). Such gain or loss will be long-term capital gain or loss if a U.S. Holder is treated as having held the deposit for more than one year at the time of such disposition.

With respect to the put option, the amount of cash a U.S. Holder receives upon the sale, exchange, redemption or other disposition of the Notes that is apportioned to the put option plus the total put premium previously received will be treated as short-term capital gain. If on the date of the sale, exchange, redemption or other disposition of the Notes, the value of the deposit is in excess of the amount the U.S. Holder received upon such sale or exchange, then the U.S. Holder will be treated as having made a payment to the purchaser equal to the amount of such excess in exchange for the purchaser's assumption of the U.S. Holder's rights and obligations under the put option. In such a case, a U.S. Holder will recognise short-term capital gain or loss equal to the difference between the total put premium the U.S. Holder previously received in respect of the put option and the amount of the deemed payment made by the U.S. Holder to the purchaser with respect to the assumption of the put option. The amount of the deemed payment will be treated as an amount received with respect to the deposit in determining the U.S. Holder's gain or loss with respect to the deposit.

#### *Possible Alternative Treatment*

There is currently no statutory, judicial or administrative authority that directly addresses the proper treatment of the Notes for U.S. federal income tax purposes. Accordingly, no assurance can be given that the IRS will agree with, or that a court will uphold, the characterisation and treatment of the Notes described above. If the IRS successfully asserts an alternative characterisation of the Notes, the timing and the character of any income with respect to the Notes may differ from that described above. For example, it would be a reasonable interpretation of current law for the IRS to assert that the Notes should be treated as debt instruments as described below under "*Notes Treated as Debt*". Accordingly, prospective investors are urged to consult their own tax advisors regarding the U.S. federal income tax consequences of an investment in the Notes.

On 7 December 2007, the IRS released a notice that may affect the taxation of holders of Notes. According to the notice, the IRS and the Treasury Department are actively considering whether the holder of instruments such as the Notes should be required to accrue ordinary income on a current basis, and they are seeking taxpayer comments on the subject. It is not possible to determine what guidance they will ultimately issue, if any. It is possible, however, that under such guidance, holders of Notes will ultimately be required to accrue income currently and this could be applied on a retroactive basis. The IRS and the Treasury Department are also considering other relevant issues including whether additional gain or loss from such instruments should be treated as ordinary or capital and whether the special "constructive ownership rules" of Section 1260 of the Code might be applied to such instruments. Each Issuer intends to continue treating the Notes for U.S. federal income tax purposes in accordance with the treatment described in this Base Prospectus unless and until such time as the IRS and the Treasury Department determine that some alternative treatment is more appropriate.

Since a U.S. Holder will receive coupon payments on the Notes on a current basis and by acquiring the Notes the U.S. Holder is deemed to agree to treat a portion of the monthly coupon payments as ordinary income for U.S. federal income tax purposes in accordance with the U.S. Holder's regular method of accounting, if any regulations are ultimately adopted pursuant to the notice with respect to pre-paid forward contracts and similar instruments, it is unclear whether such regulations would apply to the Notes and, if so, whether such regulations would otherwise alter the tax treatment of the Notes (e.g., requiring accrual of the full amount of the coupon as ordinary income and/or requiring any gain or loss to be characterised as ordinary rather than capital).

**Prospective investors are urged to consult their own tax advisers concerning the significance, and the potential impact, of the above considerations**

#### **Notes Treated as Debt**

##### *Payments on Notes*

Payments of qualified stated interest, as defined below under "*Original Issue Discount*", on a Note will be taxable to a U.S. Holder as ordinary interest income at the time that such payments are accrued or are received, in accordance with the U.S. Holder's method of tax accounting.

If such payments of interest are made relating to a Note that is denominated in a foreign currency, the amount of interest income realised by a U.S. Holder that uses the cash method of tax accounting will be the U.S. dollar value of the specified currency payment based on the spot rate of exchange on the date of receipt regardless of whether the payment in fact is converted into U.S. dollars. No exchange gain or loss will be recognised with respect to the receipt of such payment (other than exchange gain or loss realised on the disposition of the foreign currency so received). A U.S. Holder that uses the accrual method of tax accounting will accrue interest income on the foreign currency Note in the relevant foreign currency and translate the amount accrued into U.S. dollars based on:

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

Such an election must be applied consistently by the U.S. Holder to all debt instruments from year to year and can be changed only with the consent of the IRS. A U.S. Holder that uses the accrual method of tax accounting will recognise foreign currency gain or loss, which will be treated as ordinary income or loss, on the receipt of an interest payment made relating to a foreign currency Note if the spot rate of exchange on the

date the payment is received differs from the rate applicable to a previous accrual of that interest income. Such foreign currency gain or loss will be treated as ordinary income or loss, but generally will not be treated as an adjustment to interest income received on the Notes.

#### *Sale, Exchange or Retirement of Notes*

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

In the case of a foreign currency Note, the cost of the Note to a U.S. Holder will generally be the U.S. dollar value of the foreign currency purchase price on the date of purchase. In the case of a foreign currency Note that is traded on an established securities market, a U.S. Holder generally should determine the U.S. dollar value of the cost of the Note by translating the amount paid in foreign currency into its U.S. dollar value at the spot rate of exchange (1) on the settlement date of the purchase in the case of a U.S. Holder using the cash method of tax accounting and (2) on the trade date, in the case of a U.S. Holder using the accrual method of tax accounting, unless the holder elects to use the spot rate applicable to cash method U.S. Holders. The amount of any subsequent adjustments to a U.S. Holder's tax basis in a foreign currency Note in respect of OID, market discount and premium will be determined in the manner described under "*Original Issue Discount*", "*Market Discount*" and "*Notes Purchased at a Premium*" below. The conversion of U.S. dollars to another specified currency and the immediate use of the specified currency to purchase a foreign currency Note generally will not result in taxable gain or loss for a U.S. Holder.

Upon the sale, exchange, retirement or other taxable disposition (collectively, a **disposition**) of a Note, a U.S. Holder generally will recognise gain or loss equal to the difference between (1) the amount realised on the disposition, less any accrued qualified stated interest, which will be taxable as ordinary income in the manner described above under "*Interest Payments on Notes*", and (2) the U.S. Holder's adjusted tax basis in the Note. If a U.S. Holder receives a specified currency other than the U.S. dollar in respect of the disposition of a Note, the amount realised will be the U.S. dollar value of the specified currency received calculated at the spot rate of exchange on the date of disposition of the Note.

In the case of a foreign currency Note that is traded on an established securities market, a U.S. Holder that receives a specified currency other than the U.S. dollar in respect of that disposition generally should determine the amount realised (as determined on the trade date) by translating that specified currency into its U.S. dollar value at the spot rate of exchange (1) on the settlement date of the disposition in the case of a U.S. Holder using the cash method of tax accounting and (2) on the trade date, in the case of a U.S. Holder using the accrual method of tax accounting, unless the holder elects to use the spot rate applicable to cash method U.S. Holders. The election available to accrual basis U.S. Holders in respect of the purchase and sale of foreign currency Notes traded on an established securities market, discussed above, must be applied consistently by the U.S. Holder to all debt instruments from year to year and can be changed only with the consent of the IRS.

Except as discussed below in connection with foreign currency gain or loss, market discount and short-term Notes, gain or loss recognised by a U.S. Holder on the sale, exchange, retirement or other taxable disposition of a Note will generally be long-term capital gain or loss if the U.S. Holder's holding period for the Note exceeded one year at the time of such disposition.

Gain or loss recognised by a U.S. Holder on the sale, exchange, retirement or other taxable disposition of a foreign currency Note generally will be treated as ordinary income or loss to the extent that the gain or loss is attributable to changes in exchange rates during the period in which the holder held the Note.

### *Original Issue Discount*

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

OID generally will arise if the stated redemption price at maturity of the Note exceeds its issue price by more than a *de minimis* amount equal to 0.25% of the Note's stated redemption price at maturity multiplied by the number of complete years to maturity. OID may also arise if a Note has particular interest payment characteristics, such as interest holidays, interest payable in additional securities or stepped interest. For this purpose, the issue price of a Note is the first price at which a substantial amount of Notes is sold for cash, other than to bond houses, brokers or similar persons or organisations acting in the capacity of underwriters, placement agents or wholesalers. The stated redemption price at maturity of a Note is the sum of all payments due under the Note, other than payments of qualified stated interest. The term qualified stated interest generally means stated interest that is unconditionally payable in cash or property, other than debt instruments of the issuer, at least annually during the entire term of the OID Note at a single fixed rate of interest or, under particular conditions, based on one or more interest indices.

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

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

Foreign Currency Notes. In the case of an OID Note that is also a foreign currency Note, a U.S. Holder should determine the U.S. dollar amount includible in income as OID for each accrual period by calculating the amount of OID allocable to each accrual period in the specified currency using the constant-yield method described above and translating the amount of the specified currency so derived at the average exchange rate in effect during that accrual period, or portion of the accrual period within a U.S. Holder's taxable year, or, at the U.S. Holder's election (as described above under "*Payments of Interest*"), at the spot rate of exchange on (1) the last day of the accrual period, or the last day of the taxable year within the accrual period if the accrual period spans more than one taxable year, or (2) on the date of receipt, if that date is within five business days of the last day of the accrual period.

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

Acquisition Premium. A U.S. Holder that purchases an OID Note for an amount less than or equal to the remaining redemption amount, but in excess of the OID Note's adjusted issue price, generally is permitted to reduce the daily portions of OID by a fraction. The numerator of this fraction is the excess of the U.S. Holder's adjusted tax basis in the OID Note immediately after its purchase over the OID Note's adjusted issue price. The denominator of the fraction is the excess of the remaining redemption amount over the OID Note's adjusted issue price. For the purposes of this Base Prospectus, acquisition premium means the excess of the purchase price paid by a U.S. Holder for an OID Note over the OID Note's adjusted issue price and remaining redemption amount means the sum of all amounts payable on an OID Note after the purchase date other than payments of qualified stated interest.

The Notes may have special redemption, repayment or interest rate reset features, as indicated in the applicable Final Terms. Notes containing such features, in particular OID Notes, may be subject to special rules that differ from the general rules discussed above. Accordingly, purchasers of Notes with such features should carefully examine the applicable Final Terms and should consult their tax advisors relating to such Notes.

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

The relevant Issuer is required to provide to holders, solely for U.S. federal income tax purposes, a schedule of the projected amounts of payments on the Contingent Notes. The applicable Final Terms will either contain the comparable yield and projected payment schedule, or will provide an address to which a U.S. Holder of a Contingent Note can submit a written request for this information.

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

A U.S. Holder will generally be bound by the comparable yield and the projected payment schedule determined by the relevant Issuer unless the U.S. Holder determines its own comparable yield and projected payment schedule and explicitly and timely justifies and discloses such schedule to the IRS. The relevant Issuer's determination, however, is not binding on the IRS, and it is possible that the IRS could conclude that some other comparable yield or projected payment schedule should be used instead.

The amount of OID includible in income by a U.S. Holder of a Contingent Note is the sum of the daily portions of OID with respect to the Contingent Note for each day during the taxable year or portion of the taxable year on which the U.S. Holder holds the Contingent Note as described above in "*Original Issue Discount – General*". Any differences between actual payments received by the U.S. Holder on the Contingent Notes in a taxable year and the projected amount of those payments will be accounted for as additional OID (in the case of a positive adjustment) or as an offset to interest income in respect of the Contingent Note (in the case of a negative adjustment), for the taxable year in which the actual payment is made. If the negative adjustment for any taxable year exceeds the amount of OID on the Contingent Note for that year, the excess will be treated as ordinary loss, but only to the extent the U.S. Holder's total OID

inclusions on the Contingent Note exceed the total amount of any ordinary loss in respect of the Contingent Note claimed by the U.S. Holder under this rule in prior taxable years. Any negative adjustment that is not allowed as an ordinary loss for the taxable year is carried forward to the next taxable year, and is taken into account in determining whether the U.S. Holder has a net positive or negative adjustment for that year. However, any negative adjustment that is carried forward to a taxable year in which the Contingent Note is sold, exchanged or retired reduces the U.S. Holder's amount realised on the sale, exchange or retirement.

When a U.S. Holder sells, exchanges, or otherwise disposes of a Contingent Note (including upon repayment of the Contingent Note at maturity) (a **disposition**), the U.S. Holder generally will recognise gain or loss on such disposition equal to the difference between the amount received by the U.S. Holder for the Contingent Note net of any accrued but unpaid interest, which will be treated as such, and the U.S. Holder's tax basis in the Contingent Note. A U.S. Holder's tax basis in a Contingent Note generally will be equal to the U.S. Holder's original purchase price for such Note, plus any OID accrued by the U.S. Holder and less the amount of any projected payments received by the holder according to the projected payment schedule while holding the Contingent Note (without regard to the actual amount paid). Any gain realised by a U.S. Holder on a disposition of a Contingent Note generally will be treated as ordinary interest income. Any loss realised by a U.S. Holder on a disposition generally will be treated as an ordinary loss to the extent of the U.S. Holder's OID inclusions with respect to the Contingent Note up to the date of disposition. Any loss realised in excess of such amount generally will be treated as a capital loss.

Foreign Currency Contingent Payment Debt Instruments. Special rules apply to determine the accrual of OID and the amount, timing, source and character of any gain or loss on a Note that is a contingent payment debt instrument denominated in a foreign currency (a **Foreign Currency Contingent Note**).

Under these rules, a U.S. Holder of a Foreign Currency Contingent Note will generally be required to accrue OID in the foreign currency in which the Foreign Currency Contingent Note is denominated (i) at a yield at which the relevant Issuer would issue a comparable fixed-rate debt instrument denominated in the same foreign currency with terms and conditions otherwise similar to those of the Foreign Currency Contingent Note, and (ii) in accordance with a projected payment schedule determined by the relevant Issuer, under rules similar to those described above. The amount of OID on a Foreign Currency Contingent Note that accrues in any accrual period (prior to and including the maturity date of the Notes) will be the product of the comparable yield of the Foreign Currency Contingent Note (adjusted to reflect the length of the accrual period) and the adjusted issue price of the Foreign Currency Contingent Note at the beginning of the accrual period. The adjusted issue price of a Foreign Currency Contingent Note will generally be determined under the rules described above, and will be denominated in the foreign currency of the Foreign Currency Contingent Note.

OID on a Foreign Currency Contingent Note will be translated into U.S. dollars under translation rules similar to those described above. Any positive adjustment (i.e. the excess of actual payments over projected payments) in respect of a Foreign Currency Contingent Note for a taxable year will be translated into U.S. dollars at the spot rate on the last day of the taxable year in which the adjustment is taken into account. The amount of any negative adjustment on a Foreign Currency Contingent Note (i.e. the excess of projected payments over actual payments) that is offset against accrued but unpaid OID will be translated into U.S. dollars at the same rate as which such OID was accrued. To the extent a net negative adjustment exceeds the amount of accrued but unpaid OID, the negative adjustment will be treated as offsetting OID that has accrued and been paid on the Foreign Currency Contingent Note, and will be translated into U.S. dollars at the spot rate on the date the Foreign Currency Contingent Note was issued. Any net negative adjustment carry forward will be carried forward in the relevant foreign currency.

Market Discount. If a U.S. Holder purchases a Note, other than a short-term Note, for an amount that is less than the Note's stated redemption price at maturity or, in the case of an OID Note, for an amount that is less than the Note's revised issue price, i.e., the Note's issue price increased by the amount of accrued OID, the Note will be considered to have market discount. The market discount rules are subject to a *de minimis* rule similar to the rule relating to *de minimis* OID, described above (in the second paragraph under "*Original*

*Issue Discount*"). Any gain recognised by the U.S. Holder on the sale, exchange, retirement or other taxable disposition of Notes having market discount generally will be treated as ordinary income to the extent of the market discount that accrued on the Note while held by such U.S. Holder.

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

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

Short-Term Notes. The rules set forth above also will generally apply to Notes having maturities of not more than one year from the date of issuance. Those Notes are called short-term Notes in this Base Prospectus. Certain modifications apply to these general rules.

First, none of the interest on a short-term Note is treated as qualified stated interest. Instead, interest on a short-term Note is treated as part of the short-term Note's stated redemption price at maturity, thereby giving rise to OID. Thus, all short-term Notes will be OID Notes. OID will be treated as accruing on a short-term Note rateably, or at the election of a U.S. Holder, under a constant yield method.

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

Third, any U.S. Holder of a short-term Note, whether using the cash or accrual method of tax accounting, can elect to accrue the acquisition discount, if any, on the Note on a current basis. If such an election is made, the OID rules will not apply to the Note. Acquisition discount is the excess of the Note's stated redemption price at maturity over the holder's purchase price for the Note. Acquisition discount will be treated as accruing rateably or, at the election of the U.S. Holder, under a constant-yield method based on daily compounding. As described above, the Notes may have special redemption features. These features may affect the determination of whether a Note has a maturity of not more than one year and thus is a short-term Note. Purchasers of Notes with such features should carefully examine the applicable Final Terms and should consult their tax advisors in relation to such features.

#### *Notes Purchased at a Premium*

A U.S. Holder that purchases a Note for an amount in excess of the remaining redemption amount will be considered to have purchased the Note at a premium and the OID rules will not apply to such holder. Such holder may elect to amortise such premium, as an offset to interest income, using a constant-yield method,



over the remaining term of the Note. Such election, once made, generally applies to all debt instruments held or subsequently acquired by the U.S. Holder on or after the beginning of the first taxable year to which the election applies. Such election may be revoked only with the consent of the IRS. A U.S. Holder that elects to amortise such premium must reduce its tax basis in a Note by the amount of the premium amortized during its holding period. For a U.S. Holder that does not elect to amortise bond premium, the amount of such premium will be included in the U.S. Holder's tax basis when the Note matures or is disposed of by the U.S. Holder. Therefore, a U.S. Holder that does not elect to amortise premium and holds the Note to maturity will generally be required to treat the premium as capital loss when the Note matures.

Amortisable bond premium in respect of a foreign currency Note will be computed in the specified currency and will reduce interest income in the foreign currency. At the time amortised bond premium offsets interest income, exchange gain or loss, which will be taxable as ordinary income or loss, will be realised on the amortised bond premium on such Note based on the difference between (1) the spot rate of exchange on the date or dates such premium is recovered through interest payments on the Note and (2) the spot rate of exchange on the date on which the U.S. Holder acquired the Note. See "*Original Issue Discount — Acquisition Premium*" above for a discussion of the treatment of a Note purchased for an amount less than or equal to the remaining redemption amount but in excess of the Note's adjusted issue price.

### **Information Reporting and Backup Withholding**

Information returns may be required to be filed with the IRS relating to payments made to particular U.S. Holders of Notes. In addition, U.S. Holders may be subject to a backup withholding tax on such payments if they do not provide their taxpayer identification numbers to the trustee in the manner required, fail to certify that they are not subject to backup withholding tax, or otherwise fail to comply with applicable backup withholding tax rules. U.S. Holders may also be subject to information reporting and backup withholding tax with respect to the proceeds from a sale, exchange, retirement or other taxable disposition of the Notes. Any amounts withheld under the backup withholding rules will be allowed as a credit against the U.S. Holder's United States federal income tax liability provided the required information is timely furnished to the IRS.

In addition, in the case of payments of interest made after December 31, 2013 or gain realised on a disposition after December 31, 2014 (or, with respect to Notes issued by CGMFL, payments made after December 31, 2016), U.S. Holders of Notes issued after December 31, 2012 that hold their Notes through a "foreign financial institution" (as defined under Sections 1471 through 1474 of the Code) may be subject to withholding of U.S. federal income tax unless such foreign financial institution has entered into an agreement with the U.S. government to collect and provide to the IRS information about its direct and indirect U.S. accountholders and investors, and the U.S. Holder has provided any required information to such foreign financial institution.

### **TAXATION OF NON-U.S. HOLDERS**

Under current U.S. federal income tax law, payment on a Note, Receipt, Coupon or Talon issued by CFI or Citigroup Inc. (each, a **U.S. Issuer**) and made by such U.S. Issuer or any Paying Agent to a Non-U.S. Holder should not be subject to withholding of U.S. federal income tax, provided that, with respect to payments of interest, (1) the beneficial owner does not actually or constructively own 10 per cent. or more of the total combined voting power of all classes of stock of the U.S. Issuer entitled to vote, (2) the beneficial owner is not (i) a controlled foreign corporation for U.S. federal income tax purposes that is related to the U.S. Issuer through stock ownership or (ii) a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business, (3) such interest payments are not effectively connected with the conduct of a trade or business of the beneficial owner within the United States (or, if an applicable treaty so requires, are not attributable to a permanent establishment in the United States maintained by such Non-U.S. Holder), (4) such interest is not contingent on the U.S. Issuer's profits, revenues or changes in the value of its property and is not otherwise excluded from the definition of "portfolio interest" by Section 871(h)(4) of the Code, (5) the beneficial owner provides a statement signed under penalties of perjury that certifies that it is a Non-U.S. Holder in compliance with applicable requirements (or satisfies certain documentary evidence

requirements for establishing that it is a Non-U.S. Holder), and (6) in the case of payments made after December 31, 2013 on Notes issued after December 31, 2012, the Non-U.S. Holder has provided to the U.S. Issuer or the Paying Agent any required information with respect to its direct and indirect U.S. owners or, if the Notes are held through a "foreign financial institution" (as defined under Sections 1471 through 1474 of the Code), such foreign financial institution has entered into an agreement with the U.S. government to collect and provide to the IRS information about its direct and indirect U.S. accountholders and investors, and the Non-U.S. Holder has provided any required information to such foreign financial institution. Further, a Note, Receipt, Coupon or Talon should not be subject to United States federal estate tax as a result of the death of a holder who is not a citizen or resident of the United States at the time of death, provided that (i) such holder did not at the time of death actually or constructively own 10 per cent. or more of the combined voting power of all classes of stock of the U.S. Issuer and (ii) at the time of such holder's death, payments of interest on such Note, Receipt, Coupon or Talon would not have been effectively connected with the conduct by such holder of a trade or business in the United States.

Payment on a Note, Receipt, Coupon or Talon issued by CGMFL and made by CGMFL or any Paying Agent to a Non-U.S. Holder generally should not be subject to U.S. federal income or withholding tax unless (1) that payment is effectively connected with the conduct by that Non-U.S. Holder of a trade or business in the United States, (2) in the case of any gain realised by an individual Non-U.S. Holder, that holder is present in the United States for 183 days or more in the taxable year of the sale or other disposition and certain other conditions are met, or (3) in the case of payments made after December 31, 2016 on Notes issued after December 31, 2012, the Non-U.S. Holder has failed to provide to CGMFL or the Paying Agent any required information with respect to its direct and indirect U.S. owners or, if the Notes are held through a "foreign financial institution" (as defined under Sections 1471 through 1474 of the Code), such foreign financial institution has entered into an agreement with the U.S. government to collect and provide to the IRS information about its direct and indirect U.S. accountholders and investors, and the Non-U.S. Holder has provided any required information to such foreign financial institution.

Additionally, a holder of a Note, Receipt, Coupon or Talon that is a Non-U.S. Holder should not be subject to United States federal tax on gain realised on the sale, exchange or redemption of such Note, Receipt, Coupon or Talon unless (1) the gain is effectively connected with the conduct of a trade or business of the beneficial owner within the United States (or, if an applicable treaty so requires, is not attributable to a permanent establishment in the United States maintained by such Non-U.S. Holder), (2) such beneficial owner is an individual who is present in the United States for 183 days or more during the taxable year and certain other requirements are met, or (3) in the case of a disposition after December 31, 2014 (or, with respect to Notes issued by CGMFL, a disposition after December 31, 2016) of Notes issued after December 31, 2012, the Non-U.S. Holder has failed to provide to the relevant Issuer or Paying Agent any required information with respect to its direct and indirect U.S. owners or, if the Notes are held through a "foreign financial institution" (as defined under Sections 1471 through 1474 of the Code), such foreign financial institution has not entered into an agreement with the U.S. government to collect and provide to the IRS information about its direct and indirect U.S. accountholders and investors, or the foreign financial institution has entered into such agreement with the U.S. government and the Non-U.S. Holder has failed to provide required information to such foreign financial institution.

The IRS and United States Treasury Department issued a notice (the **Notice**) that requests public comments on a comprehensive list of tax policy issues raised by certain securities that are not classified as debt for United States federal income tax purposes. In particular, the IRS and United States Treasury Department specifically question whether, and to what degree, payments (or deemed accruals) in respect of these securities should be subject to withholding. Accordingly, it is possible that future guidance could be issued as a result of the Notice requiring withholding on payments made to a Non-U.S. Holder on a Note, Receipt, Coupon or Talon.

### **Possible Application of Section 871(m) of the Code**

It is possible, under regulations recently proposed by the United States Treasury Department, that Section 871(m) of the Code could apply to the Notes. While significant aspects of the application of these regulations to the Notes are uncertain, the relevant Issuer or any Paying Agent may be required to withhold (at a rate of 30 per cent., subject to reduction under an applicable income tax treaty) on certain amounts paid with respect to the Notes in the event that any payment on the Notes is treated as contingent upon or determined by reference to a dividend under these rules. If withholding is so required, the relevant Issuer will not be required to pay any additional amounts with respect to amounts so withheld.

### **Information Reporting and Backup Withholding**

Payments on a Note issued by a U.S. Issuer and owned by a Non-U.S. Holder should not be subject to information reporting requirements and backup withholding tax if the beneficial owner satisfies the requirements described under "*Taxation of Non-U.S. Holders*" above. Payment in respect of a Note, Receipt, Coupon or Talon by the United States office of a custodian, nominee or other agent of the beneficial owner of such Note, Receipt, Coupon or Talon may be subject to information reporting requirements and backup withholding tax unless the beneficial owner certifies its non-U.S. status under penalties of perjury or otherwise establishes an exemption.

Information reporting requirements and backup withholding tax should not apply to any payment of the proceeds of the sale of a Note, Receipt, Coupon or Talon effected outside the United States by a foreign office of a foreign "broker" (as defined in applicable Treasury Regulations), provided that such broker (i) derives less than 50 per cent. of its gross income for certain periods from the conduct of a trade or business in the United States, (ii) is not a controlled foreign corporation for United States federal income tax purposes and (iii) is not a foreign partnership that, at any time during its taxable year, is more than 50 per cent. (by income or capital interest) owned by United States persons or is engaged in the conduct of a U.S. trade or business. Payment of the proceeds of the sale of a Note, Receipt, Coupon or Talon effected outside the United States by a foreign office of any other broker should not be subject to backup withholding tax, but may be subject to information reporting requirements unless such broker has documentary evidence in its records that the beneficial owner is a Non-U.S. Holder and certain other conditions are met, or the beneficial owner otherwise establishes an exemption. Payment of the proceeds of a sale of a Note, Receipt, Coupon or Talon by the United States office of a broker may be subject to information reporting requirements and backup withholding tax unless the beneficial owner certifies its non-U.S. status under penalties of perjury or otherwise establishes an exemption.

**THE U.S. FEDERAL TAX DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY AND MAY NOT BE APPLICABLE DEPENDING UPON AN OWNER'S PARTICULAR SITUATION. HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE TAX CONSEQUENCES TO THEM OF THE OWNERSHIP AND DISPOSITION OF THE NOTES, INCLUDING THE TAX CONSEQUENCES UNDER STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND THE POSSIBLE EFFECTS OF CHANGES IN FEDERAL OR OTHER TAX LAWS.**

### **UNITED KINGDOM TAXATION**

*The following applies only to persons who are the beneficial owners of Notes and is a summary of the Issuers' understanding of current United Kingdom law and published HM Revenue & Customs (HMRC) practice relating to certain aspects of United Kingdom taxation. Some aspects do not apply to certain classes of person (such as dealers) to whom special rules may apply. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective Noteholders who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom should seek their own professional advice.*

## Interest on Notes

Payments of interest on the Notes may be made without withholding or deduction for or on account of United Kingdom income tax where such interest is not regarded as having a United Kingdom source for United Kingdom tax purposes. This will depend on the terms of the relevant Notes and prospective Noteholders should therefore take legal advice on the question of whether any particular Notes carry a right to United Kingdom source interest. In the case of interest on Notes which is regarded as having a United Kingdom source, such payments of interest may be made without deduction of or withholding on account of United Kingdom income tax in the following circumstances:

- (i) where the Notes are listed on a "recognised stock exchange", within the meaning of section 1005 of the Income Tax Act 2007. The Luxembourg Stock Exchange is a recognised stock exchange. The Notes will satisfy this requirement if they are officially listed in Luxembourg in accordance with provisions corresponding to those generally applicable in EEA states and are admitted to trading on the Luxembourg Stock Exchange's regulated market. Provided, therefore that the Notes remain so listed, interest on the Notes will be payable without withholding or deduction on account of United Kingdom tax;
- (ii) where interest on the Notes is paid by a company and, at the time the payment is made, the relevant Issuer reasonably believes (and any person by or through whom interest on the Notes is paid reasonably believes) that the beneficial owner is within the charge to United Kingdom corporation tax as regards the payment of interest; provided that HMRC has not given a direction (in circumstances where it has reasonable grounds to believe that the above exception is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax; or
- (iii) where the maturity of the Notes is less than 365 days (and the Notes do not form part of a scheme or arrangement of borrowing intended to be capable of remaining outstanding for more than 364 days). HMRC issued a consultation document on 27 March 2012 entitled "Possible changes to income tax rules on interest" (the **Consultation**), in which the United Kingdom Government has invited views on repealing this exemption from the obligation to withhold or deduct for or on account of United Kingdom income tax.

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

As part of the Consultation, the United Kingdom Government has also invited views on amending the test for United Kingdom source for the purposes of section 874 of the Income Tax Act 2007 but at this stage it is not possible to say precisely how the test will be amended.

Noteholders may wish to note that, in certain circumstances, HMRC has power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays or credits interest to or receives interest for the benefit of a Noteholder. HMRC also has the power, in certain circumstances, to obtain information from any person in the United Kingdom who pays amounts payable on the redemption of Notes which are deeply discounted securities for the purposes of the Income Tax (Trading and Other Income) Act 2005 to or receives such amounts for the benefit of another person, although HMRC published practice indicates that HMRC will not exercise the power referred to above to require this information in respect of amounts payable on the redemption of deeply discounted securities where such amounts are paid on or before 5 April 2013. Such information may include the name and address of the beneficial owner of the amount payable on redemption. Information so

obtained may, in certain circumstances, be exchanged by HMRC with the tax authorities of the jurisdiction in which the Noteholder is resident for tax purposes.

## **LUXEMBOURG TAXATION**

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

### **Taxation of the holders of Notes**

#### *Withholding Tax*

##### *(i) Non-resident holders of Notes*

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

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

##### *(ii) Resident holders of Notes*

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

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

Payments of interest under the Notes coming within the scope of the Law would be subject to withholding tax of 10 per cent.

## AUSTRALIAN TAXATION

*The following is a summary of the Australian withholding taxation treatment at the date of this Base Prospectus of payments on Notes to be issued by the relevant Issuer and certain other matters. The summary does not deal with other Australian tax aspects of acquiring, holding or disposing of the Notes. It is a general guide and should be treated with appropriate caution. Prospective holders of Notes who are in any doubt as to their tax position should consult their professional advisers on the tax implications of an investment in the Notes for their particular circumstances.*

### *Interest withholding tax*

So long as the relevant Issuer continues to be a non-resident of Australia and the Notes (including, without limitation, Australian Domestic Notes) issued by it are not attributable to a permanent establishment of the relevant Issuer in Australia, payments of principal and interest made under Notes issued by it should not be subject to Australian interest withholding tax.

So long as the CFI Guarantor continues to be a non-resident of Australia and the Deed of Guarantee is not attributable to a permanent establishment of the CFI Guarantor in Australia, any payment by the CFI Guarantor under the Deed of Guarantee should not be subject to Australian interest withholding tax.

### *Other tax matters*

Under Australian laws as presently in effect:

- (a) *death duties* - no Notes will be subject to death, estate or succession duties imposed by Australia, or by any political subdivision or authority therein having power to tax, if held at the time of death; and
- (b) *stamp duty and other taxes* - no *ad valorem* stamp, issue, registration or similar taxes are payable in Australia on the issue or transfer of any Notes; and
- (c) *other withholding taxes on payments in respect of Notes* - so long as the relevant Issuer continues to be a non-resident of Australia and does not carry on business at or through a permanent establishment in Australia, the tax file number requirements of Part VA of the Australian Income Tax Assessment Act 1936 and section 12-140 of Schedule 1 to the Taxation Administration Act 1953 of Australia (**Taxation Administration Act**) should not apply in connection with Notes issued by the relevant Issuer; and
- (d) *supply withholding tax* - payments in respect of the Notes can be made free and clear of the "supply withholding tax" imposed under section 12-190 of Schedule 1 to the Taxation Administration Act; and
- (e) *goods and services tax (GST)* - neither the issue nor receipt of the Notes will give rise to a liability for GST in Australia on the basis that the supply of Notes will comprise either an input taxed financial supply or (in the case of an offshore subscriber) a GST-free supply. Furthermore, neither the payment of principal or interest by the relevant Issuer, nor the disposal of the Notes, would give rise to any GST liability in Australia; and
- (f) *taxation of financial arrangements* - Division 230 of the Australian Income Tax Assessment Act 1997 contains tax-timing rules for certain taxpayers to bring to account gains and losses from "financial arrangements".

The rules do not apply to certain taxpayers or in respect of certain short-term "financial arrangements". They should not, for example, generally apply to holders of Notes which are individuals and certain other entities (e.g. certain superannuation entities and managed investment schemes) which do not meet various turnover or asset thresholds, unless they make an election that

the rules apply to their "financial arrangements". Potential holders of Notes should seek their own tax advice regarding their own personal circumstances as to whether such an election should be made.

The rules in Division 230 do not apply to impose interest or other withholding taxes on payments in respect of the Notes issued by the relevant Issuer.

## **AUSTRIAN TAXATION**

*This section on taxation contains a brief summary of the Issuers' understanding with regard to certain important principles which are of significance in connection with the purchase, holding or sale of the Notes in the Republic of Austria. This summary does not purport to exhaustively describe all possible tax aspects and does not deal with specific situations which may be of relevance for certain potential investors. The following comments are rather of a general nature and included herein solely for information purposes. These comments are not intended to be, nor should they be construed to be, legal or tax advice. This summary furthermore only refers to investors which are subject to unlimited (corporate) income tax liability in Austria. It is based on the currently valid tax legislation, case law and regulations of the tax authorities, as well as their respective interpretation, all of which may be amended from time to time. Such amendments may possibly also be effected with retroactive effect and may negatively impact on the tax consequences described. It is recommended that potential purchasers of the Notes consult with their legal and tax advisors as to the tax consequences of the purchase, holding or sale of the Notes. Tax risks resulting from the Notes (in particular from a potential qualification as a foreign investment fund within the meaning of sec. 42 of the Austrian Investment Funds Act (Investmentfondsgesetz 1993) shall in any case be borne by the purchaser. For the purposes of the following it is assumed that the Notes are legally and factually offered to an indefinite number of persons and purchased after 31 March 2012.*

### **General remarks**

Individuals having a permanent domicile (*Wohnsitz*) and/or their habitual abode (*gewöhnlicher Aufenthalt*) in Austria are subject to income tax (*Einkommensteuer*) in Austria on their worldwide income (unlimited income tax liability; *unbeschränkte Einkommensteuerpflicht*). Individuals having neither a permanent domicile nor their habitual abode in Austria are subject to income tax only on income from certain Austrian sources (limited income tax liability; *beschränkte Einkommensteuerpflicht*).

Corporations having their place of effective management (*Ort der Geschäftsleitung*) and/or their legal seat (*Sitz*) in Austria are subject to corporate income tax (*Körperschaftsteuer*) in Austria on their worldwide income (unlimited corporate income tax liability; *unbeschränkte Körperschaftsteuerpflicht*). Corporations having neither their place of effective management nor their legal seat in Austria are subject to corporate income tax only on income from certain Austrian sources (limited corporate income tax liability; *beschränkte Körperschaftsteuerpflicht*).

Both in case of unlimited and limited (corporate) income tax liability Austria's right to tax may be restricted by double taxation treaties.

### **Income taxation of the Notes**

With the passing of the Budget Accompanying Act of 2011 (*Budgetbegleitgesetz 2011*), the Austrian legislator intended to comprehensively realign the taxation of financial instruments, in particular with regard to capital gains. Pursuant to the newly worded sec. 27(1) of the Austrian Income Tax Act, the investment income (*Einkünfte aus Kapitalvermögen*) comprises:

- income from the letting of capital (*Einkünfte aus der Überlassung von Kapital*) pursuant to sec. 27(2) of the Austrian Income Tax Act, including dividends and interest;

- income from realised increases in value (*Einkünfte aus realisierten Wertsteigerungen*) pursuant to sec. 27(3) of the Austrian Income Tax Act, including gains from the sale, redemption and other realisation of assets that lead to income from the letting of capital, zero coupon bonds and also broken-period interest; and
- income from derivatives (*Einkünfte aus Derivaten*) pursuant to sec. 27(4) of the Austrian Income Tax Act, including cash settlements, option premiums received and income from the sale or other realisation of forward contracts like options, futures and swaps and other derivatives such as index certificates.

Also the withdrawal of the Notes from a bank deposit (*Depotentnahme*) and circumstances leading to Austria's loss of taxation right regarding the Notes vis-à-vis other countries, e.g., a relocation from Austria (*Wegzug*), are in general deemed to constitute a sale (cf. sec. 27(6)(1) of the Austrian Income Tax Act).

Individuals subject to unlimited income tax liability in Austria holding the Notes as a non-business asset are subject to income tax on all resulting investment income pursuant to sec. 27(1) of the Austrian Income Tax Act. In case of investment income with an Austrian nexus (*inländische Einkünfte aus Kapitalvermögen*), basically meaning income that is paid by an Austrian paying agent (*auszahlende Stelle*) or an Austrian custodian agent (*depotführende Stelle*), the income is subject to a withholding tax of 25%; no additional income tax is levied over and above the amount of tax withheld (final taxation pursuant to sec. 97(1) of the Austrian Income Tax Act). In case of investment income without an Austrian nexus, the income must be included in the income tax return and is subject to a flat income tax rate of 25%. In both cases upon application the option exists to tax all income subject to the tax rate of 25% at the lower progressive income tax rate (option to regular taxation pursuant to sec. 27a(5) of the Austrian Income Tax Act). Pursuant to sec. 27(8) of the Austrian Income Tax Act, losses from investment income may not be offset with other types of income. Negative income subject to the flat tax rate of 25% may not be offset with income subject to the progressive income tax rate (this equally applies in case of an exercise of the option to regular taxation). Further, an offsetting of losses from realised increases in value and from derivatives with (i) interest and other claims against credit institutions and (ii) income from Austrian or foreign private law foundations and comparable legal estates (*privatrechtliche Stiftungen und damit vergleichbare Vermögensmassen*) is not permissible.

Individuals subject to unlimited income tax liability in Austria holding the Notes as a business asset are subject to income tax on all resulting investment income pursuant to sec. 27(1) of the Austrian Income Tax Act. In case of investment income with an Austrian nexus (as described above) the income is subject to a withholding tax of 25%. While this withholding tax has the effect of final taxation for income from the letting of capital, income from realised increases in value and income from derivatives must on the other hand be included in the income tax return (nevertheless flat income tax rate of 25%). In case of investment income without an Austrian nexus, the income must always be included in the income tax return (flat income tax rate of 25%). In both cases upon application the option exists to tax all income subject to the tax rate of 25% at the lower progressive income tax rate (option to regular taxation pursuant to sec. 27a(5) of the Austrian Income Tax Act). Pursuant to sec. 6(2)(c) of the Austrian Income Tax Act, depreciations to the lower fair market value and losses from the sale, redemption and other realisation of financial assets and derivatives in the sense of sec. 27(3) and (4) of the Austrian Income Tax Act, which are subject to the special tax rate of 25%, are primarily to be offset against income from realised increases in value of such financial assets and derivatives and with appreciations in value of such assets; only half of the remaining negative difference may be offset against other types of income (and carried forward).

Corporations subject to unlimited corporate income tax liability in Austria are subject to corporate income tax on interest from the Notes at a rate of 25%. In case of investment income with an Austrian nexus (as described above) the income is subject to a withholding tax of 25%, which can be credited against the corporate income tax liability. However, under the conditions set forth in sec. 94(5) of the Austrian Income Tax Act no withholding tax is levied in the first place. Income from the sale of the Notes is subject to corporate income tax of 25%. Losses from the sale of the Notes can be offset against other income (and carried forward).



Private foundations pursuant to the Austrian Private Foundations Act fulfilling the prerequisites contained in sec. 13(3) and (6) of the Austrian Corporate Income Tax Act and holding the Notes as a non-business asset are subject to interim taxation at a rate of 25% on interest income, income from realised increases in value and income from derivatives. In case of investment income with an Austrian nexus (as described above) the income is subject to a withholding tax of 25%, which can be credited against the tax falling due. Under the conditions set forth in sec. 94(12) of the Austrian Income Tax Act no withholding tax is levied.

As of 1 January 2013, pursuant to sec. 93(6) of the Austrian Income Tax Act, the Austrian custodian agent will be obliged to automatically offset negative investment income against positive investment income, taking into account all of a taxpayer's bank deposits with the custodian agent (for the period from 1 April 2012 to 31 December 2012 grandfathering provisions exist). If negative and at the same time or later positive income is earned, then the negative income is to be offset against the positive income. If positive and later negative income is earned, then the withholding tax on the positive income is to be refunded, with such refund being limited with 25% of the negative income. In certain cases, the offsetting is not permissible. The custodian agent has to issue a written confirmation on the offsetting of losses for each bank deposit.

Pursuant to sec. 42 of the Austrian Investment Funds Act 1993, a foreign investment fund is defined as any assets subject to a foreign jurisdiction which, irrespective of the legal form they are organised in, are invested according to the principle of risk-spreading on the basis either of a statute, of the entity's articles or of customary exercise. Certain collective investment vehicles investing in real estate are exempted. It should be noted that the Austrian tax authorities have commented upon the distinction between index certificates of foreign issuers on the one hand and foreign investment funds on the other hand in the Investment Fund Regulations (*Investmentfondsrichtlinien*). Pursuant to these, no foreign investment fund may be assumed if for the purposes of the issuance no predominant actual purchase of the underlying assets by the issuer or a trustee of the issuer, if any, is made and no actively managed assets exist. Directly held bonds shall not be considered as foreign investment funds if the performance of the bonds depends on an index, notwithstanding the fact of whether the index is a well-known one, an individually constructed "fixed" index or an index which is changeable at any time.

### **EU withholding tax**

Sec. 1 of the Austrian EU Withholding Tax Act (*EU-Quellensteuergesetz*) – which transforms into national law the provisions of Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments – provides that interest payments paid or credited by an Austrian paying agent to a beneficial owner who is an individual resident in another Member State (or in certain dependent or associated territories) are subject to a withholding tax of 35% if no exception from such withholding applies. Sec. 10 of the Austrian EU Withholding Tax Act provides for an exemption from withholding tax where the beneficial owner presents to the paying agent a certificate drawn up in his/her name by the competent authority of his/her Member State of residence for tax purposes, indicating the name, address and tax or other identification number or, failing such, the date and place of birth of the beneficial owner, the name and address of the paying agent, and the account number of the beneficial owner or, where there is none, the identification of the security; such certificate shall be valid for a period not exceeding three years.

Regarding the issue of whether also index certificates are subject to the EU withholding tax, the Austrian tax authorities distinguish between index certificates with and without a capital guarantee, a capital guarantee being the promise of repayment of a minimum amount of the capital invested or the promise of the payment of interest. The exact tax treatment of index certificates furthermore depends on their underlying.

### **Austrian inheritance and gift tax**

Austria does not levy an inheritance and gift tax anymore.

However, it should be noted that certain gratuitous transfers of assets to (Austrian or foreign) private law foundations and comparable legal estates (*privatrechtliche Stiftungen und damit vergleichbare*

*Vermögensmassen*) are subject to foundation tax (*Stiftungseingangssteuer*) pursuant to the Austrian Foundation Tax Act (*Stiftungseingangssteuergesetz*). Such tax is triggered if the transferor and/or the transferee at the time of transfer have a domicile, their habitual abode, their legal seat or their place of effective management in Austria. Certain exemptions apply in case of a transfer *mortis causa*, in particular for bank deposits, publicly placed bonds and portfolio shares (i.e. less than 1%). The tax basis is the fair market value of the assets transferred minus any debts, calculated at the time of transfer. The tax rate is in general 2.5%, with a higher rate of 25% applying in special cases.

In addition, a special notification obligation exists for gifts of money, receivables, shares in corporations, participations in partnerships, businesses, movable tangible assets and intangibles. The notification obligation applies if the donor and/or the donee have a domicile, their habitual abode, their legal seat or their place of effective management in Austria. Not all gifts are covered by the notification obligation: In case of gifts to certain related parties, a threshold of EUR 50,000 per year applies; in all other cases, a notification is obligatory if the value of gifts made exceeds an amount of EUR 15,000 during a period of five years. Furthermore, gratuitous transfers to foundations falling under the Austrian Foundation Tax Act described above are also exempt from the notification obligation. Intentional violation of the notification obligation may lead to the levying of fines of up to 10% of the fair market value of the assets transferred.

Further, it should be noted that gratuitous transfers of the Notes can trigger income tax on the level of the transferor pursuant to sec. 27(6)(1) of the Austrian Income Tax Act (see above).

## **BELGIAN TAXATION**

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

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

### *Belgian income tax*

For Belgian tax purposes, interest income includes any interest paid on Notes as well as the difference between the redemption amount of the relevant Note and its original issue amount.

#### – Belgian resident individuals

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

As a result of the recent modification of Belgian tax law, interest income paid or attributed as from 1 January 2012 will in principle be subject to a 21% withholding tax rate. Although certain types of movable income\* will remain subject to a 15% withholding tax rate, interest income from cash notes, bonds, term deposit accounts, government bonds and non-exempt insurance notes will be subject to a 21% withholding tax rate.

The interest income has to be declared in the recipient's annual personal income tax return as from assessment year 2013 (i.e. income year 2012), even if withholding tax has been withheld at source by an intermediary agent.

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\* Certain movable income, such as taxable interest on regulated savings account (i.e. EUR amount above the tax exempt threshold of EUR 1,830,00), income from Government bonds issued and subscribed in the period between 24 November 2011 and 2 December 2011, remains subject to a 15% withholding tax rate.

No such reporting in the personal income tax return is however required for the interest income subject to 21%, provided that an additional 4% surcharge is withheld at source (cf. *infra*).

As from 1 January 2012, a supplementary surcharge tax of 4% will be due on all movable income which is in principle subject to the 21% rate and for the amount exceeding an annual threshold of €20,020 (indexed amount for 2012).

For determining whether or not the aforementioned threshold is exceeded certain types of movable income should not be taken into account e.g. income from liquidation proceeds, interest from government bonds issued in the period from 24 November 2011 through 31 December 2011, other types of movable income, tax exempt interest income of insurance bonds, the tax exempt threshold amount of EUR 1,830 income from savings accounts, the tax exempt amount of EUR 180 dividends from recognised cooperative companies, the tax exempt amount of EUR 180 interest of dividends of companies with a social purpose.

Furthermore, to determine whether the threshold is exceeded, the interest and dividend income on which the surcharge is not applicable should firstly be taken into account i.e. the interest and dividend income which is in principle taxable at 10%, 15% or 25%.

A separate reporting obligation via a 'central point of contact' within the Federal Finance Department has been introduced to guarantee the correct application of the 4% surcharge. The specific modalities of the exchange of information with the 'central point of contact' will be determined by Royal Decree.

The 4% surcharge will be withheld depending on the option made by the taxpayer i.e. either at source (hereafter: option 1) or through the personal income tax return of the beneficiary of the movable income (hereafter: option 2):

Option 1) At source: in this situation, the taxpayer can opt for the application of the 4% supplementary surcharge (i.e. at source) on *all* interest and dividend income received. In this case, the taxpayer allows the debtor or the paying agent to withhold 25%. The debtor or paying agent will fulfil the payment obligations regarding the supplementary surcharge to the competent tax authorities. Under this option the identity and movable income of the taxpayer will not be reported to the competent authorities. Any excessive withholding tax levied at source - because the threshold of €20,020 is not reached - can be claimed back by the recipient of the movable income through his personal income tax return.

Option 2) Via the personal income tax assessment: the taxpayer can allow the debtor or the paying agent of the withholding tax (e.g. financial institutions) to communicate the appropriate information (amount of the movable income and 'identity' of the beneficiary of the income) to a 'central contact point' within the Federal Finance Department. In this case, the 4% surcharge will not be withheld at source (only 21%), but is levied as part of the personal income tax liability assessed further to the filing of the personal income tax return.

The taxpayer can elect an option for withholding the surcharge per type of investment product.

In cases where the taxpayer opts for a withholding tax of 25% (i.e. 21% plus 4% surcharge), the taxpayer is no longer obliged to declare the income received in the personal income tax return. In cases, however, where the taxpayer wants to claim any excessive withholding tax levied, he may still choose to declare the income.

In all other cases, the taxpayer is obliged to report the income in his personal income tax return.

No municipal tax will be applied on the supplementary 4% surcharge. It is also expected that the aforementioned withholding tax levied on movable income will not be increased by municipal taxes. This should, however, be the subject of further legislative work.

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

the capital gains will be taxed at a fixed rate of 33 per cent. to be increased with municipal taxes). The part of the sale price attributable to the *pro rata* interest component (if any) is taxable as interest income (see above). Capital losses on Notes are in principle not deductible.

– Belgian companies

Interest paid through an intermediary established in Belgium to a Belgian company subject to corporate income tax will generally be subject to Belgian withholding tax. However, an exemption may apply PROVIDED THAT certain formalities are complied with. The current applicable withholding tax rate is 21 per cent. For Belgian companies, the withholding tax is not the final tax as they need also to declare the interest income in their annual corporate income tax return, where it is taxed at the normal corporate income tax rate which in most cases is 33.99 per cent.

Belgian companies are, in principle, entitled to credit Belgian withholding tax against their corporate income tax liability provided certain conditions are fulfilled. However, the Belgian withholding tax may only be credited to the extent the Belgian resident company has kept the full legal ownership of the relevant Notes during the period to which the interest payments relate. Any excess withholding tax is refundable.

In specific cases and subject to conditions, an exemption from withholding tax may be available. This should be further analysed with tax consultants.

For any Belgian company subject to Belgian corporate income tax, all interest and any gain on a sale of Notes will form part of that company's taxable basis. Losses on Notes are, in principle, tax deductible.

– Other Belgian legal entities subject to the legal entities income tax

For other Belgian legal entities subject to the legal entities income tax, all interest payments (as defined by the Belgian Income Tax Code) will (subject to certain exceptions) be subject to withholding tax, currently at a rate of 21 per cent.

If interest is paid through a Belgian intermediary, such intermediary must levy withholding tax, currently at the rate of 21 per cent. This withholding tax is in principle a final tax. If no Belgian intermediary is involved, the withholding tax must be declared and paid by the legal entity itself.

Any capital gain on a sale of Notes will, in principle, be tax exempt, except for that part of the sale price attributable to the *pro rata* interest component. Such interest is in principle subject to withholding tax at the rate of 21 per cent. This withholding tax must be paid by the legal entity itself, unless it can demonstrate that the withholding tax will be paid at maturity.

*Capital losses on Notes are (subject to certain exceptions) not tax deductible.*

*Tax on stock exchange transactions*

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

The sale and acquisition of Notes on the secondary market is subject to a tax on stock exchange transactions if executed in Belgium through a professional intermediary. As of 1 January 2012, the tax is generally due at a rate of 0.09 per cent. (reduced rate) on each sale and acquisition separately, with a maximum of Euro 740.00 per taxable transaction\*. Exemptions may apply for certain categories of institutional investors and non-residents.

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\* The stock exchange tax for transactions executed in the period ad from 1 May 2012 until 31 December 2014 has recently been increased, resulting in a maximum of EUR 740.00 (standard) and EUR 1,500 (capitalisation antitrust) per taxable transaction.

## REPUBLIC OF CYPRUS

*The following is a general summary of certain tax aspects of the Notes under Cypriot law practice in force and applied as at the date of this Base Prospectus and does not purport to be a comprehensive description of all tax aspects relating to Notes. This summary does not analyse the tax position of the relevant Issuer and it does not constitute, nor should it be construed as, tax or legal advice. Prospective investors should consult their tax and other professional advisers as to the specific tax consequences of acquiring, holding and disposing of Notes and of receiving interest on any Notes.*

### **Introduction**

In accordance with the provisions of the Income Tax Law, Law 118(I)/2002 (as amended) (the **Income Tax Law**) a person (natural or legal) is liable to tax on its worldwide income on the basis of residency.

A person is resident in Cyprus for the purposes of the Income Tax Law where, in the case of a natural person, that person is present in Cyprus for a period (or periods in aggregate) exceeding 183 days in the tax year and, in the case of a company, its management and control is exercised in Cyprus. The tax year for the purposes of the Income Tax Law coincides with the calendar year.

Non-Cyprus tax residents are taxed on income derived from sources in Cyprus or from a business activity which is carried out through a permanent establishment in Cyprus. A company is regarded as having a "permanent establishment" in Cyprus, if it has a fixed base of business through which the business is carried out fully or partially, including a management base, a branch or an office.

### **Interest Income**

#### *Non-Cyprus Tax Residents*

Persons (natural and legal) who are not resident for tax purposes pursuant to the provisions of the Income Tax Law will not be liable for any income tax or for the special contribution defence tax (as described below). Payments of interest made by the relevant Issuer to such persons will not be subject to any Cyprus withholding taxes.

#### *Cyprus tax resident individuals*

Under the provisions of the Income Tax Law, an individual who is tax resident in Cyprus and who receives or is credited with interest, which is considered to arise in the ordinary course of business or is considered closely connected thereto shall be subject only to (corporate) income tax at the rate of 10 per cent. Such income will not be subject to special contribution defence tax pursuant to the provisions of the Special Defence Contribution Law, Law 117(I)/2002 (as amended) (the **SCDF Law**). Interest income not arising in the ordinary course of business or being considered closely connected thereto shall be exempt from (corporate) income tax and shall be subject to tax under the SCDF Law at the rate of 15 per cent.

Cyprus tax resident companies that pay interest in respect of which special contribution defence tax is due to Cyprus tax resident individuals are obliged to withhold the special contribution defence tax at source and remit the tax to the Cypriot tax authorities.

#### *Cyprus tax resident companies*

Any interest accruing or received by a Cyprus resident company which is considered to arise in the ordinary course of the business or is considered closely connected thereto shall be subject only to (corporate) income tax at the rate of 10 per cent. Such income will not be liable to any tax under the SCDF Law.

Interest income not arising in the ordinary course of business or being considered closely connected thereto shall be exempt from (corporate) income tax and shall be subject to tax under the SCDF Law at the rate of 15 per cent.

Cyprus tax resident companies that pay interest in respect of which special contribution defence tax is due to other Cyprus tax resident companies are obliged to withhold the special contribution defence tax at source and remit the tax to the Cypriot tax authorities.

### **Profit from the Disposal of the Notes**

Any gains derived from the disposal of Notes by a Cyprus resident individual or company are exempt from income tax in Cyprus.

Any gains from the disposal of Notes are not subject to Cyprus income tax, irrespective of the trading nature of the gain, the number of Notes held or the period for which the Notes were held. Any gain is also outside the scope of application of the Capital Gains Tax Law 1980-2002 (as amended).

Interest income is, however, subject to the treatment set out above.

### **Savings Directive**

Cyprus has enacted into Cyprus law EU Directive 2003/48/EC relating to the taxation of savings by virtue of the provisions of the Assessment and Collection of Taxes (Amendment) Law 146(I) of 2004. Pursuant to this law, the Cypriot Council of Ministers issued the Assessment and Collection of Tax (Provision of Information Regarding Interest Payments) Regulations of 2005. These regulations impose Savings Directive standards on Cypriot financial institutions making EU cross-border savings interest payments to individuals resident in other EU Member States of (a) an individual's identity and permanent address, (b) the name and address of the paying agent and (c) the bank account details.

### **Stamp Duty**

Following the enactment of the Stamp Duty (Amendment) (No. 2) Law 2002, section 4 of the Stamp Duty Law, Law 19/1963 as amended provides that:

"(1) every instrument specified in the First Schedule shall be chargeable with duty of the amount specified in the said Schedule as the proper duty therefore respectively if it relates to any asset situated in the Republic or to matter or things which shall be performed or done in the Republic irrespective of the place where the document is made."

In accordance with the principles of rulings of the Commissioner of Stamp Duty, an issue of Notes by the relevant Issuer will not be liable to stamp duty where the proceeds of the issue will remain outside Cyprus, will be utilised for purposes outside Cyprus and the obligation under such Notes will be repaid outside Cyprus.

Transfers of Notes effected outside of Cyprus between non-residents of Cyprus do not attract stamp duty in Cyprus, provided that the transferor and the transferee are not residents of Cyprus.

## **CZECH TAXATION**

### *General*

*The information set out below is only a summarised description of Czech withholding tax treatment and it does not deal with any other Czech tax consequences of the purchase, holding and disposition of Notes. The holders of Notes should consult their own tax advisors as to the consequences under the tax laws of the country of which they are residents for tax purposes and the tax laws of the Czech Republic concerning the*

*purchase, holding and disposition of Notes and receiving payments of interest, principal and/or other payments under Notes, including, in particular, the application to their concrete situation of the tax considerations discussed below as well as the application of the state, local, foreign or other tax laws.*

*This summary is based on the tax laws of the Czech Republic as in effect on the date of this Base Prospectus and their prevailing interpretations available on or before such date. All of the foregoing is subject to change, which could apply retroactively and could affect the continued validity of this summary.*

*For the purposes of this summary, it has been assumed that the relevant Issuer is not resident for tax purposes nor has it any permanent establishment in the Czech Republic.*

#### *Withholding tax*

All interest payments to be made by the relevant Issuer under the Notes may be made free of withholding or deduction of, for or on the account of any taxes of whatsoever nature imposed, levied, withheld or assessed by the Czech Republic or any political subdivision or taxing authority thereof or therein.

#### *Securing tax*

In general, pursuant to the Czech tax law, Czech tax residents (or Czech permanent establishments of Czech non-residents) acquiring the Notes are required, under their own responsibility, to withhold and to remit to Czech tax authorities a 1 per cent. securing tax from the purchase price when purchasing investment instruments, such as the Notes, from a seller who is resident for tax purposes outside the European Union or the European Economic Area. Such obligation can be eliminated under a tax treaty concluded between the Czech Republic and the country in which the seller is a tax resident. Furthermore, it can be waived in advance based on a decision of Czech tax authorities.

## **DUTCH TAXATION**

### **General**

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

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

This summary does not address the Netherlands tax consequences for:

- (i) holders of Notes holding a substantial interest (aanmerkelijk belang) or deemed substantial interest (fictief aanmerkelijk belang) in the relevant Issuer and holders of Notes of whom a certain related person holds a substantial interest in the relevant Issuer. Generally speaking, a substantial interest in the relevant Issuer arises if a person, alone or, where such person is an individual, together with his or her partner (statutory defined term), directly or indirectly, holds or is deemed to hold (a) an interest of 5 per cent. or more of the total issued capital of the relevant Issuer or of 5 per cent. or more of the issued capital of a certain class of shares of the relevant Issuer, (b) rights to acquire, directly or indirectly, such interest or (c) certain profit sharing rights in the relevant Issuer;
- (ii) investment institutions (fiscale beleggingsinstellingen);

- (iii) pension funds, exempt investment institutions (*vrijgestelde fiscale beleggingsinstellingen*) or other entities that are exempt from Netherlands corporate income tax; and
- (iv) persons to whom the Notes and the income from the Notes are attributed based on the separated private assets (*afgezonderd particulier vermogen*) provisions of the Netherlands Income Tax Act 2001 (*Wet inkomstenbelasting 2001*) and the Netherlands Gift and Inheritance Tax Act (*Successiewet 1956*).

Where this summary refers to the Netherlands, such reference is restricted to the part of the Kingdom of the Netherlands that is situated in Europe and the legislation applicable in that part of the Kingdom.

For the purpose of the Netherlands tax consequences described herein, it is assumed that the relevant Issuer is neither a resident nor deemed to be a resident of the Netherlands for Netherlands tax purposes.

### **Netherlands Withholding Tax**

All payments made by the relevant Issuer under the Notes issued by it may be made free of withholding or deduction for any taxes of whatsoever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

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

If a holder is a resident or deemed to be a resident of the Netherlands for Netherlands tax purposes and is fully subject to Netherlands corporate income tax or is only subject to Netherlands corporate income tax in respect of an enterprise to which the Notes are attributable, income derived from the Notes and gains realised upon the redemption, settlement or disposal of the Notes are generally taxable in the Netherlands (at up to a maximum rate of 25 per cent.).

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

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

If neither condition (i) nor condition (ii) applies to the holder of the Notes, taxable income with regard to the Notes must be determined on the basis of a deemed return on income from savings and investments (*sparen en beleggen*), rather than on the basis of income actually received or gains actually realised. As of 1 January 2011, this deemed return on income from savings and investments has been fixed at a rate of 4 per cent. of the individual's yield basis (*rendementsgrondslag*) at the beginning of the calendar year, insofar as the individual's yield basis exceeds a certain threshold. The individual's yield basis is determined as the fair market value of certain qualifying assets held by the holder of the Notes less the fair market value of certain qualifying liabilities on 1 January. The fair market value of the Notes will be included as an asset in the individual's yield basis. The 4 per cent. deemed return on income from savings and investments is taxed at a rate of 30 per cent.



## **Netherlands Gift and Inheritance Tax**

Generally, gift and inheritance tax will be due in the Netherlands in respect of the acquisition of the Notes by way of a gift by, or on behalf of, or on the death of, a holder that is a resident or deemed to be a resident of the Netherlands for the purposes of Netherlands gift and inheritance tax at the time of the gift or his or her death. A gift made under a condition precedent is deemed to be a made at the time the condition precedent is fulfilled and is subject to Netherlands gift and inheritance tax if the donor is, or is deemed to be a resident of the Netherlands at that time.

A holder of Netherlands nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift and inheritance tax if he or she has been resident in the Netherlands and dies or makes a gift within ten years after leaving the Netherlands. A holder of any other nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift tax if he or she has been resident in the Netherlands and makes a gift within a twelve-month period after leaving the Netherlands. The same twelve-month rule may apply to entities that have transferred their seat of residence out of the Netherlands.

## **Netherlands Value Added Tax**

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

## **Other Netherlands Taxes and Duties**

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

## **FINNISH TAXATION**

*The following is a general description of certain tax considerations relating to Notes. They relate only to interest and principal payments by the relevant Issuer to beneficial owners of the Notes and may not apply to certain classes of persons such as Dealers. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in Finland or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date, including changes with retroactive effect.*

*For the purpose of the Finnish tax consequences described herein, it is assumed that the relevant Issuer is neither a resident nor deemed to be a resident of Finland for Finnish tax purposes.*

## **Resident holders of Notes**

Under present Finnish domestic tax law, holders of Notes, who are resident in Finland for tax purposes, are as a general rule subject to Finnish tax on interest payments received under the Notes and on gains realised on the sale or redemption of the Notes. Interest received by individual holders of Notes and any capital gain accrued is taxed as capital income at the level of the individual. Interest received by corporate holders of Notes and capital gain accrued at the level of corporate holders of Notes is taxed as corporate income. Tax exemption may apply with respect to holders of Notes considered as exempt investment institutions, pension funds or other entities that are exempt from Finnish corporate income tax.

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

Holders of Notes who are not resident in Finland for tax purposes and who do not conduct business through a permanent establishment in Finland will not be subject to Finnish taxes either on payments in respect of the Notes or gains realised on the sale or redemption of the Notes. Non-resident holders of Notes who conduct business through a permanent establishment in Finland will be taxed similarly in Finland on payments in respect of the Notes and gains realised on the sale or redemption of the Notes as Finnish resident holders of Notes.

## **Transfer Taxation**

A transfer of the Notes is not subject to Finnish transfer taxation.

## **FRENCH TAXATION**

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

## **Withholding tax**

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

The EC Council Directive 2003/48/EC on the taxation of savings income has been implemented into French law under article 242 *ter* of the French tax code (*Code général des impôts*), which imposes on paying agents based in France an obligation to report to the French tax authorities certain information with respect to interest payments made to beneficial owners resident in another Member State, including the identity and address of the beneficial owner and a detailed list of different categories of interest paid to the beneficial owner.

## **Transfer tax and other taxes**

The following may be relevant in connection with Notes which are settled by way of physical delivery of French listed shares.

Until 31 July 2012, the disposal for considerations of French shares is, in principle, subject to a transfer tax (provided in the case of shares listed on a recognised stock exchange that the transfer is evidenced by a deed or agreement) with application of the following deeming rates: 3 per cent. for the fraction of the price up to 200,000 euros, 0.5 per cent. for the fraction of the price comprised between 200,000 euros and 500,000,000 euros and 0.25 per cent. for the fraction of the price exceeding 500,000,000 euros (the **Transfer Tax**).

As from 1 August 2012, pursuant to the French amending finance law for 2012 dated 14 March 2012, the following changes are applicable:

- The modification of the rates in respect of the Transfer Tax with the consequence that the disposal of French shares would, in principle, be subject to a 0.1 per cent. transfer tax (the **New Transfer Tax**), provided in the case of shares listed on a recognised stock exchange that the transfer is evidenced by a written deed or agreement.
- The introduction of a financial transaction tax in France (the **French Financial Transaction Tax**) to be imposed on certain acquisitions over French listed shares (or certain assimilated securities) where the relevant issuer's stock market capitalisation exceeds 1 billion euros. The French Financial Transaction Tax rate is 0.1 per cent. of the acquisition price of the transaction.
- If the French Financial Transaction Tax applies to a transaction, an exemption in respect of the New Transfer Tax would be applicable.

## GERMAN TAXATION

*The following is a general discussion of certain German tax consequences of the acquisition, ownership and the sale, assignment or redemption of Notes and the receipt of interest thereon. It does not purport to be a comprehensive description of all tax considerations, which may be relevant to a decision to purchase Notes, and, in particular, does not consider any specific facts or circumstances that may apply to a particular purchaser. This summary is based on the laws of Germany currently in force and as applied on the date of this Base Prospectus, which are subject to change, possibly with retroactive or retrospective effect.*

As each Series or Tranche of Notes may be subject to a different tax treatment due to the specific terms of such Series or Tranche, the following section only provides some very generic information on the possible tax treatment and has to be read in conjunction with the more specific information on the taxation of each Series or Tranche of Notes as provided in the relevant Final Terms. Furthermore, the taxation of the different types of Notes may differ from each other. The following summary only describes the tax treatment of Notes in general and certain particularities with respect to individual types of Notes. Further, the following summary does not provide for information with respect to the tax treatment of any underlying (e.g. shares, commodities, depositary receipts, funds) received upon a physical delivery under the Notes unless otherwise explicitly referred to. Where the term "certificates" is used in the following summary it refers – according to a German understanding of the term – to certain types of Notes linked to an underlying.

Prospective purchasers of Notes are advised to consult their own tax advisors as to the tax consequences of the acquisition, the ownership and the sale, assignment or redemption of Notes and the receipt of interest thereon, including the effect of any state or local taxes, under the tax laws of Germany and each country of which they are residents. Only these advisers will be able to take into account appropriately the details relevant to the taxation of the respective holders of the relevant Notes.

### Tax Residents

#### *Private Investors*

#### *Interest/Capital gains*

Interest payable on Notes to persons holding such Notes as private assets (**Private Investors**) who are tax residents of Germany (i.e., persons whose residence or habitual abode is located in Germany) qualifies as investment income (*Einkünfte aus Kapitalvermögen*) according to Sec. 20 para 1 German Income Tax Act (*Einkommensteuergesetz*) and is, in general, taxed at a separate flat tax rate of 25 per cent. (*Abgeltungsteuer*, in the following also referred to as **flat tax**), plus 5.5 per cent. solidarity surcharge thereon according to Sec. 32d para. 1 German Income Tax Act and, if applicable, church tax. Capital gains from the sale, assignment or redemption of Notes, including interest having accrued up to the disposition of a Note and credited separately (**Accrued Interest**, *Stückzinsen*), if any, qualify – irrespective of any holding period – as investment income pursuant to Sec. 20 para. 2 German Income Tax Act and are also taxed at the flat tax rate

of 25 per cent., plus 5.5 per cent. solidarity surcharge thereon and, if applicable, church tax. If the Notes are assigned, redeemed, repaid or contributed into a corporation by way of a hidden contribution (*Verdeckte Einlage in eine Kapitalgesellschaft*) rather than sold, as a rule, such transaction is treated like a sale.

Capital gains are determined by taking the difference between the sale, assignment or redemption price (after the deduction of expenses directly and factually related to the sale, assignment or redemption) and the acquisition price of the relevant Notes. Where the relevant Notes are issued in a currency other than Euro the sale, assignment or redemption price and the acquisition costs have to be converted into Euro on the basis of the foreign exchange rates prevailing on the acquisition date and the sale, assignment or redemption date respectively.

Expenses (other than such expenses directly and factually related to the sale, assignment or redemption) related to interest payments or capital gains under Notes are – except for a standard lump sum (*Sparer Pauschbetrag*) of Euro 801 (Euro 1,602 for married couples filing jointly) – not deductible.

According to the flat tax regime losses from the sale, assignment or redemption of Notes can only be set-off against other investment income including capital gains. If the set-off is not possible in the assessment period in which the losses have been realised, such losses can be carried forward into future assessment periods only and can be set-off against investment income including capital gains generated in these future assessment periods. Losses from so-called private disposal transactions (*private Veräußerungsgeschäfte*) according to Sec. 23 German Income Tax Act as applicable until 31 December 2008 may only be set-off against capital gains under the flat tax regime until 31 December 2013.

If an "other capital receivable" (*Sonstige Kapita Iforderung*) within the meaning of Sec. 20 para 1 no. 7 German Income Tax Act is not repaid in cash at the maturity date but the holder of such receivable receives securities (*Wertpapiere*) instead of a repayment, Sec. 20 para 4a sentence 3 German Income Tax Act construes the consideration for the acquisition of the "other capital receivable" as its sales price. At the same time the consideration for the acquisition of the "other capital receivable" is classified as the acquisition cost of the securities received i.e. no taxable capital gain would be triggered due to the conversion. The aforesaid also applies with respect to so-called full risk certificates (*Vollrisikozertifikate*), i.e. index or share basket etc. linked securities which do not provide for a guaranteed repayment or any capital yield, with a put offer (*Andienungsrecht*).

Further particularities apply with respect to so-called full risk certificates with several payment dates. According to the decree of the German Federal Ministry of Finance (*Bundesfinanzministerium*) dated 16 November 2010 (IV C1 – S 2252/10/10010), which is subject to controversial discussions among tax experts, all payments to the investor under such full risk certificates that are made prior to the final maturity date shall qualify as taxable income from an "other capital receivable" pursuant to Sec. 20 para 1 no. 7 German Income Tax Act, unless the offering terms and conditions provide that such payments shall be redemption payments. If there is no final redemption payment, the final maturity date shall not constitute a sale-like event in the meaning of Sec. 20 para 2 German Income Tax Act. Therefore, capital losses, if any, shall not be deductible. The same applies with respect to so-called knock-out and other certificates, if the investor does not receive any payment at the final maturity date or the relevant certificate will be prematurely cancelled according to its terms and conditions because the underlying reaches or breaks any knock-out threshold or barrier prior to the final maturity date.

Although this decree only refers to certain types of certificates, it cannot be excluded that the German tax authorities may apply the above described principles to other kinds of certificates as well. Further, the German Federal Ministry of Finance in its decree dated 22 December 2009 (IV C.1 – S 2252/08/1004) has taken the position that a bad debt loss (*Forderungsausfall*) and a waiver of a receivable (*Forderungsverzicht*) shall, in general, not be treated as a sale, so that losses suffered upon such bad debt loss or waiver shall not be deductible for tax purposes. Again, this position is subject to controversial discussions among tax experts. In this respect, it is not clear, as well, whether the position of the tax authorities may affect securities which are linked to a reference value in case such value decreases. Furthermore, restrictions with respect to the

claiming of losses may also apply if certain types of Notes would have to be qualified as derivative transactions (*Terminingeschäfte*) and mature worthless.

### *Withholding*

If Notes are held in custody with or administered by a German credit institution, financial services institution (including a German permanent establishment of such foreign institution), securities trading company or securities trading bank (**Disbursing Agent**), the flat tax at a rate of 25 per cent. (plus 5.5 per cent. solidarity surcharge thereon and, if applicable, church tax) will be withheld by the Disbursing Agent on interest payments and the excess of the proceeds from the sale, assignment or redemption (after the deduction of expenses directly and factually related to the sale, assignment or redemption) over the acquisition costs for the relevant Notes (if applicable converted into Euro terms on the basis of the foreign exchange rates as of the acquisition date and the sale, assignment or redemption date respectively). The Disbursing Agent will provide for the set-off of losses against investment income including capital gains from other securities. As regards losses from the sale of shares in a stock corporation, a set-off will only be effected against capital gains from the sale of other shares in a stock corporation. If, in the absence of sufficient investment income derived through the same Disbursing Agent, a set-off is not possible, the holder of Notes may – instead of having a loss carried forward into the following year – file an application with the Disbursing Agent until 15 December of the current fiscal year for a certification of losses in order to set-off such losses against investment income derived through other institutions in the holder's personal income tax return. If custody has changed since the acquisition and the acquisition data is not proved as required by Sec. 43a para. 2 German Income Tax Act or not relevant, the flat tax rate of 25 per cent. (plus 5.5 per cent. solidarity surcharge thereon and, if applicable, church tax) will be imposed on an amount equal to 30 per cent. of the proceeds from the sale, assignment or redemption of the relevant Notes. In the course of the tax withholding provided for by the Disbursing Agent foreign taxes may be credited in accordance with the German Income Tax Act. Taxes withheld on the basis of the EU Savings Directive may be credited in the course of the tax assessment procedure.

If Notes are not kept in a custodial account with a Disbursing Agent, the flat tax will apply on interest paid by a Disbursing Agent upon presentation of a coupon (whether or not presented with the relevant Note to which it appertains) to a holder of such coupon (other than a non-German bank or financial services institution) (*Tafelgeschäft*), if any. In this case proceeds from the sale, assignment or redemption of the relevant Notes will also be subject to the withholding of the flat tax.

In general, no flat tax will be levied if the holder of a Note filed a withholding exemption certificate (*Freistellungsauftrag*) with the Disbursing Agent (in the maximum amount of the standard lump sum of Euro 801 (Euro 1,602 for married couples filing jointly)) to the extent the income does not exceed the maximum exemption amount shown on the withholding exemption certificate. Similarly, no flat tax will be deducted if the holder of a Note has submitted to the Disbursing Agent a valid certificate of non-assessment (*Nichtveranlagungsbescheinigung*) issued by the competent tax office.

For Private Investors, the withheld flat tax is, in general, definitive. Exceptions apply, if and to the extent the actual investment income exceeds the amount which was determined as the basis for the withholding of the flat tax by the Disbursing Agent. In such case, the exceeding amount of investment income must be included in the Private Investor's income tax return and will be subject to the flat tax in the course of the assessment procedure. According to the decree of the German Federal Ministry of Finance dated 22 December 2009 (IV C 1 – S 2252/08/10004), however, any exceeding amount of not more than Euro 500 per assessment period will not be claimed on grounds of equity, provided that no other reasons for an assessment according to Sec. 32d para. 3 German Income Tax Act exist. Further, Private Investors may request that their total investment income, together with their other income, be subject to taxation at their personal, progressive income tax rate rather than the flat tax rate, if this results in a lower tax liability. In order to prove such investment income and the withheld flat tax thereon, the investor may request a certificate in officially required form from the Disbursing Agent.

Investment income not subject to the withholding flat tax (e.g. if there is no Disbursing Agent) must be included in the personal income tax return and will be subject to the flat tax rate of 25 per cent. (plus 5.5 per cent. solidarity surcharge thereon and, if applicable, church tax), unless the investor requests the investment income to be subject to taxation at lower personal, progressive income tax rate. In the course of the assessment procedure withholding tax levied on the basis of the EU Savings Directive and foreign taxes on investment income may be credited in accordance with the German Income Tax Act.

#### *Application of the tax provisions of the German Investment Tax Act*

Tax consequences different from those discussed above would arise if the respective Notes or the underlying securities delivered upon physical delivery were to be regarded as foreign investment fund units (*Investmentanteile*). In such case, withholding tax requirements for the Disbursing Agent as well as the taxation of the holder of the relevant Notes would depend on whether the disclosure and reporting requirements of the German Investment Tax Act (*Investmentsteuergesetz*) have been fulfilled. If this were not the case, the holder of the relevant Notes may be subject to unrealised or fictitious income. A foreign investment fund is defined as a pool of assets subject to foreign law, invested pursuant to the principle of risk diversification in one or more of certain asset classes listed in the German Investment Act (*Investmentgesetz*). A foreign investment fund unit exists if the investor has the right to request a redemption of his or her interest against cash equivalent to his or her pro rata portion of the net asset value of the foreign investment fund or, in the absence of such right of redemption, the foreign investment fund is subject to regulatory supervision of collective investments. According to the circular no. 14/2008 concerning the scope of application of the German Investment Act issued by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin*) dated 22 December 2008 (BaFin, WA 41-Wp 2136-2008/0001) and the tax decree with respect to the application of the German Investment Tax Act dated 18 August 2009 (German Federal Ministry of Finance, IV C 1 – S 1980-1/08/10019), index or fund linked securities are, however, in principle not considered to represent foreign investment fund units.

#### *Business Investors*

Interest payable on Notes to persons holding the relevant Notes as business assets (**Business Investors**) who are tax residents of Germany (i.e. Business Investors whose residence, habitual abode, statutory seat or place of effective management and control is located in Germany) and capital gains from the sale, assignment or redemption of Notes, including Accrued Interest, if any, are subject to income tax at the Business Investor's personal, progressive income tax rate (plus 5.5 per cent. solidarity surcharge thereon and, if applicable, church tax), or, in case of corporate entities, to corporate income tax at a uniform 15 per cent. tax rate (plus 5.5 per cent. solidarity surcharge thereon). Such interest payments and capital gains may also be subject to trade tax if the relevant Notes form part of the property of a German trade or business. Losses from the sale, assignment or redemption of Notes are, in general, recognised for tax purposes; this may be different if certain (in particular index linked) Notes qualify as derivative transactions.

If instead of a cash-settlement at maturity of a Note, the holder of such Note receives securities, such delivery would be regarded as a taxable sale of the Note and the corresponding capital gain will be taxable.

Withholding tax, if any, including solidarity surcharge thereon is credited as a prepayment against the Business Investor's personal, progressive or corporate income tax liability and the solidarity surcharge in the course of the tax assessment procedure, i.e. the withholding tax is not definitive. Any potential surplus will be refunded. However, in general and subject to further requirements, no withholding deduction will apply on capital gains from the sale, assignment or redemption of Notes if (i) such Notes are held by a corporation, association or estate in terms of Sec. 43 para. 2 sentence 3 no. 1 German Income Tax Act or (ii) the proceeds from such Notes qualify as income of a domestic business and the investor notifies this to the Disbursing Agent by use of the required official form according to Sec. 43 para. 2 sentence 3 no. 2 German Income Tax Act (*Erklärung zur Freistellung vom Kapitalertragsteuerabzug*).

Withholding tax levied on the basis of the EU Savings Directive and foreign taxes may be credited in accordance with the German Income Tax Act. Alternatively, foreign taxes may also be deducted from the tax base for German income tax purposes.

#### *Non-residents*

Interest payable on Notes and capital gains, including Accrued Interest, if any, are not subject to German taxation, unless (i) the relevant Notes form part of the business property of a permanent establishment, including a permanent representative, or a fixed base maintained in Germany by the holder of the relevant Notes; (ii) the interest income otherwise constitutes German-source income; or (iii) the relevant Notes are not kept in a custodial account with a Disbursing Agent and interest or proceeds from the sale, assignment or redemption of the relevant Notes are paid by a Disbursing Agent upon presentation of a coupon to a holder of such coupon (other than a non-German bank or financial services institution) (*Tafelgeschäft*), if any. In the cases (i), (ii) and (iii) a tax regime similar to that explained above under "*Tax Residents*" applies.

Non-residents of Germany are, as a rule, exempt from German withholding tax and the solidarity surcharge thereon, even if the relevant Notes are held in custody with a Disbursing Agent. However, where the investment income is subject to German taxation as set forth in the preceding paragraph and the relevant Notes are held in a custodial account with a Disbursing Agent or in case of a *Tafelgeschäft*, withholding tax is levied as explained above under "*Tax Residents*". The withholding tax may be refunded based upon German national tax law or an applicable tax treaty.

#### ***Inheritance and Gift Tax***

No inheritance or gift taxes with respect to any Note will arise under the laws of Germany if, in the case of inheritance tax, neither the decedent nor the beneficiary or, in the case of gift tax, neither the donor nor the donee, is a resident of Germany and such Note is not attributable to a trade or business for which a permanent establishment is maintained, or a permanent representative has been appointed, in Germany. Exceptions from this rule apply to certain German expatriates.

#### ***Other Taxes***

No stamp, issue, registration or similar taxes or duties will be payable in Germany in connection with the issuance, delivery, execution or conversion of Notes. Currently, net assets tax is not levied in Germany.

#### ***European Directive on the Taxation of Savings Income***

Germany has implemented the EU Savings Directive (2003/48/EC) into national legislation by means of an Interest Information Regulation (*Zinsinformationsverordnung, ZIV*) in 2004. Starting on 1 July 2005, Germany has therefore begun to communicate all payments of interest on Notes and similar income with respect to Notes to the beneficial owner's Member State of residence if such Notes have been kept in a custodial account with a Disbursing Agent.

#### **GREEK TAXATION**

*The following summary describes the principal Greek taxation consequences of the subscription, holding, redemption and disposal of the Notes by tax residents in the Hellenic Republic (Greece) or investors otherwise subject to Greek taxation (due to a permanent establishment in Greece) (for the purposes of this summary, the **Greek Investors**), but it is not intended as tax advice to any particular investor nor does it purport to be a comprehensive description of all Greek taxation considerations thereof.*

*As a general remark, Greek tax laws are very volatile and may be amended or interpreted differently from their current interpretation and application at any time and more than once during the life of an issue of Notes. This summary is based on the tax legislation, published case law, ministerial decisions and other regulatory acts of the respective Greek authorities as in force at the date of this Base Prospectus and does*

*not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect. The Greek taxation framework was significantly amended and reformed by virtue of Greek Laws 3842/2010 and 3943/2011 as well as the recent PSI+ related laws 4046/2012, 4050/2012 and 4051/2012. Since no or very limited precedent, administrative guidelines or evidence of practical application of the Greek taxation framework on withholding taxes, as amended, exists, the discussion below on Greek withholding tax is qualified in its entirety. Holders of the Notes who are in doubt as to their personal tax position should consult their professional advisers.*

*This summary does not constitute a complete analysis and, therefore, potential investors should consult their own tax advisers as to the tax consequences of such purchase, ownership and disposal by reference to the particular characteristics of each investor. There may be special tax laws and rates applicable to specific categories of investors (such as mutual funds and insurance companies), which are not dealt with by this summary. In addition, no reference is made to any credit or exemption mechanisms applying in the context of international treaties for the avoidance of double taxation.*

*For the purposes of this section, it is assumed that none of Citigroup Inc., CFI and CGMFL is a resident of Greece for Greek taxation purposes.*

*Furthermore, it is noted that the Greek tax legislation does not explicitly provide for specific rules for the tax treatment of combined instruments in terms of Notes, the performance of which is linked to the performance of an underlying, financial index or basket of assets. Therefore, the discussion below is limited to the payment of interest under the Notes and their corresponding treatment as debt securities.*

#### *Greek withholding tax on interest income*

A withholding tax of 10 per cent. will be imposed on interest payments made to holders of the Notes who are tax residents in Greece and on holders who maintain, for tax purposes, a permanent establishment in Greece. The withholding will be applied on the date of payment of the interest under the Notes or on any date on which a holder sells any Notes with reference to the interest accrued during the relevant interest period up to the time of such sale. In any case, the tax basis for withholding is the amount of interest accrued from the date the holder acquired the Notes to the following interest payment date or from the date the holder acquired the Notes to the date of sale thereof if no interest payment date has occurred, in each case, determined with reference to the nominal value of the disposed Notes.

Such withholding will be imposed on payments by credit institutions registered or established in Greece, qualifying as paying agents within the meaning of article 4(2) (a) of Law 3312/2005 implementing into Greek Law Directive 2003/48/EC on taxation of savings income in the form of interest payments – the **Implementing Law**), upon collection of interest on behalf of the Greek tax residents. Such withholding exhausts the tax liability of certain categories of Greek tax residents, including among others, individuals, partnerships, joint ventures, insurance companies and non-for-profit entities.

No withholding tax on account of Greek tax laws will be imposed on holders who are not Greek tax residents and do not maintain, for tax purposes, a permanent establishment in Greece.

#### *Capital gains realised from the disposal of the Notes*

According to Law 4051/2012 capital gains realised from the sale of the debt securities issued by Greek or foreign corporate issuers qualify as income from transferable securities and are subject to a 20% withholding tax provided that such capital gains are realized by Greek tax-residents. Therefore, in the case of Notes, no such withholding tax shall apply in case of capital gains realised by non-Greek tax residents.

The same withholding tax rate (20%) applies to holders who are companies or legal entities which maintain for tax purposes a permanent establishment in Greece. Such 20% withholding does not exhaust the tax liability of the above holders. If the holders of such bonds are companies or legal entities who are not tax



residents in Greece and do not maintain for tax purposes a permanent establishment in Greece then the applicable withholding tax rate would be 40%, which exhausts the tax liability of such holders.

In cases where Greece has executed a bilateral tax treaty with a country for the avoidance of double taxation then the provisions of such bilateral treaty shall prevail over the provisions of internal Greek tax law and shall apply, provided an appropriate tax residence certificate will be provided by the holder of bonds (the holder of the bonds being an individual tax resident of such country or a legal entity of such country which does not maintain for tax purposes a permanent establishment in Greece).

#### *Implementation of EU Savings Directive*

Under the EU Savings Directive, each Member State of the European Union is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or secured by such a person for, an individual beneficial owner resident in, or certain limited types of entity established in, that other Member State. However, for a transitional period, Austria and Luxembourg will (unless during such period they elect otherwise) instead operate a withholding system in relation to such payments. Under such a withholding system, the beneficial owner of the interest payment must be allowed to elect that certain provision of information procedures should be applied instead of withholding. The rate of withholding is 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information procedures relating to interest and other similar income.

A number of non-EU countries and certain dependent or associated territories of certain Member States have adopted or agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within their respective jurisdictions to, or secured by such a person for, an individual beneficial owner resident in, or certain limited types of entity established in, a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those countries and territories in relation to payments made by a person in a Member State to, or secured by such a person for, an individual beneficial owner resident in, or certain limited types of entity established in, one of those countries or territories. A proposal for amendments to the EU Savings Directive has been published, including a number of suggested changes which, if implemented, would broaden the scope of the rules described above.

Greece implemented the EU Savings Directive by virtue of the Implementing Law. Under the Implementing Law, Greek paying agents paying interest payable under the Notes, or securing the payment of interest for the benefit of, any individual holder (natural person), who is not a resident of Greece for tax purposes, shall be required to report to the Greek competent authority, being the Directorate of International Financial Affairs of the Ministry of Economy and Finance, certain information, consisting of, at least, the identity and residence of such individual holder of the Notes, the name and address of the paying agent, the account number of such individual holder of the Notes and information concerning such interest payment. The Directorate of International Financial Affairs of the Ministry of Economy and Finance shall in turn communicate the above information to the respective competent authority of the Member State in which such holder of Notes retains its residence for tax purposes. A reporting process is established in certain cases also where the paying agent is paying interest payable under the Notes to or securing the payment of interest for the benefit of certain categories of EU-based entities (other than Greek), as defined in the Implementing Law, which interest is secured, or collected for the benefit of the ultimate individual holder of the Notes. Also, specific obligations have been imposed on Greek entities, collecting or receiving interest for the benefit of the ultimate individual holder of the Notes, by a Ministerial Decision of the Ministry of Economy and Finance. The enactment of the Implementing Law commenced on 1 July 2005.

#### **HUNGARIAN TAXATION**

*The following is a general discussion of certain Hungarian tax consequences relating to the acquisition and ownership of Notes. It does not purport to be a comprehensive description of all tax considerations which*

*may be relevant to a decision to purchase Notes, and, in particular, does not consider any specific facts or circumstances that may apply to a particular purchaser. It is based on laws currently in force in Hungary and applicable on the date of this Base Prospectus, but subject to change, possibly with retrospective effect. The acquisition of Notes by non-Hungarian holders, or the payment of interest under Notes may trigger additional tax payments in the country of residence of the relevant holder, which is not covered by this summary, but where the provisions of the treaties on the avoidance of double taxation should be taken into consideration. Prospective purchasers of Notes are advised to consult their own tax advisers as to the tax consequences of the purchase, ownership and disposition of Notes, including the effect of any state or local taxes, under the tax laws of Hungary and each country of which they are residents.*

### **Withholding tax (foreign resident individual holders)**

The payments of interest on and capital gains realised upon the redemption or sale of publicly offered and traded Notes (**Interest Income**) is taxed at 16 per cent. Notes listed on a regulated market of an EEA member state are considered publicly offered and traded Notes.

The proceeds paid on privately placed Notes which are not listed on a regulated market of an EEA member state is considered as other income (**Other Income**) which is part of the individual's aggregated tax base and is taxed at a rate up to 20.32 per cent. and may be subject to a health care contribution of 27 per cent., as well). The capital gains realised on the sale or redemption of such Notes is considered, as a general rule, capital gains income (**Capital Gains Income**). The tax rate applicable to Capital Gains Income is 16 per cent., while health care contribution of 14 per cent. (capped at 450,000 Hungarian Forint (**HUF**)) may also be payable on the basis of Capital Gains Income.

Foreign resident individual holders are subject to tax in Hungary only if they realise Interest Income from Hungarian sources or income that is otherwise taxable in Hungary if the international treaty or reciprocity so requires. Interest Income should be treated as having a Hungarian source where:

- (a) the relevant Issuer is resident in Hungary for tax purposes;
- (b) the relevant Issuer has a permanent establishment in Hungary and Interest Income realised on the basis of the Notes issued by it is paid by the Hungarian permanent establishment of the relevant Issuer; or
- (c) the foreign resident individual holder has a permanent establishment in Hungary to which the Interest Income is attributable.

The tax on payments of the Interest Income is to be withheld by the "Payor" (*kifizető*) (as defined below).

Pursuant to Act XCII of 2003 on the Rules of Taxation (**ART**) a **Payor** means a Hungarian resident legal person, organisation or private entrepreneur who provides taxable income, irrespective of whether such payment is made directly or through an intermediary (post office, credit institution). In respect of interest, Payor shall mean the borrower of a loan or the issuer of a note, including the investment service provider or credit institution providing the interest instead of it. In respect of revenues originating from a transaction concluded with the involvement of a licensed stockbroker, **Payor** shall mean such stockbroker. The Hungarian permanent establishment of a foreign resident entity is also considered as a **Payor**.

Interest, as defined by Schedule 7 of the ART (which implements the provisions of the Savings Directive), realised on Notes by citizens of any other member state of the EEA is not subject to Hungarian tax where a paying agent based in Hungary provides data to the Hungarian state tax authority on the basis of Schedule 7 of the ART.

A foreign resident individual holder who does not have a permanent establishment in Hungary is not subject to tax in Hungary if he realises Capital Gains Income from Hungary since such income is not considered as Hungarian source income.

Please note that the provisions of applicable double tax conventions, if any, should be considered when assessing the Hungarian tax liabilities of a foreign resident individual holder.

### **Withholding tax (foreign resident corporate holders)**

Interest on Notes paid to foreign resident corporate holders who do not have a permanent establishment in Hungary by resident legal entities or other persons and any capital gains realised by such foreign resident holders on the sale of the Notes is not subject to tax in Hungary.

The tax liability of a foreign resident corporate holder, which has a permanent establishment in Hungary is limited, in general, to the income from business activities realised through its Hungarian permanent establishment.

### **Taxation of Hungarian resident individual holders**

The Act CXVII of 1995 on Personal Income Tax (the **Personal Income Tax Act**) applies to the tax liability of Hungarian and foreign private individuals. The tax liability of Hungarian resident private individuals covers the worldwide income of such persons.

According to the provisions of the Personal Income Tax Act, in the case of individual holders, Interest Income is the income paid as interest and the capital gains realised upon the redemption or the sale of publicly offered and publicly traded debt securities. Notes listed on a regulated market of an EEA member state are considered publicly offered and traded Notes. The withholding tax on Interest Income is currently 16 per cent.

The proceeds paid on privately placed Notes which are not listed on a regulated market of an EEA member state are considered as Other Income which is taxable at a rate up to 20.32 per cent. (and may be subject to a health care contribution of 27 per cent., as well). The capital gains realised on the sale or redemption of such Notes is considered, as a general rule, Capital Gains Income. The tax rate applicable to Capital Gains Income is 16 per cent., while the rate of health care contribution payable on the basis of Capital Gains Income is 14 per cent. (capped at HUF450,000).

The rules of the Personal Income Tax Act may in certain circumstances impose a requirement upon the "Payor" (kifizető) (as defined below) to withhold tax on the interest payments to individual holders.

Pursuant to the ART the definition of a **Payor** covers a Hungarian resident legal person, other organisation, or private entrepreneur that (who) provides taxable income, irrespective of whether such payment is made directly or through an intermediary (post office, credit institution). In respect of interest, **Payor** shall mean the borrower of a loan or the issuer of a note, including the investment service provider or credit institution providing the interest instead of it. In respect of revenues originating from a transaction concluded with the involvement of a licensed stockbroker, **Payor** shall mean such stockbroker. In respect of income that is earned in a foreign country and taxable in Hungary, **Payor** shall mean the "paying agent" (*megbizott*) (legal person, organisation or private entrepreneur) having tax residency in Hungary, except in cases where the role of a financial institution is limited to performing the bank transfer or payment.

### **Taxation of Hungarian resident corporate holders**

Under Act LXXXI of 1996 on Corporate Tax and Dividend Tax (the **Corporation Tax Act**), Hungarian resident taxpayers have a full, all-inclusive tax liability. In general, resident entities are those established under the laws of Hungary (i.e. having a Hungarian registered seat). Foreign persons having their place of management in Hungary are also considered as Hungarian resident taxpayers.

In general, interest and capital gains realised by Hungarian resident corporate holders on Notes will be taxable in the same way as the regular income of the relevant holders. The general corporation tax rate in Hungary is 10 per cent. up to the first HUF 500 million of the taxpayer's annual profit and 19 per cent. for the part above this threshold.

Financial institutions, financial enterprises, insurance companies and investment enterprises may be subject to local business tax and innovation tax on the basis of the proceeds realised on Notes.

## **IRISH TAXATION**

*The following is a summary based on the laws and practices currently in force in Ireland of certain matters regarding the tax position of investors who are the absolute beneficial owners of their Notes and should be treated with appropriate caution. Particular rules may apply to certain classes of taxpayers holding Notes including dealers in securities and trusts. The summary does not constitute tax or legal advice and the comments below are of a general nature only and do not discuss all aspects of Irish taxation that may be relevant to any particular holder of Notes. Prospective investors in the Notes should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the Notes and the receipt of interest thereon under the laws of their country of residence, citizenship or domicile.*

### **Withholding Tax**

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

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

It is anticipated that (i) the relevant Issuer is not and will not be resident in Ireland for tax purposes; (ii) the relevant Issuer will not have a branch or permanent establishment in Ireland; (iii) that bearer Notes will not be physically located in Ireland; and (iv) the relevant Issuer will not maintain a register of any registered Notes in Ireland.

### **Taxation of Receipts**

Notwithstanding that a Noteholder may receive payments of interest, premium or discount on the Notes free of Irish withholding tax, the Noteholder may still be liable to pay Irish income or corporation tax and in the case of individuals, the Universal Social Charge on such interest if such interest has an Irish source, the Noteholder is resident or (in the case of a person other than a body corporate) ordinarily resident in Ireland for tax purposes (in which case there would also be a social insurance liability for an individual in receipt of interest on the Notes) or the Notes are attributed to a branch or agency in Ireland. Ireland operates a self-assessment system in respect of income and corporation tax, and each person must assess its own liability to Irish tax.

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

## **Encashment Tax**

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

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

## **Capital Gains Tax**

A Noteholder will be subject to Irish tax on capital gains (which, subject to available exemptions and reliefs, is currently levied at 30 per cent.) on a disposal of Notes unless such holder is neither resident nor ordinarily resident in Ireland and does not carry on a trade or business in Ireland through a permanent establishment, branch or agency in respect of which the Notes are or were held.

## **Capital Acquisitions Tax**

A gift or inheritance comprising of Notes will be within the charge to capital acquisitions tax (which, subject to available exemptions and reliefs, is currently levied at 30 per cent.) if either (a) the disponer or the donee/successor in relation to the gift or inheritance is resident or ordinarily resident in Ireland or (b) if the Notes are regarded as property situate in Ireland. A foreign domiciled individual will not be regarded as being resident or ordinarily resident in Ireland at the date of the gift or inheritance unless that individual (i) has been resident in Ireland for the five consecutive tax years preceding that date, and (ii) is either resident or ordinarily resident in Ireland on that date.

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

## **Stamp duty**

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

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

## **ITALIAN TAXATION**

*The following is a summary of current Italian law and practice relating to the taxation of Notes. The statements herein regarding taxation are based on the laws in force in Italy as at the date of this Base Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Prospective purchasers of Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of Notes.*

*This summary does not describe the tax consequences for a Noteholder with respect to Physical Delivery Notes. Prospective Noteholders are advised to consult their own tax advisers concerning the overall tax consequences under Italian tax law, under the tax laws of the country in which they are resident for tax purposes and of any other potentially relevant jurisdiction of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes, including in particular the effect of any state, regional or local tax laws.*

#### *Tax treatment of Notes*

Legislative Decree No. 239 of 1 April 1996, as subsequently amended, (**Decree No. 239**) provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) from notes falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) issued, *inter alia*, by non-Italian resident issuers.

For these purposes, debentures similar to bonds are defined as debentures that incorporate an unconditional obligation to pay, at maturity, an amount not less than their principal amount (whether or not providing for interim payments) and that do not give any right to directly or indirectly participate in the management of the relevant Issuer or of the business in relation to which they are issued nor any type of control on such management.

Where an Italian resident Noteholder is (i) an individual not engaged in an entrepreneurial activity to which the relevant Notes are connected (unless he has opted for the application of the "*risparmio gestito*" regime – see "*Capital Gains Tax*" below), (ii) a non-commercial partnership pursuant to Article 5 of the Italian Income Consolidated Code (**TUIR**) (with the exception of general partnership, limited partnership and similar entities), (iii) a non-commercial private or public institution, or (iv) an investor exempt from Italian corporate income taxation, interest, premium and other income relating to Notes, accrued during the relevant holding period, are subject to a withholding tax, referred to as "*imposta sostitutiva*", levied at the rate of 20 per cent. In the event that Noteholders described under (i) and (iii) above are engaged in an entrepreneurial activity to which the relevant Notes are connected, the *imposta sostitutiva* applies as a provisional tax.

Where an Italian resident Noteholder is a company or similar commercial entity pursuant to Article 73 of TUIR or a permanent establishment in Italy of a foreign company to which Notes are effectively connected and such Notes are deposited with an authorised intermediary, interest, premium and other income from such Notes will not be subject to *imposta sostitutiva*, but must be included in the relevant Noteholder's income tax return and are therefore subject to general Italian corporate taxation (**IRES**, generally levied at the rate of 27.50 per cent.) and, in certain circumstances, depending on the "status" of the Noteholder, also to the regional tax on productive activities (**IRAP**, generally levied at the rate of 3.90 per cent., although regional surcharges may apply).

Under the current regime provided by Law Decree No. 351 of 25 September 2001 converted into law with amendments by Law No. 410 of 23 November 2001, as clarified by the Italian Ministry of Economics and Finance through Circular No. 47/E of 8 August 2003, payments of interest in respect of Notes made to Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998, as amended and supplemented, and Article 14-bis of Law No. 86 of 25 January 1994 are subject neither to substitute tax nor to any other income tax in the hands of a real estate investment fund.

If the investor is resident in Italy and is an open-ended or closed-ended investment fund (subject to the tax regime provided by Law No. 77 of 23 March 1983, the **Fund**) or a SICAV, and the relevant Notes are held by an authorised intermediary, interest, premium and other income accrued during the holding period on such Notes will not be subject to *imposta sostitutiva*, but must be included in the management results of the Fund accrued at the end of each tax period. The Fund or SICAV will not be subject to taxation as a result, but a substitute tax, up to 20 per cent., will apply, in certain circumstances to distributions made in favour of unitholders or shareholders.

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by article 17 of the Legislative Decree No. 252 of 5 December 2005) and Notes are deposited with an authorised intermediary, interest, premium and other income relating to such Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 11.00 per cent. substitute tax.

Pursuant to Decree No. 239, *imposta sostitutiva* is applied by banks, SIMs, fiduciary companies, SGRs, stockbrokers and other entities identified by a decree of the Ministry of Economics and Finance (each an **Intermediary**).

An Intermediary to be entitled to apply the *imposta sostitutiva* must (i) be (a) resident in Italy or (b) a permanent establishment in Italy of a non-Italian resident financial intermediary or (c) an entity or a company not resident in Italy, acting through a system of centralised administration of securities and directly connected with the Department of Revenue of the Italian Ministry of Finance having appointed an Italian representative for the purposes of Decree 239; and (ii) intervene, in any way, in the collection of interest or in the transfer of Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Notes or in a change of the Intermediary with which such Notes are deposited.

Where the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any entity paying interest to a Noteholder. If interest and other proceeds on the Notes are not collected through an Intermediary or any entity paying interest and as such no *imposta sostitutiva* is levied, the Italian resident beneficial owners listed above under (i) to (iv) will be required to include interest and other proceeds in their yearly income tax return and subject them to a final substitute tax at a rate of 12.50 per cent.

#### *Non-Italian Resident Noteholders*

No Italian *imposta sostitutiva* is applied on payments to a non-Italian resident Noteholder of interest or premium relating to Notes provided that, if Notes are held in Italy, the non-Italian resident Noteholder declares itself to be a non-Italian resident according to Italian tax regulations.

#### *Atypical securities*

Interest payments relating to Notes that are not deemed to fall within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) may be subject to a withholding tax, levied at the rate of 20 per cent. For this purpose, debentures similar to bonds are debentures that incorporate an unconditional obligation to pay, at redemption, an amount not lower than their nominal value.

The 20 per cent. withholding tax mentioned above does not apply to interest payments made to a non-Italian resident Noteholder and to an Italian resident Noteholder which is (i) a company or similar commercial entity (including the Italian permanent establishment of foreign entities), (ii) a commercial partnership (with the exception of general partnership, limited partnership and similar entities), or (iii) a commercial private or public institution.

The withholding is levied by the Italian intermediary appointed by the relevant Issuer, intervening in the collection of the relevant income or in the negotiation or repurchasing of the Notes.

#### *Payments made by a non-resident guarantor*

With respect to payments made to Italian resident Noteholders by a non-Italian resident guarantor, in accordance with one interpretation of Italian tax law, any such payment made by the Italian non-resident guarantor could be treated, in certain circumstances, as a payment made by the relevant Issuer and would thus be subject to the tax regime described in the previous paragraphs of this section.

Notes issued by CFI will be guaranteed by Citigroup Inc. pursuant to the Deed of Guarantee. Notes issued by CGMFL or Citigroup Inc. will not be guaranteed by Citigroup Inc.

### *Capital Gains Tax*

Any gain obtained from the sale, early redemption or redemption of Notes would be treated as part of the taxable income (and, in certain circumstances, depending on the "status" of the Noteholder, also as part of the net value of production for IRAP purposes) if realised by an Italian company or a similar commercial entity (including the Italian permanent establishment of foreign entities to which the relevant Notes are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the relevant Notes are connected.

Where an Italian resident Noteholder is an individual not holding Notes in connection with an entrepreneurial activity and certain other persons, any capital gain realised by such Noteholder from the sale, early redemption or redemption of such Notes would be subject to an *imposta sostitutiva*, levied at the current rate of 20 per cent. Under some conditions and limitations, Noteholders may set off losses with gains.

In respect of the application of the *imposta sostitutiva*, taxpayers may opt for one of the three regimes described below.

Under the "tax declaration" regime (*regime della dichiarazione*), which is the default regime for taxation of capital gains realised by Italian resident individuals not engaged in entrepreneurial activity to which the relevant Notes are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a yearly cumulative basis, on all capital gains, net of any incurred capital loss, realised by the Italian resident individual Noteholder holding Notes not in connection with an entrepreneurial activity pursuant to all sales, early redemption or redemptions of the relevant Notes carried out during any given tax year. Italian resident individuals holding Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance of income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years. Capital losses realised before 1 January 2012 may be carried forward to be offset against subsequent capital gains of the same nature for an overall amount of 62.5 per cent. of the relevant capital losses.

As an alternative to the tax declaration regime, Italian resident individual Noteholders holding Notes not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale, early redemption or redemption of the relevant Notes (the "*risparmio amministrato*" regime provided for by Article 6 of the Legislative Decree No. 461 of 21 September 1997, the **Decree No. 461**). Such separate taxation of capital gains is allowed subject to (i) Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries; and (ii) an express valid election for the *risparmio amministrato* regime being punctually made in writing by the relevant Noteholder. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale, early redemption or redemption of Notes (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the *risparmio amministrato* regime, where a sale, early redemption or redemption of Notes results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the Noteholder is not required to declare the capital gains in its annual tax return. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.



Capital losses realised before 1 January 2012 may be carried forward to be offset against subsequent capital gains of the same nature for an overall amount of 62.5 per cent. of the relevant capital losses.

Any capital gains realised or accrued by Italian resident individuals holding Notes not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including Notes, to an authorised intermediary and have validly opted for the so-called "*risparmio gestito*" regime (regime provided by Article 7 of Decree No. 461) will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 12.50 per cent. substitute tax, to be paid by the managing authorised intermediary. Under the *risparmio gestito* regime, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the *risparmio gestito* regime, the Noteholder is not required to declare the capital gains realised in its annual tax return. Depreciation of management assets accrued before 1 January 2012 may be carried forward to be offset against subsequent increase of value for an overall amount of 65.5 per cent. of the relevant depreciation.

Any capital gains realised by a Noteholder which is an Italian Fund or a SICAV will be included in the result of the relevant portfolio accrued at the end of the tax period. The Fund or SICAV will not be subject to taxation on such result, but a substitutive tax, up to 20 per cent., will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders.

Under the current regime provided by Law Decree No. 351 of 25 September 2001 converted into law with amendments by Law No. 410 of 23 November 2001, as clarified by the Italian Revenue Agency (*Agenzia delle Entrate*) through Circular No. 47/E of 8 August 2003, payments of interest, premiums or other proceeds in respect of the Notes made to Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998, as amended and supplemented, or pursuant to Article 14-bis of Law No. 86 of 25 January 1994 are subject neither to *imposta sostitutiva* nor to any other income tax in the hands of a real estate investment fund.

Any capital gains realised by a Noteholder which is an Italian pension fund (subject to the regime provided for by article 17 of the Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 11 per cent. substitute tax.

Capital gains realised by non-Italian resident Noteholders from the sale or redemption of Notes are not subject to Italian taxation, provided that the relevant Notes (i) are traded on regulated markets, or (ii) if not traded on regulated markets, are held outside Italy.

#### *Inheritance and gift taxes*

Pursuant to Law Decree No. 262 of 3 October 2006 (**Decree No. 262**), converted into Law No. 286 of 24 November 2006, the transfers of any valuable asset (including shares, bonds or other securities) as a result of death or donation are taxed as follows:

- (a) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or the gift exceeding Euro 1,000,000;
- (b) transfers in favour of relatives to the fourth degree or relatives-in-law to the third degree, are subject to an inheritance and gift tax applied at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or the gift exceeding Euro 100,000; and
- (c) any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or the gift.

### *Transfer Tax*

Article 37 of Law Decree No 248 of 31 December 2007, converted into Law No. 31 of 28 February 2008, published in the Italian Official Gazette No. 51 of 29 February 2008, has abolished the Italian transfer tax, provided for by Royal Decree No. 3278 of 30 December 1923, as amended and supplemented by the Legislative Decree No. 435 of 21 November 1997.

Following the repeal of the Italian transfer tax, as from 31 December 2007 contracts relating to the transfer of securities are subject to the registration tax as follows: (i) public deeds and notarised deeds are subject to fixed registration tax at a rate of Euro 168; (ii) private deeds are subject to registration tax only in case of use or voluntary registration.

### *Stamp duty*

Pursuant to Article 19(1) of Decree No. 201 of 6 December 2011 (**Decree 201**), a proportional stamp duty applies on an annual basis to the periodic reporting communications sent by financial intermediaries to their clients for the Notes deposited therewith. The stamp duty applies at a rate of 0.1 per cent. for year 2012 and at 0.15 per cent. for subsequent years; this stamp duty is determined on the basis of the market value or, if no market value figure is available, the nominal value or redemption amount of the Notes held. The stamp duty can be no lower than €34.20 and, for the year 2012 only, it cannot exceed €1,200. Although the stamp duty is already applicable, certain aspects of the relevant discipline should be clarified and implemented by a Decree of the Ministry of Economy and Finance.

Under a preliminary interpretation of the law, the stamp duty applies both to Italian resident and non-Italian resident Noteholders, to the extent that the Notes are held with an Italian-based financial intermediary.

### *Wealth Tax on securities deposited abroad*

Pursuant to Article 19(18) of Decree 201, Italian resident individuals holding the Notes outside the Italian territory are required to pay an additional tax at a rate of 0.1 per cent. for 2011 and, 2012, and at 0.15 per cent. for subsequent years.

This tax is calculated on the market value of the Notes at the end of the relevant year or, if no market value figure is available, the nominal value or the redemption value of such Notes held outside the Italian territory. Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes paid in the State where the financial assets are held (up to an amount equal to the Italian wealth tax due). Although the wealth tax is already applicable, certain aspects of the relevant discipline should be clarified and implemented by a Decree of the Ministry of Economy and Finance.

### **Implementation in Italy of the EU Savings Directive**

Italy has implemented the EU Savings Directive through Legislative Decree No. 84 of 18 April 2005 (**Decree No. 84**). Under Decree No. 84, subject to a number of important conditions being met, in the case of interest paid to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State, Italian qualified paying agents shall not apply the withholding tax and shall report to the Italian Tax Authorities details of the relevant payments and personal information on the individual beneficial owner. Such information is transmitted by the Italian Tax Authorities to the competent foreign tax authorities of the State of residence of the beneficial owner. See also the section entitled "*EU Savings Directive*" on page 501 521 below.

### **JAPANESE TAXATION**

The payment of principal and interest in respect of the Notes to a non-resident of Japan or a non-Japanese corporation will, under Japanese tax laws currently in effect not be subject to any Japanese income or

corporation tax unless the receipt of the relevant payment is the income of such non-resident or non-Japanese corporation from sources in Japan.

Gains derived from the sale outside Japan of Notes by a non-resident of Japan or a non-Japanese corporation are in general not subject to Japanese income or corporation taxes. Gains derived from the sale in Japan of Notes by a non-resident of Japan or a non-Japanese corporation are in general not subject to Japanese income or corporation taxes except where such seller is a non-Japanese corporation which has a permanent establishment in Japan.

Japanese inheritance and gift taxes at progressive rates may be payable by an individual having domicile in Japan or being a Japanese national, who has acquired Notes as legatee, heir or donee.

No stamp, issue, registration or similar taxes or duties will, under present Japanese law, be payable by Noteholders in connection with the issue of the Notes.

## **NORWEGIAN TAXATION**

*The following is a general summary of Norwegian tax considerations relating to acquisitions, holding and disposal of Notes. The information does not purport to be a complete summary of Norwegian tax law and practice currently applicable. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.*

*Norwegian tax legislation does not currently include statutory legislation relating specifically to Notes. Instead, taxation treatment must be derived from general tax rules and principles applicable to capital income and capital gains. Norwegian tax law is based on substance over form. If the applicable Final Terms includes conditions which are common to equity instruments and the relevant Notes, after an overall assessment, have more characteristics of equity instruments rather than debt, the economic reality might overrule the formalities for income tax purposes. Thus the applicable Final Terms may cause the taxation of the relevant Notes to depart from the taxation treatment described in this summary. In the following, it is assumed that the Notes do not qualify as equity instruments for income tax purposes.*

*Due to the general nature of this summary, potential investors are advised to consult with and rely upon their own tax advisers.*

*Please note that for the purpose of the summary below, a reference to a Norwegian or non-Norwegian holders refers to the tax residency rather than the nationality of the holder.*

### **Norwegian holders**

#### **Payment of interest**

Norwegian holders of Notes will be subject to Norwegian capital income taxation on interest which is currently 28 per cent. The same applies to persons and legal entities that hold the Notes in connection with any business activity conducted or managed in Norway.

Income is recognised for tax purposes at the time the income is considered acquired on an accrual basis. This means that neither the actual payment nor the due date of possible payment of interest is in principle decisive when determining whether income deriving from the Notes is recognised for tax purposes.

Where the Notes generate a guaranteed minimum rate of interest over a fixed period and such guaranteed minimum rate of interest is stated to be payable during the course of such fixed period, then, even if such guaranteed minimum rate of interest is not actually paid, the total guaranteed minimum of interest must be divided per year proportionally over such fixed period, and taxed accordingly as capital income. By contrast, this is not the case where interest derived from the Notes is not credited to the holder of the Notes until the

Notes reach maturity. In these circumstances, such interest is recognised for tax purposes in the year of redemption of the Notes for the holder.

Notes issued at a discount (compared with nominal value) held by Norwegian holders or persons or legal entities who are otherwise subject to taxation in Norway, may be taxed annually for a deemed interest element on such Notes.

#### *Sale, exchange and redemption of Notes*

Norwegian holders of Notes are taxed in Norway on realised gains (including sale, exchange and redemption) of Notes and have a right to deduct losses, which arise on such realisation, provided that one of the following conditions is met:

- the Notes are classified as debentures (*mengdegjeldsbrev*) as opposed to non-negotiable debt; or
- the realisation of Notes is connected to business activities.

Gains are taxable as ordinary income at a rate of 28 per cent. The capital gain is calculated as the consideration received less the cost price of the Note, generally including costs incurred in relation to the acquisition or realisation of the Note.

The same applies to persons and legal entities that hold the Notes in connection with any business activity conducted or managed in Norway.

#### *Net wealth taxation*

For Norwegian holders or persons and legal entities that hold the Notes in connection with business activities conducted or managed in Norway, except limited liability companies and similar entities, the Notes will be taken into account for net wealth tax purposes in Norway. Notes quoted on a stock exchange ("Listed Notes") are valued at the market value on 1 January in the assessment year. The marginal rate of tax is 1.1 per cent.

#### ***Foreign holders***

Payments of principal and interest on the Notes to persons or legal entities having no connection with Norway, and therefore not considered resident in Norway for tax purposes (nor considered to hold the Notes in connection with business activities conducted or managed in Norway), are not subject to any withholding or deduction for or on account of any Norwegian taxes, duties, assessments or Governmental charges.

Gains or profits realised on the sale, exchange or redemption of the Notes by persons or legal entities having no connection with Norway, and therefore not considered resident in Norway for tax purposes (nor considered to hold the Notes in connection with business activities conducted or managed in Norway), are not subject to Norwegian taxes, duties, assessments or Governmental charges.

Notes held by persons or legal entities having no connection with Norway, and therefore not considered resident in Norway for tax purposes (nor considered to hold the Notes in connection with business activities conducted or managed in Norway), will not be subject to net wealth taxation in Norway.

#### ***Duties on the transfer of Notes***

No stamp or similar duties are currently imposed in Norway on the transfer or issuance of Notes.

## ***Inheritance tax***

When Notes are transferred either through inheritance or as a gift, such transfer may give rise to inheritance or gift tax in Norway if the deceased, at the time of death, or the donor, at the time of the gift, is a resident or citizen of Norway, or if the Notes are effectively connected with a business carried out through a permanent establishment in Norway. However, in the case of inheritance tax, if the deceased was a citizen but not a resident of Norway, Norwegian inheritance tax will not be levied if inheritance tax or a similar tax is levied by the deceased's country of residence.

In the case of Listed Notes, the basis for the tax calculation is the market value of the Notes at the time of the acquisition of the right of possession. The tax rates vary from 0 to 15 per cent. dependent on the relation between the deceased and the heir and the total value of inheritance or gifts from each donor.

## **POLISH TAXATION**

### *General Information*

*The following is a discussion of certain Polish tax considerations relevant to an investor resident in Poland or which is otherwise subject to Polish taxation. This statement should not be deemed to be tax advice. It is based on Polish tax laws and, as its interpretation refers to the position as at the date of this Base Prospectus, it may thus be subject to change, including a change with retroactive effect. Any change may negatively affect the tax treatment, as described below. This description does not purport to be complete with respect to all tax information that may be relevant to investors due to their individual circumstances. Prospective purchasers of Notes are advised to consult their professional tax advisor regarding the tax consequences of the purchase, ownership, disposal, redemption or transfer without consideration of Notes.*

*The reference to "interest" as well as to any other terms in the paragraphs below means "interest" or any other term as understood in Polish tax law.*

### *Taxation of a Polish tax resident individual*

#### (a) Withholding Tax on Interest Income

According to Article 30a of the Personal Income Tax (PIT) Act (the **PIT Act**), interest income, including discount, derived by a Polish tax resident individual (a person who has his/her centre of personal or business interests located in Poland or who stays in Poland for longer than 183 days in a year) does not cumulate with general income subject to the progressive tax rate but is subject to 19 per cent. flat rate tax.

Withholding tax incurred outside Poland (including countries which have not concluded a tax treaty with Poland), up to an amount equal to the tax paid abroad, but not higher than 19 per cent. tax on the interest amount, could be deducted from the Polish tax liability. Particular double tax treaties can provide other methods of withholding tax settlements.

Under Article 41.4 of the PIT Act, the interest payer, other than an individual not acting within the scope of his/her business activity, should withhold the Polish 19 per cent. tax upon any interest payment. In practice, the obligation to withhold tax applies only to Polish interest payers and not foreign interest payers. Moreover, given that the term "interest payer" is not precisely defined in the law, under some interpretations issued by Polish tax authorities, in certain cases Polish banks or Polish brokerage houses maintaining securities accounts may refuse to withhold the tax based on the fact that they are acting only as an intermediary and therefore should not be obliged under the Polish law to remit due tax. According to Article 45.3b of the PIT Act, if the tax is not withheld, the individual is obliged to settle the tax himself/herself by 30 April of the following year.

If an individual holds the Notes as a business asset, in principle, interest should not be subject to withholding tax but taxed in the same way as other business income. The tax, at 19 per cent. flat rate or the 18 per cent.

to 32 per cent. progressive tax rate depending on the choice and meeting of certain conditions by the individual, should be settled by the individual himself/herself.

(b) Income from capital investments

Income other than interest derived by a Polish tax resident individual from financial instruments, such as the Notes, held as non-business assets, qualify as capital income according to Article 17 of the Polish Personal Income Tax Act. Such income does not cumulate with the general income subject to the progressive tax scale but is subject to a 19 per cent. flat rate tax. The costs of acquiring the financial instruments are recognised at the time the revenue is achieved. In principle, this income should be settled by the taxpayer by 30 April of the year following the year in which the income was earned. However, if the individual is also a taxpayer as referred to in Articles 31, 33, 34 and 35 of the PIT Act (which are mostly persons who obtain income from employment or pensions), under one of the possible interpretations of Article 40 of the PIT Act he/she is obliged to pay 19 per cent. monthly instalments by the twentieth day of the month following the month in which the income was earned. There are arguments as to whether this interpretation is incorrect, as it puts certain individuals in a worse financial position than they would otherwise have been in. Individuals are encouraged to seek professional advice in this respect.

If an individual holds the Notes as a business asset, in principle, the income should be taxed in the same way as other business income. The tax, at 19 per cent. flat rate or the 18 per cent. to 32 per cent. progressive tax rate depending on the choice and meeting of certain conditions by the individual, should be settled by the individual himself/herself.

*Taxation of a Polish tax resident corporate income taxpayer*

A Polish tax resident corporate income taxpayer will be subject to 19 per cent. income tax in respect of the Notes (both on any capital gain and on interest/discount) following the same principles as those which apply to any other income received from business activity. As a rule, for Polish income tax purposes interest is recognised as revenue on a cash basis, i.e. when it is received and not when it has accrued. In respect of capital gains, the cost of acquiring the Notes will be recognised at the time the revenue is achieved.

*Notes held by a non-Polish tax resident (natural person or corporation)*

Non-Polish residents are subject to Polish income tax only with respect to their income earned in Poland. If the Notes are issued by a foreign entity, in principle, interest should not be considered as having been earned in Poland. Capital gains should also not be considered as arising in Poland unless the Notes are sold at a stock exchange in Poland (the Warsaw Stock Exchange). If the latter is the case, however, most of the tax treaties concluded by Poland provide for Polish tax exemption with respect to capital gains derived from Poland by a foreign tax resident. The treaties also mitigate Polish domestic withholding tax of 20 per cent. on interest (down to 15 per cent., 10 per cent., 5 per cent. or 0 per cent. depending on the relevant treaty and occasionally on the status of the recipient of the interest) if Polish withholding tax is applicable (with respect to Notes issued by a Polish entity). In order to benefit from a tax treaty, a foreign investor should present a relevant certificate of its tax residency.

If a foreign recipient of income acts through a permanent establishment in Poland, as a matter of principle it should be treated in the same manner as a Polish tax resident.

*Notes held on omnibus accounts*

Under Article 30a.2a of the PIT Act, if the Notes are held on omnibus accounts for the benefit of individuals whose identity has not been revealed to the tax remitter, the tax remitter is obliged to withhold 19% tax from any interest paid to the omnibus account holder.

If the identity of the beneficiaries of income from the Notes on omnibus accounts is not revealed to the tax remitter, it should be expected that the tax remitter will withhold 19% on account of Personal Income Tax regardless of whether the beneficiary is a Polish or non-Polish tax resident, individual or corporate.

## **PORTUGUESE TAXATION**

The following is a summary of the current Portuguese tax treatment at the date hereof in relation to certain aspects of payments of principal and income in respect of Notes. The statements do not deal with other Portuguese tax aspects regarding Notes and relate only to the position of persons who are absolute beneficial owners of Notes. The following is a general guide, does not constitute tax or legal advice and should be treated with appropriate caution. Noteholders who are in any doubt as to their tax position should consult their professional advisers.

The reference to "investment income" and "capital gains" in the paragraphs below means "investment income" and "capital gains" as understood in Portuguese tax law. The statements below do not take any account of any different definitions of "investment income" or "capital gains" which may prevail under any other law or which may be created by the Conditions of the Notes or any related documentation.

### *Noteholder's Income Tax*

Income generated by the holding (distributions) and disposal of Notes is generally subject to the Portuguese tax regime for debt securities (*obrigações*).

Economic benefits derived from amortisation, reimbursement premiums and other types of remuneration arising from Notes are designated as investment income (*rendimentos de capital*) for Portuguese tax purposes.

### *Withholding tax*

Under current Portuguese law, investment income payments in respect of Notes made to Portuguese tax resident companies are included in their taxable income and are subject to a corporate income tax according to which a 25 per cent. tax rate will be applicable, to which is added a municipal surcharge (*derrama municipal*) of up to 1.5 per cent. over the Portuguese corporate Noteholders' taxable profits, where applicable. A state surcharge (*derrama estadual*) of 3 per cent. will be due on the part of the taxable profits exceeding Euro 1,500,000 up to Euro 10,000,000 and of 5 per cent. will be due on the part of the taxable profits exceeding Euro 10,000,000.

As regards to investment income on Notes made to Portuguese tax resident individuals, they are subject to personal income tax which shall be withheld at the current final withholding rate of 25 per cent. if there is a Portuguese resident paying agent, unless the individual elects to include it in his taxable income, subject to tax at the current progressive rates of up to 46.5 per cent. An additional income tax rate of 2.5 per cent. will be due on the part of the taxable income exceeding Euro 153,300. In this case, the tax withheld is deemed to be a payment on account of the final tax due.

Investment income payments due by non-resident entities to Portuguese tax resident individuals are subject to an autonomous taxation at a rate of 25 per cent. whenever those payments are not subject to Portuguese withholding tax unless the individual elects to include it in his taxable income, subject to tax at the current progressive rates of up to 46.5 per cent.. An additional income tax rate of 2.5 per cent. will be due on the part of the taxable income exceeding Euro 153,300. In this case, the tax withheld is deemed to be a payment on account of the final tax due.

Investment income paid or made available to accounts opened in the name of one or more accountholders acting on behalf of one or more unidentified third parties is subject to a final withholding tax rate of 30 per

cent., unless the relevant beneficial owner(s) of the income is/are identified and as a consequence the tax rates applicable to such beneficial owner(s) will apply.

Payments of principal on Notes are not subject to Portuguese withholding tax. For these purposes, principal shall mean all payments carried out without any income component.

### *Capital Gains*

Under current Portuguese law, capital gains obtained by Portuguese tax resident companies on the disposal of Notes issued by non-resident entities are included in their taxable income and are subject to progressive corporate income tax rate of 25 per cent., to which is added a municipal surcharge of up to 1.5 per cent. over the Portuguese corporate Noteholders' taxable profits, where applicable. A state surcharge of 3 per cent. will be due on the part of the taxable profits exceeding Euro 1,500,000 up to Euro 10,000,000 and of 5 per cent. will be due on the part of the taxable profits exceeding Euro 10,000,000.

Capital gains obtained by individuals who are resident in Portugal for tax purposes on the disposal of Notes are subject to a special tax rate of 25 per cent., levied on the positive difference between the capital gains and capital losses of each year. However, an income tax exemption is applied if the annual positive difference obtained by the disposal of shares, bonds and other debt securities does not exceed Euro 500.

### *EU Savings Directive*

Portugal has implemented EC Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income into Portuguese law through Decree-Law no 62/2005, of 11 March 2005, as amended by Law no 39-A/2005, of 29 July 2005.

## **SPANISH TAXATION**

*The following is a summary of the main Spanish tax consequences deriving from the ownership, transfer, redemption or reimbursement of the Notes referred to in this Base Prospectus by individuals or legal persons who are resident in Spain for tax purposes and by Spanish Non-Resident Income Tax (NRIT) taxpayers acting, with respect to the Notes, through a permanent establishment in Spain.*

*This summary is based on Spanish law in force as of the date of approval of this Base Prospectus and on administrative interpretations thereof, and therefore is subject to any changes in such laws and interpretations thereof occurring after that date, including changes having retroactive effect. In particular, this description is based on the provisions established in the Individual Income Tax Law (the **IIT Law**) (Law 35/2006, of 28 November 2006, as amended), the Consolidated Text of the Corporate Income Tax Law (the **CIT Law**) (approved by Royal Legislative Decree 4/2004, of 5 March 2004, as amended) and in the Consolidated Text of the NRIT Law (the **NRIT Law**) (approved by Royal Legislative Decree 5/2004, of 5 March 2004, as amended) which may not apply to those individuals or legal persons subject to special tax regimes (such as financial entities, exempt entities, cooperatives or look-through entities). In addition, the following section does not cover those tax laws in force in the Spanish Basque provinces and Navarra as well as the particularities in force in the Spanish autonomous communities (comunidades autónomas), or the special rules applicable to transactions among related persons for Spanish tax purposes.*

*Accordingly, prospective investors in the Notes should consult their own tax advisors as to the applicable tax consequences of their purchase, ownership and disposition of the Notes, including the effect of tax laws of any other jurisdiction, based on their particular circumstances.*

*For the purposes of our analysis, we have assumed that the relevant Issuer is a company resident for tax purposes in the United States and for the purposes of the Convention between the Kingdom of Spain and the United States for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income signed on 22 February 1990, and entitled to its benefits, and that the investors in the Notes*



are resident in Spain for tax purposes or NRIT taxpayers acting, with respect to such Notes, through a permanent establishment in Spain.

#### *Spanish tax resident individuals*

(a) Individual Income Tax (**IIT**) (*Impuesto sobre la Renta de las Personas Físicas*)

The Spanish IIT is regulated by the IIT Law and supplemented by the IIT Regulations approved by Royal Decree 439/2007, of 30 March 2007, as amended (the **IIT Regulations**).

The Notes are deemed securities (*activos financieros*), in accordance with the definition set forth in Article 91 of the IIT Regulations and its interpretation by the Spanish tax authorities, and hence the rules provided with regard to securities must be taken into consideration.

According to Article 25.2 of the IIT Law and its interpretation by the Spanish tax authorities, interest as well as income arising on the transfer, redemption or reimbursement of the Notes obtained by individuals who are resident in Spain for tax purposes will be deemed income from movable property and therefore will be included in the investor's IIT savings taxable base and taxed, together with the other savings income obtained by such investor in that same tax year, at a flat tax rate of 21% on the first €6,000, 25% on the following €18,000 and 27% for any amount in excess of €24,000.

Holders of Notes shall compute the gross interest obtained in the taxable base of the tax period in which it is due, including amounts withheld, if any.

Income arising on the transfer, redemption or reimbursement of Notes will be calculated as the difference between (i) the transfer, redemption or reimbursement value of such Notes (deducting the additional costs and expenses incurred in the transfer, if they are duly justified) and (ii) their acquisition or subscription value (adding the additional costs and expenses incurred in the acquisition, if they are duly justified.). Costs and expenses borne on the acquisition and transfer of Notes may be taken into account for calculating the relevant taxable income, PROVIDED THAT they are duly justified.

Should a holder of Notes acquire homogeneous securities within the two-month period prior or subsequent to the transfer of such Notes, negative income that may derive from such transfer cannot be included in his or her IIT taxable base until the homogeneous securities are transferred.

The net taxable income shall be determined by deducting the management and deposit expenses from the gross income, excluding those pertaining to discretionary or individual portfolio management.

Additionally, tax credits for the avoidance of international double taxation in accordance with the IIT Law or any applicable convention for the avoidance of double taxation entered into by Spain may apply in respect of taxes paid abroad, if any, on income deriving from Notes.

(b) Net Wealth Tax (*Impuesto sobre el Patrimonio*)

For tax year 2012, Spanish tax resident individuals are subject to Spanish Net Wealth Tax (Law 19/1991, of 6 June 1991, as amended), which imposes a tax on property and rights in excess of €700,000 held by each relevant taxpayer on the last day of any year. Spanish tax resident individuals whose net worth is above €700,000 and who hold Notes on the last day of any year would therefore be subject to the Spanish Net Wealth Tax for such year at marginal rates varying between 0.2 and 2.5 per cent. of the relevant tax base.

(c) Inheritance and Gift Tax (**IGT**) (*Impuesto sobre Sucesiones y Donaciones*)

IGT is governed by Law 29/1987, of 18 December 1987, as amended, and supplemented by the IGT Regulations approved by Royal Decree 1629/1991, of 8 November 1991, as amended.

In the case of Spanish tax resident individuals, IGT is levied on their worldwide assets passing to them either by gift or upon death. Therefore, transfers of Notes upon death or by gift to Spanish tax resident individuals will be subject to IGT, the taxpayer being the transferee.

The applicable IGT tax rates for 2012 range between 7.65 and 34 per cent. although depending on certain particular circumstances, such as the age and previous net worth of the heir or donee and the kinship with the deceased person or donor, the effective tax payable could range between 0 and 81.6 per cent. of the relevant tax base, subject to the specific rules passed by the relevant Spanish autonomous communities (*comunidades autónomas*) with respect to this tax.

Legal persons resident in Spain for tax purposes are not subject to IGT, thus the income that they may obtain from gift or inheritance, as the case may be, will be subject to Spanish Corporate Income Tax (**CIT**) on the market value of Notes received, provided that the legal persons obtaining such income are Spanish CIT taxpayers.

Tax credits for the avoidance of international double taxation may apply in respect of similar taxes paid abroad, if any, in respect of Notes.

#### *Spanish legal persons subject to Corporate Income Tax (CIT) (Impuesto sobre Sociedades)*

Interest and income arising on the transfer, redemption or reimbursement of Notes obtained by legal entities resident for tax purposes in Spain and regarded as CIT taxpayers shall be computed as taxable income of the tax period of its accrual, in accordance with the rules contained in the CIT Law and supplemented by the CIT regulations, approved by Royal Decree 1777/2004, of 30 July 2004 (the **CIT Regulations**).

The general CIT rate for Spanish CIT taxpayers is currently 30 per cent. However, small or medium size companies, as defined by the CIT Law, can benefit from the reduced tax rate of 25 per cent. on the first Euro 300,000.00 of their taxable base.

Tax credits for the avoidance of international double taxation in accordance with the CIT Law or any applicable convention for the avoidance of double taxation entered into by Spain may apply in respect of taxes paid abroad, if any, on income deriving from Notes.

#### *Non-resident entities acting with respect to Notes through a permanent establishment in Spain subject to NRIT (Impuesto sobre la Renta de no Residentes)*

Based on the fact that none of the Issuers are resident in Spain for tax purposes, no Spanish NRIT should, in principle, be levied on investors that are not resident in Spain for tax purposes, unless they are acting with respect to Notes through a Spanish permanent establishment. According to the general principles of the Spanish NRIT Law, Spanish permanent establishments of non-Spanish tax resident persons are taxed under the NRIT Law in a similar manner to Spanish CIT taxpayers, although some specific rules may apply. Due to the complexity of this matter, non-Spanish tax resident investors acting in Spain, with respect to Notes, through a permanent establishment are strongly urged to seek appropriate advice in respect of their own tax position in this regard.

#### *Spanish withholding tax*

Where a financial institution (either resident in Spain for tax purposes or acting through a permanent establishment in Spain) (a) acts as depositary of Notes, (b) manages the collection of any income under Notes, (c) intervenes in their transfer or (d) carries out the redemption or reimbursement of the Notes, on behalf of Noteholders either (i) resident in Spain for tax purposes or (ii) holding the Notes through a permanent establishment located in Spain, such financial institution will be responsible for making the

relevant withholding on account of Spanish tax on any income deriving from the relevant Notes. The current withholding tax rate in Spain is 21 per cent. Amounts withheld in Spain, if any, can be credited against the final Spanish IIT, CIT or NRIT liability, as applicable to the Noteholder. In addition, Noteholders who are Spanish CIT taxpayers or NRIT taxpayers acting, with respect to the Notes, through a permanent establishment in Spain, can benefit from a withholding tax exemption on income arising with respect to Notes when the latter are listed on an OECD official stock exchange.

#### *Other Spanish taxes (indirect taxation)*

The acquisition, transfer, redemption and reimbursement of Notes will be exempt from indirect taxes in Spain, i.e. exempt from Transfer Tax and Stamp Duty, in accordance with the Consolidated Text of such tax approved by Royal Legislative Decree 1/1993, of 21 September 1993, and exempt from Value Added Tax, in accordance with Law 37/1992, of 28 December 1992, regulating such tax.

## **SWISS TAXATION**

*The following is a summary based on legislation as of the date of this Base Prospectus. It does not aim to be a comprehensive description of all the Swiss tax considerations that may be relevant for a decision to invest in Notes. The tax treatment for each investor depends on the particular situation. All investors are advised to consult with their professional tax advisors as to the respective Swiss tax consequences of the purchase, ownership, disposition, lapse, exercise or redemption of Notes (or options embedded therein) in light of their particular circumstances.*

### ***Swiss Federal Stamp Taxes***

The issuance of Notes to the initial holders at the original offering price (primary market) is *not* subject to the Swiss federal issuance stamp tax and the Swiss federal securities turnover tax (*Umsatzabgabe*), except that the issuance of Notes which classify as fund-like instruments may be subject to Swiss federal securities turnover tax of up to 0.3 per cent. on the offering price, however, only if a Swiss securities dealer (as defined in the Swiss federal stamp tax act) is a party or an intermediary to the transaction and, additionally, if no exemption applies.

Dealings in Notes (secondary market) which classify as pure derivative financial instruments (such as call and put options, including low exercise price options with a maturity not exceeding twelve months, futures with a maximal pre-financing of 25 per cent., fully-funded securities statically replicating an index or a basket of at least five shares and with a fixed maturity or an annual redemption right) are exempt from Swiss federal securities turnover tax. Dealings in other Notes may be subject to Swiss federal securities turnover tax of up to 0.3 per cent. on the consideration paid, however, only if a Swiss securities dealer (as defined in the Swiss federal stamp tax act) is a party or an intermediary to the transaction and, additionally, if no exemption applies.

The physical delivery of a Note at exercise or redemption to the holder of the Note may be subject to Swiss federal securities turnover tax of 0.3 per cent. in case a Note issued by an issuer outside Switzerland is delivered and of 0.15 per cent. in case a Note issued by a Swiss domestic issuer is delivered, however, in each case, only if a Swiss domestic securities dealer (as defined in the Swiss federal stamp tax act) is a party or an intermediary to the delivery and, additionally, if no exemption applies.

### **Swiss Federal Withholding Tax**

Payments under the Notes are not subject to Swiss federal withholding tax.

On 24 August 2011 the Swiss Federal Council issued draft legislation, which, if enacted, may require a paying agent in Switzerland to deduct Swiss withholding tax at a rate of 35 per cent. on any payment under a Note, which is classified as interest, to an individual resident in Switzerland (this includes, *inter alia*,

payment to an entity treated fiscally transparent in which an interest is held by such an individual) or to a person (not only individual) resident outside Switzerland (see below "*Income Taxation, Notes held as Private Assets by a Swiss resident Holder, paragraph (b) Structured Notes*" as concerns the classification of payments as interest). If this legislation or similar legislation were enacted and a payment in respect of a Note were to be made or collected through Switzerland and an amount of, or in respect of, Swiss withholding tax were to be deducted or withheld from that payment, neither the relevant Issuer, nor the CFI Guarantor (where the relevant Issuer is CFI) nor any paying agent nor any other person would pursuant to the terms and conditions of the Notes be obliged to pay additional amounts with respect to any Note as a result of the deduction or imposition of such withholding tax.

## **Income Taxation**

### ***Non-Swiss resident Holders***

A holder of a Note who is not resident in Switzerland and who during the taxation year has not engaged in a trade or business carried on through a permanent establishment or fixed place of business in Switzerland will in respect of such Note not be subject to income tax in Switzerland.

### ***Note held as Private Assets by a Swiss resident Holder***

#### **(a) *Pure Derivative Financial Instruments***

A capital gain realised by an individual on the sale or redemption of a Note which classifies as a true derivative financial instrument for tax purposes (such as a true call or put option on equities or commodities (including low exercise price options provided their term does not exceed one year or, where the term does exceed one year, the premium paid at issuance does not exceed 50 per cent. of the value of the underlying at the time of issuance), future on equities or commodities, certificate replicating an index or a fixed basket of at least five shares and with a fixed maturity or an annual redemption right and discount certificate with a maturity not exceeding twelve) and which is held as part of the individual's private assets is a tax-free private capital gain. Conversely, a capital loss realised on the sale or redemption of such a Note cannot be set off against taxable income. Dividend equivalents paid under such a Note constitute taxable investment income.

#### **(b) *Structured Notes***

If a Note is composed of one or more derivatives and a bond (resulting e.g. from up-front payment of exercise price, purchase price, etc.) and therefore classifies as a structured financial instrument for tax purposes, its income taxation depends on whether (i) the embedded bond component and the embedded derivative financial instrument(s) are reported separately from each other, or, alternatively, if the Note is a standard product, the value of the embedded bond component and the value of the embedded derivative financial instrument(s) can at any time be determined analytically by using standard valuation programmes, and (ii) the Note classifies as a structured instrument with or without a predominant one-time interest payment:

- *Non-transparent derivative financial instruments*: If the embedded bond is not recorded separately from the embedded derivative financial instrument(s) and if the values of the embedded bond and the embedded derivative financial instrument(s) cannot be determined analytically (as described above), then the Note classifies as non-transparent structured financial instrument and any return over the initial investment as taxable interest payment. Non-transparent derivative financial instruments generally include a predominant one-time interest payment and are taxed in accordance with the principles set forth below under "*Transparent derivative financial instruments with a predominant one-time Interest payment*".

- *Transparent derivative financial instruments without a predominant one-time interest payment:* If the embedded bond is recorded separately from the embedded derivative financial instrument(s) or if the values of the embedded bond and the embedded derivative financial instrument(s) can be determined analytically (as described above) and if the yield-to-maturity predominantly derives from periodic interest payments and not from a one-time interest payment such as an original issue discount or a repayment premium (see below "*Transparent derivative financial instruments with a predominant one-time interest payment*"), then a person who is an individual resident in Switzerland holding such a Note as a private asset is required to include any periodic and one-time interest payments received on the Note in his or her personal income tax return for the relevant tax period and will be taxable on any net taxable income (including such amounts) for the relevant tax period. Option premium received by such a person under, and a gain, including in respect of interest accrued, or a loss, respectively, realised on the sale of, such a Note is a tax-free private capital gain, a non-tax-deductible private capital loss, respectively.
- *Transparent derivative financial instruments with a predominant one-time interest payment:* If the embedded bond is recorded separately from the embedded derivative financial instrument(s) or if the values of the embedded bond and the embedded derivative financial instrument(s) can be determined analytically (as described above) and if the yield-to-maturity predominantly derives from a one-time interest payment such as an original issue discount or a repayment premium and not from periodic interest payments, then a person who is an individual resident in Switzerland holding such a Note as a private asset, is required to include any periodic interest payments received on the Note and, in addition, any amount equal to the difference between the value of the Note at redemption or sale, as applicable, and its value at issuance or secondary market purchase, as applicable, converted in each case into Swiss Francs at the exchange rate prevailing at the time of sale or redemption, issuance or purchase, respectively, in his or her personal income tax return for the relevant tax period and will be taxable on any net taxable income (including such amounts, i.e., including, *inter alia*, any gain in respect of interest accrued, interest rate or foreign exchange rate) for the relevant tax period. Any compensation received by such a holder for the embedded derivative, i.e., option premium received under, and any residual gain, and a loss, respectively, realised on the sale of, such a Note is a tax-free private capital gain, a non-tax-deductible private capital loss, respectively. Notwithstanding the foregoing, such a holder may offset any decrease in value realised by him or her within the same taxation period on sale or redemption of such a Note against any gain (including periodic interest payments) realised by him or her from other Notes with a predominant one-time interest payment.

(c) *Bonds*

*Bonds without a predominant one-time interest payment:* If a Note classifies for tax purposes as a straight bond, i.e. as an instrument without derivative financial instruments embedded therein, and if such Note does not include a predominant one-time interest payment (i.e., its yield-to-maturity predominantly derives from periodic interest payments and not from a one-time interest payment such as an original issue discount or a repayment premium), then a person who is an individual resident in Switzerland holding such a Note as a private asset is required to include any periodic and one-time interest payments received on such Note, converted into Swiss Francs at the exchange rate prevailing at the time of payment, in his or her personal income tax return for the relevant tax period and is taxable on any net taxable income (including such amounts) for the relevant tax period. A gain, including, *inter alia*, in respect of interest accrued or interest rate or foreign exchange rate, a loss, respectively, realised on the sale of such a Note is a tax-free private capital gain, a non-tax-deductible private capital loss, respectively.

*Bonds with a predominant one-time interest payment:* If a Note classifies for tax purposes as straight bond, i.e. as instrument without derivative financial instruments embedded therein, and if such Note includes a predominant one-time interest payment (i.e., its yield-to-maturity predominantly derives from a one-time interest payment such as an original issue discount or a repayment premium and not from periodic interest payments), then a person who is an individual resident in Switzerland holding such a Note as a private asset, is required to include any periodic interest payments received on the Note and, in addition, any amount equal to the difference between the value of the Note at redemption or sale, as applicable, and its value at issuance or secondary market purchase, as applicable, converted in each case into Swiss Francs at the exchange rate prevailing at the time of sale or redemption, issuance or purchase, respectively, in his or her personal income tax return for the relevant tax period and will be taxable on any net taxable income (including such amounts, i.e., including, *inter alia*, any gain in respect of interest accrued, interest rate or foreign exchange rate) for the relevant tax period. Notwithstanding thereof, such a holder may offset any decrease in value realised by him or her within the same taxation period on sale or redemption of such a Note against any gain (including periodic interest payments) realised by him or her from other Notes with a predominant one-time interest payment.

(d) *Fund-like Notes*

A Note which is classified as fund-like instrument will be considered a pass-through instrument for Swiss tax purposes if dividend and interest income (less attributable costs) from, and capital gains and losses (less costs attributable) realised on, the underlying investments, are reported and distributed separately. Under such conditions, an individual holding a fund-like Note as part of his or her private assets receives taxable income (which he or she must report annually) over such portion of distributions (in case the fund is distributing the income realised on the underlying investments) or credits (in case the fund is reinvesting the income realised on the underlying investment) as derive from dividends and interest (less attributable costs) on the underlying instruments. Any distributions or credits deriving from capital gains realised on the underlying investments constitute a tax-free private capital gain, and any respective loss a non-tax-deductible private capital loss. Any gain realised within a taxation period on the sale of a fund-like Note (including accrued dividends and interest) is exempt from income taxation as a private capital gain, and, conversely, any loss realised on such a Note a non-tax-deductible capital loss.

***Notes held as Assets of a Swiss Business (including deemed "Professional Notes Dealers")***

Corporate entities and individuals who hold Notes as part of a trade or business in Switzerland, in the case of residents abroad carried on through a permanent establishment or a fixed place of business in Switzerland, are required to recognise any payments on, and any capital gains or losses realised on the sale or redemption of, such Notes (irrespective of their classification) in their income statement for the respective taxation period and will be taxed on any net taxable earnings for such period.

The same taxation treatment also applies to Swiss-resident individuals who for income tax purposes, are classified as "professional Notes dealers" for reasons of, *inter alia*, frequent dealing and leveraged investments in Notes.

***EU Savings Directive***

Interest payments on a Note made by a Swiss paying agent to an individual resident in an EU Member State are subject to EU savings tax. The tax is withheld at a rate of 35 per cent. with the option of the individual to have the paying agent and Switzerland provide to the tax authorities of the EU member state the details of the interest payments in lieu of the withholding. The individual may be entitled to a tax credit or refund of the withholding, provided that he or she is the beneficial owner of the interest payments and certain other conditions are met.

### ***Final Foreign Withholding Taxes***

On 21 September 2011, 6 October 2011 and 13 April 2012, respectively, the Swiss Federal Council signed treaties with Germany, the UK and Austria (each a **Contracting State**), respectively, regarding the implementation, *inter alia*, of a flat-rate withholding tax (*Abgeltungssteuer*) to be withheld by a Swiss paying agent, as defined in the treaties, on certain capital gains and income items (interest, dividends, other income items, all as defined in the treaties) deriving from assets held on accounts or deposits with a Swiss paying agent by (i) an individual being tax resident of a Contracting State or, (ii) if certain requirements are met, by a domiciliary company (*Sitzgesellschaft*), an insurance company in connection with a so-called insurance wrapper (*Lebensversicherungsmantel*) or other individuals if the beneficial owner is an individual or resident of a Contracting State. According to the treaties, the flat-rate tax to be withheld substitutes the ordinary income tax on the respective capital gains and income items in the contracting state where the individual is tax resident. In order to avoid such flat-rate tax to be withheld by the Swiss paying agent, such individuals shall be entitled to opt for a disclosure of the respective capital gains and income items to the tax authorities of the Contracting State where they are tax residents. The treaties are in the process of being approved by the Swiss Federal Parliament and the parliaments of the Contracting States and may enter into force on 1 January 2013, provided that such approvals will be given. The guidelines in respect of the implementation of the treaties have not yet been published. Several other European countries aim at entering into similar treaties with Switzerland.

### **EU SAVINGS DIRECTIVE**

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

## TAXATION OF CERTIFICATES

CERTIFICATES MAY ONLY BE ISSUED BY CFI AND CITIGROUP INC. AND REFERENCES IN THIS SECTION TO THE RELEVANT ISSUER ARE TO WHICHEVER OF CFI OR CITIGROUP INC. ARE THE RELEVANT ISSUER

### GENERAL

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

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

### UNITED KINGDOM TAXATION

*The following applies only to persons who are the beneficial owners of Certificates and is a summary of the relevant Issuer's understanding of current United Kingdom law and HM Revenue & Customs published practice relating to certain aspects of United Kingdom taxation. Some aspects do not apply to certain classes of person (such as dealers and persons connected with the relevant Issuer) to whom special rules may apply. The United Kingdom tax treatment of prospective Certificateholders depends on their individual circumstances and may be subject to change in the future. The precise tax treatment of a holder of a Certificate will depend on the terms of the Certificate. Prospective Certificateholders who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom should seek their own professional advice.*

#### **Withholding Tax**

No United Kingdom income tax will be required to be deducted or withheld from any payments made on the issue, exercise, sale or other disposition of Certificates.

#### **Stamp Duty and Stamp Duty Reserve Tax (SDRT)**

References in this section (i) to "Certificates" include a Global Certificate.

(i) *Issue of Certificates into Euroclear or Clearstream, Luxembourg*

A Global Certificate or any instrument granting a Certificate (each an **instrument**) may be subject to United Kingdom stamp duty if it is executed in the United Kingdom or if it relates to any property situate, or to any matter or thing done or to be done, in the United Kingdom. In the context of retail covered warrants listed on the London Stock Exchange, HM Revenue & Customs (**HMRC**) has indicated that no charge to United Kingdom stamp duty will arise on the grant of such warrants. It is not clear whether HMRC would be prepared to take such a view in relation to a Certificate but we see no reason why HMRC should treat Certificates differently to retail covered warrants.

However, if an instrument is subject to United Kingdom stamp duty, but the stamp duty is not paid, the instrument cannot be used for certain purposes in the United Kingdom; for example, it will be inadmissible in evidence in civil proceedings in a United Kingdom court. If an instrument is subject to United Kingdom stamp duty, and it becomes necessary to pay that stamp duty (for example, because this is necessary in order



to enforce the document in the United Kingdom), interest will be payable (in addition to the stamp duty) in respect of the period from 30 days after the date of execution of the instrument to the date of payment of the stamp duty. Penalties may also be payable if either an instrument which was executed in the United Kingdom is not stamped within 30 days of being so executed or an instrument which was executed outside the United Kingdom is not stamped within 30 days of first being brought into the United Kingdom. If any United Kingdom stamp duty is required to be paid, it would be payable at a rate of 0.5 per cent. by reference to the amount of consideration given for the Certificates (in the case of a Global Certificate, 0.5 per cent. of the consideration given for the Certificates represented by that Global Certificate).

No SDRT is payable on the issue (into Euroclear or Clearstream, Luxembourg) of a Certificate.

*(ii) Transfer within Euroclear or Clearstream, Luxembourg*

No United Kingdom stamp duty should be required to be paid on the transfer of any Certificates within Euroclear or Clearstream, Luxembourg provided no instrument is used to complete the transfer.

No United Kingdom SDRT should be payable on the transfer of any Certificates within Euroclear or Clearstream, Luxembourg provided that no election has been made under which the alternative system of charge (as provided for in section 97A Finance Act 1986) applies to the Certificates.

*(iii) Exercise*

No stamp duty or SDRT should be payable on the exercise of Cash Settled Certificates.

Stamp duty may be required to be paid following the exercise of a Physical Delivery Certificate in relation to the transfer of an asset (such as stock or marketable securities). SDRT may also be payable following the exercise of a Physical Delivery Certificate in respect of the agreement to transfer an asset. However, any such liability to SDRT will be cancelled (or, if already paid, will be repaid) if the instrument effecting the transfer is chargeable with stamp duty (or is otherwise required to be stamped) and has been duly stamped within six years of the agreement being made or, in the case of a conditional agreement, within six years of all conditions being satisfied.

## **Reporting of information**

In relation to any Certificate under which any amounts which are characterised as interest are payable, holders of Certificates may wish to note that, in certain circumstances, HMRC has power to obtain information (including the name and address of the beneficial owner) from any person in the United Kingdom who either pays or credits interest to or receives interest for the benefit of a Certificateholder. Any information obtained may, in certain circumstances, be exchanged by HMRC with the tax authorities of the jurisdiction in which the Certificateholder is resident for tax purposes.

## **UNITED STATES TAX CONSIDERATIONS**

*Any U.S. federal tax discussion in this Base Prospectus was not written and is not intended to be used and cannot be used by any taxpayer for purposes of avoiding United States federal income tax penalties that may be imposed on the taxpayer. Any such tax discussion was written to support the promotion or marketing of the Certificates to be issued pursuant to this Base Prospectus. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.*

### *General*

The following is a general summary of certain anticipated principal U.S. federal tax consequences that may be relevant with respect to the acquisition, ownership and disposition of Certificates. This summary addresses only the U.S. federal tax considerations of holders that acquire Certificates at their original issuance and that are Non-U.S. Holders (as defined below). This discussion is a summary for general

information only and does not purport to address all U.S. federal tax matters that may be relevant to the purchase, ownership, and disposition of any Certificates to a particular Certificateholder.

This summary is based on the U.S. Internal Revenue Code of 1986, as amended (the **Code**), U.S. Treasury Regulations and judicial and administrative interpretations thereof, in each case as in effect and available on the date hereof. All of the foregoing are subject to change, which change could apply retroactively and could affect the tax consequences described below. Further, this summary does not describe any tax consequences arising out of the tax laws of any state, local or foreign jurisdiction.

Prospective purchasers of the Certificates are urged to consult their own tax advisers concerning the U.S. federal, state, local and foreign tax consequences of owning Certificates in light of their own particular circumstances.

For the purposes of this summary, a **Non-U.S. Holder** is a beneficial owner of a Certificate that is, for U.S. federal income tax purposes: (i) a foreign corporation; (ii) a non-resident alien individual; (iii) a non-resident alien fiduciary of a foreign estate or trust; or (iv) a foreign partnership one or more members of which is a Non-U.S. Holder.

### **Taxation of Non-U.S. Holders of the Certificates**

Under current United States federal income tax law, payment on a Certificate by the relevant Issuer or any Paying Agent to a Non-U.S. Holder should not be subject to withholding of United States federal income tax, PROVIDED THAT, (1) the beneficial owner does not actually or constructively own 10 per cent. or more of the total combined voting power of all classes of stock of the relevant Issuer entitled to vote, (2) the beneficial owner is not (i) a controlled foreign corporation for U.S. federal income tax purposes that is related to the relevant Issuer through stock ownership or (ii) a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business, (3) such payments are not effectively connected with the conduct of a trade or business of the beneficial owner within the United States (or, if an applicable treaty so requires, are not attributable to a permanent establishment in the United States maintained by such Non-U.S. Holder), (4) such payment is not contingent on the relevant Issuer's profits, revenues or changes in the value of its property and is not otherwise excluded from the definition of "portfolio interest" by Section 871(h)(4) of the Code, (5) the beneficial owner provides a statement signed under penalties of perjury that certifies that it is a Non-U.S. Holder in compliance with applicable requirements (or satisfies certain documentary evidence requirements for establishing that it is a Non-U.S. Holder), and (6) in the case of payments made after December 31, 2013 on Certificates issued after December 31, 2012, the Non-U.S. Holder has provided to the relevant Issuer or Paying Agent any required information with respect to its direct and indirect U.S. owners or, if the Certificates are held through a "foreign financial institution" (as defined under Sections 1471 through 1474 of the Code), such foreign financial institution has entered into an agreement with the U.S. government to collect and provide to the IRS information about its direct and indirect U.S. accountholders and investors, and the Non-U.S. Holder has provided any required information to such foreign financial institution. Further, a Certificate should not be subject to United States federal estate tax as a result of the death of a holder who is not a citizen or resident of the United States at the time of death, PROVIDED THAT (a) such holder did not at the time of death actually or constructively own 10 per cent. or more of the combined voting power of all classes of stock of the relevant Issuer and (b) at the time of such holder's death, payments on such Certificate would not have been effectively connected with the conduct by such holder of a trade or business in the United States.

Additionally, a holder of a Certificate that is a Non-U.S. Holder should not be subject to United States federal tax on gain realised on the sale, exchange or redemption of such Certificate unless (1) the gain is effectively connected with the conduct of a trade or business of the beneficial owner within the United States (or, if an applicable treaty so requires, is not attributable to a permanent establishment in the United States maintained by such Non-U.S. Holder), (2) such beneficial owner is an individual who is present in the United States for 183 days or more during the taxable year and certain other requirements are met, or (3) in the case of a disposition after December 31, 2014 of Certificates issued after December 31, 2012, the Non-

U.S. Holder has failed to provide to the relevant Issuer or Paying Agent any required information with respect to its direct and indirect U.S. owners or, if the Certificates are held through a "foreign financial institution" (as defined under Sections 1471 through 1474 of the Code), such foreign financial institution has not entered into an agreement with the U.S. government to collect and provide to the IRS information about its direct and indirect U.S. accountholders and investors, or the foreign financial institution has entered into such agreement with the U.S. government and the Non-U.S. Holder has failed to provide required information to such foreign financial institution.

### **Possible Application of Section 871(m) of the Code**

It is possible, under regulations recently proposed by the United States Treasury Department, that Section 871(m) of the Code could apply to the Certificates. While significant aspects of the application of these regulations to the Certificates are uncertain, the Issuer or any Paying Agent may be required to withhold (at a rate of 30%, subject to reduction under an applicable income tax treaty) on certain amounts paid with respect to the Certificates in the event that any payment on the Certificates is treated as contingent upon or determined by reference to a dividend under these rules. If withholding is so required, the Issuer will not be required to pay any additional amounts with respect to amounts so withheld.

### **Information Reporting and Backup Withholding**

United States information reporting requirements and backup withholding tax should not apply to any payment on a Certificate owned by a Non-U.S. Holder if the beneficial owner satisfies the requirements described under "*Taxation of Non-U.S. Holders of the Certificates*" above. Payment in respect of a Certificate by the United States office of a custodian, nominee or other agent of the beneficial owner of such Certificate may be subject to information reporting requirements and backup withholding tax unless the beneficial owner certifies its non-U.S. status under penalties of perjury or otherwise establishes an exemption.

Information reporting requirements and backup withholding tax should not apply to any payment of the proceeds of the sale of a Certificate effected outside the United States by a foreign office of a foreign "broker" (as defined in applicable Treasury Regulations), PROVIDED THAT such broker (i) derives less than 50 per cent. of its gross income for certain periods from the conduct of a trade or business in the United States, (ii) is not a controlled foreign corporation for United States federal income tax purposes and (iii) is not a foreign partnership that, at any time during its taxable year, is more than 50 per cent. (by income or capital interest) owned by United States persons or is engaged in the conduct of a U.S. trade or business. Payment of the proceeds of the sale of a Certificate effected outside the United States by a foreign office of any other broker should not be subject to backup withholding tax, but may be subject to information reporting requirements unless such broker has documentary evidence in its records that the beneficial owner is a Non-U.S. Holder and certain other conditions are met, or the beneficial owner otherwise establishes an exemption. Payment of the proceeds of a sale of a Certificate by the United States office of a broker may be subject to information reporting requirements and backup withholding tax unless the beneficial owner certifies its non-U.S. status under penalties of perjury or otherwise establishes an exemption.

### **United States Tax Law Developments**

The United States Internal Revenue Service (the **IRS**) and United States Treasury Department issued a notice (the **Notice**) that requests public comments on a comprehensive list of tax policy issues raised by certain securities that are not classified as debt for United States federal income tax purposes. In particular, the IRS and United States Treasury Department specifically question whether, and to what degree, payments (or deemed accruals) in respect of these securities should be subject to withholding. Accordingly, it is possible that future guidance could be issued as a result of the Notice requiring withholding on payments made to a Non-U.S. Holder on a Certificate.

**THE U.S. FEDERAL TAX DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY AND MAY NOT BE APPLICABLE DEPENDING UPON AN OWNER'S PARTICULAR SITUATION. HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE TAX CONSEQUENCES TO THEM OF THE OWNERSHIP AND DISPOSITION OF THE CERTIFICATES, INCLUDING THE TAX CONSEQUENCES UNDER STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND THE POSSIBLE EFFECTS OF CHANGES IN FEDERAL OR OTHER TAX LAWS.**

## **LUXEMBOURG TAXATION**

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

### **Taxation of the holders of Certificates**

#### *Withholding Tax*

(i) Non-resident holders of Certificates

Under Luxembourg general tax laws currently in force and subject to the laws of 21 June 2005, as amended (the **Laws**) mentioned below, there is no withholding tax on payments made to non-residents holders of Certificates upon settlement of Certificates.

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

(ii) Resident holders of Certificates

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005, as amended (the **Law**) mentioned below, there is no withholding tax on payments made to Luxembourg resident holders of Certificates upon settlement of the Certificates.

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

Payments under the Certificates coming within the scope of the Law would be subject to withholding tax of 10 per cent.

## ITALIAN TAXATION

*The following is a summary of current Italian law and practice relating to the taxation of the Certificates. The statements herein regarding taxation are based on the laws in force in Italy as at the date of this Base Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Certificates and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules.*

*Prospective investors are advised to consult their own tax advisers concerning the overall tax consequences of their interest in the Certificates.*

*This summary does not describe the tax consequences for a Certificateholder in relation to Physical Delivery Certificates. Prospective Certificateholders are advised to consult their own tax advisers concerning the overall tax consequences under Italian tax law, under the tax laws of the country in which they are resident for tax purposes and of any other potentially relevant jurisdiction of acquiring, holding and disposing of Certificates and receiving payments of interest, principal and/or other amounts under the Certificates, including in particular the effect of any state, regional or local tax laws.*

### *Italian taxation of Certificates*

Pursuant to Article 67 of Presidential Decree No. 917 of 22 December 1986 and Legislative Decree No. 461 of 21 November 1997, as subsequently amended, where the Italian resident Certificateholder is (i) an individual not engaged in an entrepreneurial activity to which the Certificates are connected, (ii) a non-commercial partnership pursuant to Article 5 of TUIR (with the exception of general partnership, limited partnership and similar entities), (iii) a non-commercial private or public institution, or (iv) an investor exempt from Italian corporate income taxation, capital gains accrued under the sale or the exercise of the Certificates are subject to a 20 per cent. substitute tax (*imposta sostitutiva*). The recipient may opt for three different taxation criteria:

- (1) Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for taxation of capital realised by Italian resident individuals not engaged in an entrepreneurial activity to which the Certificates are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a yearly cumulative basis, on all capital gains, net of any offsettable capital loss, realised by the Italian resident individual holding the Certificates not in connection with an entrepreneurial activity pursuant to all sales or redemptions of the Certificates carried out during any given tax year. Italian resident individuals holding the Certificates not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years. Capital losses realised before 1 January 2012 may be carried forward to be offset against subsequent capital gains of the same nature for an overall amount of 62.5 per cent. of the relevant capital losses.
- (2) As an alternative to the tax declaration regime, Italian resident individuals holding the Certificates not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Certificates (the "*risparmio amministrato*" regime provided for by Article 6 of Decree No. 461). Such separate taxation of capital gains is allowed subject to (i) the Certificates being deposited with Italian banks, SIMs or certain authorised financial intermediaries and (ii) an express valid election for the *risparmio amministrato* regime being timely made in writing by the relevant Certificateholder. The depositary is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of

the Certificates (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Certificateholder or using funds provided by the Certificateholder for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of the Certificates results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the Certificateholder is not required to declare the capital gains in the annual tax return. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years. Capital losses realised before 1 January 2012 may be carried forward to be offset against subsequent capital gains of the same nature for an overall amount of 62.5 per cent. of the relevant capital losses.

- (3) Any capital gains realised or accrued by the Italian resident individuals holding the Certificates not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including the Certificates, to an authorised intermediary and have validly opted for the so-called "*risparmio gestito*" regime (regime provided for by Article 7 of Decree No. 461) will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 20 per cent. substitute tax, to be paid by the managing authorised intermediary. Under this *risparmio gestito* regime, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the *risparmio gestito* regime, the Certificateholder is not required to declare the capital gains realised in the annual tax return. Depreciation of the management assets accrued before 1 January 2012 may be carried forward to be offset against subsequent increase of value for an overall amount of 62.5 per cent. of the relevant depreciation.

Where an Italian resident Certificateholder is a company or similar commercial entity, or the Italian permanent establishment of a foreign commercial entity to which the Certificates are effectively connected, capital gains arising from the Certificates will not be subject to *imposta sostitutiva*, but must be included in the relevant Certificateholder's income tax return and are therefore subject to Italian corporate tax and, in certain circumstances, depending on the "status" of the Certificateholder, also as a part of the net value of production for IRAP purposes.

Any capital gains realised by a Certificateholder which is an open-ended or closed-ended investment fund (subject to the tax regime provide by Law No. 77 of 23 March 1983) or a SICAV will be included in the result of the relevant portfolio accrued at the end of the tax period. The Fund or SICAV will not be subject to taxation on such result, but a substitutive tax, up to 20 per cent., will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders.

Any capital gains realised by a Certificateholder which is an Italian pension fund (subject to the regime provided by Article 17 of the Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 11 per cent. ad hoc substitute tax.

Capital gains realised by non-Italian resident Certificateholders are not subject to Italian taxation, PROVIDED THAT the Certificates (i) are transferred on regulated markets, or (ii) if not transferred on regulated markets, are held outside of Italy.

#### *Atypical securities*

In accordance with a different interpretation of current tax law, there is a remote possibility that the Certificates would be considered as 'atypical' securities pursuant to Article 8 of Law Decree No. 512 of 30 September 1983 as implemented by Law No. 649 of 25 November 1983. In this event, payments relating to Certificates may be subject to an Italian withholding tax, levied at the rate of 20 per cent.

The 20 per cent. withholding tax mentioned above does not apply to payments made to a non-Italian resident Certificateholder and to an Italian resident Certificateholder which is (i) a company or similar commercial entity (including the Italian permanent establishment of foreign entities), (ii) a commercial partnership, or (iii) a commercial private or public institution.

The withholding is levied by the Italian intermediary appointed by the relevant Issuer, intervening in the collection of the relevant income or in the negotiation or repurchasing of the Certificates.

#### *Transfer Tax*

Article 37 of Law Decree No 248 of 31 December 2007 converted into Law No. 31 of 28 February 2008 published in the Italian Official Gazette No. 51 of 29 February 2008, has abolished the Italian transfer tax provided for by Royal Decree No. 3278 of 30 December 1923 as amended and supplemented by the Legislative Decree No. 435 of 21 November 1997.

Following the repeal of the Italian transfer tax, as from 31 December 2007 contracts relating to the transfer of securities are subject to the registration tax as follows: (i) public deeds and notarised deeds are subject to fixed registration tax at a rate of Euro 168; (ii) private deeds are subject to registration tax only in case of use or voluntary registration.

#### *Stamp duty*

Pursuant to Article 19(1) of Decree No. 201 of 6 December 2011 (**Decree 201**), a proportional stamp duty applies on an annual basis to the periodic reporting communications sent by financial intermediaries to their clients for the Certificates deposited therewith. The stamp duty applies at a rate of 0.1 per cent. for year 2012 and at 0.15 per cent. for subsequent years; this stamp duty is determined on the basis of the market value or, if no market value figure is available, the nominal value or redemption amount of the Certificates held. The stamp duty can be no lower than €34.20 and, for the year 2012 only, it cannot exceed €1,200. Although the stamp duty is already applicable, certain aspects of the relevant discipline should be clarified and implemented by a Decree of the Ministry of Economy and Finance.

Under a preliminary interpretation of the law, stamp duty applies both to Italian resident and non-Italian resident Certificateholders, to the extent that the Certificates are held with an Italian-based financial intermediary

#### *Wealth Tax, on securities deposited abroad*

Pursuant to Article 19(18) of Decree 201, Italian resident individuals holding the Certificates outside the Italian territory are required to pay an additional tax at a rate of 0.1 per cent. for 2011 and 2012, and at 0.15 per cent. for subsequent years.

This tax is calculated on the market value of the Certificates at the end of the relevant, year or, if no market value figure is available, the issue price or the redemption value of such financial assets held outside the Italian territory. Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes paid in the State, where the financial assets are held (up to an amount equal to the Italian wealth tax due). Although the wealth tax is already applicable, certain aspects of the relevant discipline should be clarified and implemented by a Decree of the Ministry of Economy and Finance.

## **EU SAVINGS DIRECTIVE**

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a

withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

*Implementation in Italy of the EU Savings Directive*

Italy has implemented the EU Savings Directive through Legislative Decree No. 84 of 18 April 2005 (**Decree No. 84**). Under Decree No. 84, subject to a number of important conditions being met, in the case of interest paid to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State, Italian qualified paying agents shall not apply the withholding tax and shall report to the Italian Tax Authorities details of the relevant payments and personal information on the individual beneficial owner. Such information is transmitted by the Italian Tax Authorities to the competent foreign tax authorities of the State of residence of the beneficial owner.



## GENERAL INFORMATION

1. Application has been made to the Luxembourg Stock Exchange for Securities issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC). Application may be made for (1) Certificates issued under the Programme to be listed on the Italian Stock Exchange and admitted to trading on the SeDeX (2) Notes issued under the Programme to be listed on the Italian Stock Exchange and admitted to trading on the MoT or any other relevant market organised and managed by Borsa Italiana S.p.A., but there can be no assurance that any such listing will occur on or prior to the date of issue of any Notes or at all.
2. CFI and Citigroup Inc. have obtained all necessary consents, approvals and authorisations in the United States in connection with the establishment of the Programme and the issue and performance of the Securities. The establishment of the Programme and the issue of the Notes and the guarantee of Notes issued by CFI and the issue of Notes by Citigroup Inc. under the Programme was authorised by certificates of the Funding Committee of CFI dated as of 8 June 2005, 30 June 2006, 13 March 2007, 29 June 2007, 20 August 2007, 20 August 2008, 18 August 2009, 16 August 2010, 10 February 2011, 11 May 2011, 20 April 2012 and 21 June 2012 and the Funding Committee of Citigroup Inc. dated 9 June 2005, 13 March 2007, 29 June 2007, 20 August 2008, 18 August 2009 and 16 August 2010, pursuant to resolutions of the board of directors of CFI dated 1 June 2005, 19 June 2006, 16 May 2007, 23 April 2008, 24 April 2009, 14 May 2010, 25 April 2011 and 20 April 2012 (the **CFI Resolutions**) and pursuant to resolutions of the board of directors of Citigroup Inc. dated 14 January 2008, 20 January 2009, 19 January 2010, 18 January 2011, 18 January 2012 and 18 June 2012 (the **Citigroup Inc. Resolutions**). The issue of Certificates under the Programme was authorised by certificates of the Funding Committee of CFI dated 20 August 2008 and 18 August 2009 and the Funding Committee of Citigroup Inc. dated 20 August 2008, pursuant to the CFI Resolutions and the guarantee in respect of the Certificates was authorised by Citigroup Inc. Resolutions.
3. The issuance of the Notes by CGMFL and any other relevant corporate actions in relation to the issuance of the Notes have been authorised pursuant to a resolution of the board of managers of the Manager of CGMFL on 19 June 2012.
4. Neither Citigroup Inc. nor any of its subsidiaries is involved in, or has been involved in, any governmental, legal or arbitration proceedings that may have had, in the twelve months before the date of this Base Prospectus, a significant effect on the financial position or profitability of Citigroup Inc., nor, so far as Citigroup Inc. is aware, are any such proceedings pending or threatened.
5. CFI has not been involved in any governmental, legal or arbitration proceedings that may have had, in the twelve months before the date of this Base Prospectus, a significant effect on CFI's financial position or profitability, nor, so far as CFI is aware, are any such proceedings pending or threatened.
6. CGMFL has not been involved in any governmental, legal or arbitration proceedings that may have had, since the incorporation of CGMFL, a significant effect on CGMFL's financial position or profitability nor, so far as CGMFL is aware, any such proceedings are pending or threatened.
7. There has been no significant change in the financial or trading position of CFI since 31 March 2012 (the date of Citigroup Inc.'s most recently published unaudited interim financial statements which include unaudited interim financial information of CFI) or of Citigroup Inc. since 31 March 2012 (the date of its most recently published unaudited interim financial statements), and there has been no material adverse change in the financial position or prospects of CFI since 31 December 2011

(the date of CFI's most recently published audited financial statements) or of Citigroup Inc. since 31 December 2011 (the date of Citigroup Inc.'s most recently published audited financial statements).

8. There has been no significant change in the financial or trading position of CGMFL since 24 May 2012 and there has been no material adverse change in the financial position or prospects of CGMFL since 24 May 2012.
9. The Securities have been accepted for clearance through the Euroclear and Clearstream, Luxembourg and DTC systems. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855, Grand Duchy of Luxembourg. The relevant Issuer may make an application for any Notes issued by it in registered form to be accepted for trading in book-entry form by DTC. The relevant Issuer and, where the relevant Issuer is CFI, the CFI Guarantor, will apply to Austraclear Limited for approval of each Series of Australian Domestic Notes to be traded on the Austraclear System. The Common Code and the International Securities Identification Number (ISIN) for each Series of Securities will be set out in the applicable Final Terms. The address of DTC is 55 Water Street, New York, New York 10041, United States. The address of Euroclear Sweden is Euroclear Sweden AB, Box 191, 101 23 Stockholm, Sweden. The address of Euroclear Finland is Euroclear Finland Ltd., Visiting Address, Urho Kekkosen katu 5C, PO Box 1110 00101 Helsinki, Finland. The address of Euroclear France is 115 rue Réaumur, 75081 Paris Cedex 02, France.
10. For so long as the Programme remains in effect or any Securities remain outstanding, the following documents will be available for inspection and (in the case of the items listed under (iv), (v), (ix) and (xi) below) obtainable, during normal business hours free of charge on any weekday (Saturdays, Sundays and public holidays excepted), at the specified office of the Fiscal Agent, each of the Paying Agents and the Principal Certificate Agent:
  - (i) the Fiscal Agency Agreement, as amended or supplemented (which includes the form of the Global Notes, the Global Registered Note Certificates, the definitive Bearer Notes, the definitive Registered Note Certificates, the Coupons, the Receipts and the Talons) and the Certificate Agency Agreement, as amended or supplemented (which includes the form of the Global Certificate);
  - (ii) the French Law Fiscal Agency Agreement;
  - (iii) the Dealership Agreement, as amended or supplemented;
  - (iv) the Deed of Guarantee in respect of issues of Notes issued by CFI and the Deed of Guarantee in respect of issues of Certificates;
  - (v) the Deeds of Covenant, as amended or supplemented;
  - (vi) the Rule 144A Deed Poll, as amended or supplemented;
  - (vii) the Certificate of Incorporation and the By-Laws of CFI and the Restated Certificate of Incorporation and By-Laws of Citigroup Inc.;
  - (viii) the articles of incorporation of CGMFL;
  - (ix) the annual report and audited consolidated financial statements of CFI for the years ended 31 December 2011 and 2010 and the annual report and audited consolidated financial statements of Citigroup Inc. for the years ended 31 December 2011 and 2010, in each case together with any relevant audit reports prepared in connection therewith;

- (x) the most recently published unaudited interim consolidated financial statements of CFI and Citigroup Inc.;
  - (xi) each Final Terms for Notes or Certificates which are listed on the Luxembourg Stock Exchange, the Italian Stock Exchange and/or any other stock exchange or which are offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive; and
  - (xii) a copy of this Base Prospectus together with any supplement to this Base Prospectus or further Base Prospectus.
11. Copies of each Deed Poll (if more than one), each Registry Services Agreement (if more than one) and the applicable Final Terms in respect of Australian Domestic Notes will be available for inspection during usual business hours on any weekday (Saturdays and public holidays excepted) at the office of the Australian Registrar following issue of any Australian Domestic Notes.
  12. Copies of the latest annual report and audited consolidated financial statements of Citigroup Inc. and the latest quarterly interim unaudited consolidated financial statements of Citigroup Inc. may be obtained at the specified offices of each of the Paying Agents and Certificate Agents during normal business hours so long as any of the Securities is outstanding. Copies of the latest annual report and audited consolidated financial statements of CFI and the latest half-yearly interim unaudited consolidated financial statements of CFI may be obtained at the specified offices of each of the Paying Agents and Certificate Agents during normal business hours so long as any of the Securities is outstanding.
  13. Copies of the latest annual report and audited consolidated financial statements of CGMFL and the latest half yearly interim unaudited consolidated financial statements of CGMFL may be obtained at the specified offices of each of the Paying Agents during normal business hours so long as any of the Notes is outstanding.
  14. Regulations in Australia restrict or prohibit payments, transactions and dealings with assets having a prescribed connection with certain countries or named individuals or entities subject to international sanctions or associated with terrorism.
  15. None of the Issuers will provide any post issuance information, except if required by any applicable laws and regulations.

**THE ISSUERS**

**Citigroup Funding Inc.**

Principal Office:  
399 Park Avenue  
New York  
New York 10043  
United States

**Citigroup Global Markets Funding  
Luxembourg S.C.A.**

Registered Office:  
31, Z.A. Bourmicht  
L-8070 Bertrange  
Grand Duchy of Luxembourg

**Citigroup Inc.**

**(and guarantor in respect of Securities issued by Citigroup Funding Inc.)**

Principal Office:  
399 Park Avenue  
New York  
New York 10043  
United States

**AUDITORS TO CFI**

**KPMG LLP**

345 Park Avenue  
New York, NY 10154  
United States

**AUDITORS TO CGMFL**

**KPMG Luxembourg**

9, Allée Scheffer  
L-2520 Luxembourg  
Grand Duchy of Luxembourg

**AUDITORS TO CITIGROUP INC.**

**KPMG LLP**

345 Park Avenue  
New York, NY 10154  
United States

**ISSUING AGENT AND FISCAL AGENT, PRINCIPAL PAYING AGENT, EXCHANGE AGENT  
AND (IF SO SPECIFIED IN THE APPLICABLE FINAL TERMS) CALCULATION AGENT IN  
RESPECT OF NOTES**

**Citibank, N.A., London branch**

Citigroup Centre  
Canada Square, Canary Wharf  
London, E14 5LB  
England

**REGISTRAR, TRANSFER AGENT AND PRINCIPAL CERTIFICATE AGENT**

**Citigroup Global Markets Deutschland AG**

Reuterweg 16  
60323 Frankfurt-am-Main  
Germany

**FRENCH LAW NOTES PARIS PAYING AGENT**

**Citibank International Plc, Paris Branch**

1-5rue Paul Cézanne

75008 Paris

France

**LUXEMBOURG PAYING AGENT AND TRANSFER AGENT**

**KBL European Private Bankers S.A.**

43, Boulevard Royal

L-2955 Luxembourg

**LEGAL ADVISERS TO THE DEALER AS TO ENGLISH LAW**

**Allen & Overy LLP**

One Bishops Square

London E1 6AD

England

**LEGAL ADVISERS TO THE DEALER AS TO UNITED STATES LAW AND FRENCH LAW**

**Allen & Overy LLP**

52 avenue Hoche CS 90005

75379 Paris, Cedex 08

France

**LEGAL ADVISERS TO THE DEALER AS TO AUSTRALIAN LAW**

**King & Wood Mallesons**

Level 60

Governor Phillip Tower

1 Farrer Place

Sydney NSW 2000

Australia

**LEGAL ADVISERS TO THE DEALER AS TO LUXEMBOURG LAW**

**Clifford Chance**

2-4, Place de Paris

L-1011 Luxembourg

Grand Duchy of Luxembourg

**LISTING AGENT**

**KBL European Private Bankers S.A.**

43, Boulevard Royal  
L-2955 Luxembourg

**ARRANGER AND DEALER AND (IF SO SPECIFIED IN THE APPLICABLE FINAL TERMS)  
CALCULATION AGENT IN RESPECT OF CERTIFICATES**

**Citigroup Global Markets Limited**

Citigroup Centre  
Canada Square, Canary Wharf  
London, E14 5LB  
England

**DEALER**

**Citigroup Global Markets Inc.**

390 Greenwich Street, 3rd Floor  
New York  
New York 10013  
United States