



**Base Prospectus**

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

**U.S. \$20,000,000,000 Euro Medium Term Note Programme**

**unconditionally and irrevocably guaranteed by**

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

Under the Euro Medium Term Note Programme (the "**Programme**") described in this Base Prospectus, Citigroup Funding Inc. (the "**Issuer**") may from time to time issue notes (the "**Notes**"), subject to compliance with all relevant laws, regulations and directives. The aggregate principal amount of Notes outstanding will not at any time exceed U.S.\$20,000,000,000 (or the equivalent in other currencies), subject to any increase described herein. The payments of all amounts due in respect of the Notes will be unconditionally and irrevocably guaranteed by Citigroup Inc. (the "**Guarantor**").

The Notes may be issued on a continuing basis to one or more of the Dealers specified under the "*Summary of the Programme*" and any additional Dealer appointed under the Programme from time to time by the Issuer (each a "**Dealer**" and together the "**Dealers**") which appointment may be for a specific issue or on an ongoing basis. References in this Prospectus to the "**Relevant Dealer**" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe for such Notes. 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 indices ("**Index Linked Notes**") or one or more inflation indices ("**Inflation Linked Notes**") or one or more commodities ("**Commodity Notes**") or one or more other underlying reference asset(s) or any combination thereof ("**Hybrid Notes**") as more fully described herein. Notes may provide that settlement will be by way of cash settlement ("**Cash Settled Notes**") or physical delivery ("**Physical Delivery Notes**") as provided in the applicable Final Terms.

This 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 Directive 2003/71/EC (the "**Prospectus Directive**") 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 the issue of Notes issued under the Programme during the period of twelve months after the date hereof. Applications have been made for (1) 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 each of Austria, Belgium, Denmark, Finland, Germany, Italy, Norway, Portugal, Spain, Sweden and The Netherlands and (2) such Notes 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.

References in this Base Prospectus to Notes being listed (and all related references) shall mean that such Notes are intended to be admitted to trading on the Luxembourg Stock Exchange's regulated market, and are intended to be listed on the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of Directive 93/22/EC (the Investment Services Directive).

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined below) of Notes will be set out in the final terms (the "**Final Terms**") which, with respect to Notes to be listed on the Luxembourg Stock Exchange, will be filed with the CSSF. Such Final Terms will be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

As specified in the relevant Final Terms, a Series (as defined below) of Notes may or may not be listed or admitted to trading, as the case may be, on the Luxembourg Stock Exchange or any other stock exchange or market as may be agreed between the Issuer, the Guarantor and the relevant Dealer.

Each Tranche of Bearer Notes (as defined below) will initially be represented by a temporary Global Note (as defined below) which: (i) if the relevant Global Note is intended to be issued in new global note (NGN) form, as stated in the applicable Final Terms, will be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the Common Safekeeper) for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below) and (ii) if the relevant Global Note is not intended to be issued in NGN form, will be deposited on the issue date with a common depositary on behalf of Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") or as otherwise agreed between the Issuer, the Guarantor and the relevant Dealer. Interests in a temporary Global Note will be exchangeable for interests in a permanent Global Note (as defined below) or, if so stated in the relevant Final Terms, for definitive Bearer Notes on or after the date (the "**Exchange Date**") which is the first day following the later of (x) 40 days after the later of the commencement of the offering of Notes of the relevant Tranche and the date of issue thereof (or, if later, the first day after the expiration of the "restricted period" within the meaning of the relevant U.S. Treasury regulations) (the "**Initial Restricted Period**") and (y) if either the commencement of the offering of Notes of any other Tranche of the same Series or the date of issue thereof falls within the Initial Restricted Period, 40 days after the later of the commencement of the offering of such Tranche and the date of issue thereof, upon certification as to non-U.S. beneficial ownership. No interest will be payable in respect of a temporary Global Note except as described under "*Summary of Provisions Relating to the Notes while in Global Form or while Registered in the Name of a Nominee for a Clearing System*". Interests in permanent Global Notes will be exchangeable for definitive Bearer Notes. Registered Notes (as defined below) will be represented by Certificates (as defined below), one Certificate being issued in respect of each holder's entire holding of Registered Notes of one Series. Registered Notes which are held in Euroclear or Clearstream, Luxembourg will be registered in the name of nominees for Euroclear or Clearstream, Luxembourg, as the case may be, or a common nominee for both, and the relative Certificate(s) will be delivered to the appropriate depositary or, as the case may be, a common depositary.

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

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 (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.

**The Notes 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 include Notes in bearer form that are subject to U.S. tax law requirements. Notes may not be offered, sold or, in the case of bearer Notes, delivered within the United States or for the account or benefit of U.S. persons (as defined in Regulation S under the Securities Act, except in certain transactions exempt from the registration requirements of the**

**Securities Act. For a description of certain restrictions on offers and sales of Notes, see "*Plan of Distribution*".**

Arranger of the Programme  
**Citi**

Dealer  
**Citi**

The date of this Base Prospectus is 22 August 2007

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

*The Issuer and the Guarantor (the "**Responsible Persons**") accept responsibility for the information contained in this Base Prospectus. To the best of the knowledge of the Issuer and Guarantor (each having taken all reasonable care to ensure that such is the case), the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.*

*Each of the Issuer and the Guarantor confirms that such information as may be contained herein has been accurately reproduced and that, so far as each of the Issuer and the Guarantor is aware, and is able to ascertain from information published by the Issuer and/or Guarantor respectively, no facts have been omitted which would render the reproduced information inaccurate or misleading.*

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

*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 the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor or any of the Dealers (as defined in "Plan of Distribution"). Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer and/or the Guarantor since the date hereof or the date upon which this document has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer and/or Guarantor since the date hereof or the date upon which this document 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.*

*The distribution of this Base Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by the Issuer, the Guarantor and the Dealers to inform themselves about and to observe any such restriction.*

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

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

*Further restrictions on the offering, sale and distribution of the Notes and this document are set out under the heading "Plan of Distribution" on pages 59 to 61.*

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

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



*In connection with any Series (as defined below), 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 relevant Final Terms. The reference in the next paragraph to "this issue" is to each Series in relation to which a Stabilising Manager is appointed.*

*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.*

*The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed U.S.\$20,000,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into United States dollars at the date of the agreement to issue such Notes calculated in accordance with the provisions of the Dealership Agreement). The maximum aggregate principal amount of Notes which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealership Agreement, as described under "Plan of Distribution".*

*This document is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**") or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). The Notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.*

*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.*

*This Base Prospectus has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, 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 Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of a placement contemplated in this Base Prospectus as completed by final terms in relation to the offer of those Notes may only do so (i) in circumstances in which no obligation arises for the Issuer, the 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 and 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. Except to the extent sub-paragraph (ii) above may apply, neither the Issuer, the Guarantor nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer, the Guarantor or any Dealer to publish or supplement a prospectus for such offer.*

*Each person in a Relevant Member State other than, in the case of paragraph (a), persons receiving offers contemplated in the Base Prospectus in Luxembourg who receive any communication in respect of,*

or who acquire any Notes under, the offers contemplated in this Base Prospectus will be deemed to have represented, warranted and agreed to and with each Dealer, the Issuer and the 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 Notes acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the Notes 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 Dealers has been given to the offer or resale; or (ii) where Notes have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Notes 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 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 any Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

The European Commission has adopted a Directive of the European Parliament and of the Council (2004/109/EC) (the "**Transparency Directive**") on the harmonization of transparency requirements relating to financial information of issuers whose securities are admitted to trading on a regulated market in the European Union, such as the Luxembourg Stock Exchange. If the Transparency Directive (and/or any other European or national legislation) is implemented or takes effect in Luxembourg in a form that would require the Issuer to publish or produce its financial statements according to accounting principles other than U.S. statutory accounting principles or that would otherwise impose requirements on the Issuer that it in good faith determines are impracticable or unduly burdensome, the Issuer may elect to de-list the Notes. The Issuer will use its reasonable efforts to obtain an alternative admission to listing, trading and/or quotation for the Notes by another listing authority, exchange and/or system, as it and the relevant Dealers may decide. If such an alternative admission is not available to the Issuer, or is, in the Issuer's opinion, unduly burdensome, an alternative admission may not be obtained.

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 third stage of the European Economic and Monetary Union pursuant to the Treaty establishing the European Communities, as amended by the Treaty on European Union (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**" and "**£**" are to the currency of the United Kingdom, and references to "**A\$**" and "**Australian dollars**" are to the currency of Australia.

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## SUMMARY OF THE PROGRAMME

This summary must be read as an introduction to this Base Prospectus and any decision to invest in the Notes should be based on a consideration of the Base Prospectus as a whole, including the documents incorporated by reference. Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area no civil liability will attach to the Responsible Persons 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 the Base Prospectus before the legal proceedings are initiated.

*Words and expressions defined in "Terms and Conditions of the Notes" and in the relevant Final Terms or Supplement to this Base Prospectus shall have the same meanings herein.*

The Issuer:	Citigroup Funding Inc.
The Guarantor:	Citigroup Inc.
Description:	Euro Medium Term Note Programme
Arranger:	Citigroup Global Markets Limited
Dealer:	Citigroup Global Markets Limited

The Issuer or the Guarantor may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of a single Tranche or in respect of the whole Programme. References in this Base Prospectus to "Permanent Dealers" are to the person listed above as a Dealer and to such additional persons which are appointed as dealers in respect of the whole Programme. References in this Base Prospectus to "Permanent Dealers" are to the person listed above as a Dealer and to such additional persons which are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and to "Dealers" are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.

Fiscal Agent and Registrar:	Citibank, N.A., London office or Citigroup Global Markets Deutschland AG & Co. KgaA, as may be appointed in relation to each specific Series of Notes.
Size:	Up to U.S.\$20,000,000,000 (or the equivalent in other currencies at the date of the agreement to issue Notes) aggregate principal amount of Notes outstanding at any one time.
Currencies:	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in U.S. dollars, Australian dollars, Canadian dollars, Danish kronor, Euro, Hong Kong dollars, New Zealand dollars, Polish Zloty, pounds Sterling, South African Rand, Swedish kronor, Swiss francs or Japanese Yen, or in other currencies if the Issuer, the Guarantor and the Dealers so agree.

Notes issued on terms that they must be redeemed before their first anniversary where the proceeds of the issue of any Note are to be accepted in the United Kingdom may be subject to restrictions on their denominations and distribution as set out in

"Maturities" below.

Redenomination:	The applicable Final Terms may provide that certain Notes may be redenominated into Euro. The relevant provisions applicable to any such redenomination are set out in Condition 18.
Maturities:	<p>Any maturity date is subject to compliance with all relevant laws, regulations and directives.</p> <p>Notes issued on terms that they must be redeemed before the first anniversary of the date of issue will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 (the "FSMA") unless they are issued only to persons described in Article 9(2) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 and have a denomination of at least £100,000 or its equivalent, see "<i>Plan of Distribution</i>".</p> <p>Under the Luxembourg Law on Prospectuses for Securities which implements the Prospectus Directive, prospectuses for the listing of money market instruments having a maturity at issue of less than 12 months and complying also with the definition of securities are not subject to the approval provisions of such law and do not need to be approved by the CSSF.</p>
Denominations:	<p>Definitive Notes will be in such denominations as may be specified on the Note or in the Final Terms, subject to compliance with all relevant laws, regulations and directives.</p> <p>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 Issuer or its associates to the purchaser.</p>
Method of Issue:	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in one or more Series (which may be issued on the same date or which may be issued in more than one Tranche on different dates). Series of Notes may be issued in Tranches on a continuous basis with no minimum issue size, subject to compliance with all applicable laws, regulations and directives. Further Notes may be issued as part of an existing Series.
Form of Notes:	The Notes may be issued in bearer form only (" <b>Bearer Notes</b> ") or in registered form only (" <b>Registered Notes</b> "). Each Tranche of Bearer Notes will initially be represented by a temporary global note in bearer form (a " <b>temporary Global Note</b> ") which will be deposited (a) in the case of a Tranche intended to be cleared through the facilities of Euroclear and/or Clearstream, Luxembourg, on the issue date with either a common safekeeper or a common depository on behalf of Euroclear and Clearstream, Luxembourg (as described below) and (b) in the case of a Tranche intended to be cleared through a clearing system other than or in addition to Euroclear and Clearstream, Luxembourg or delivered outside a clearing system, as agreed between the Issuer, the Guarantor and the relevant Dealer. No interest will be payable in respect of a temporary Global Note except as described under " <i>Summary of Provisions Relating to the Notes while in Global Form or while Registered in the Name</i> ".

*of a Nominee for a Clearing System*". Interests in a temporary Global Note will be exchangeable for interests in a permanent global note in bearer form (a "**permanent Global Note**") or, if so stated in the relevant Final Terms, for definitive Bearer Notes on or after the Exchange Date. The temporary Global Notes and permanent Global Notes are referred to herein as "**Global Notes**". Interests in permanent Global Notes will be exchangeable for definitive Bearer Notes as described under "*Summary of Provisions Relating to the Notes while in Global Form or while Registered in the Name of a Nominee for a Clearing System*". Registered Notes will be represented by definitive certificates ("**Certificates**"), one Certificate being issued in respect of each holder's entire holding of Registered Notes of one Series. Registered Notes which are held in Euroclear or Clearstream, Luxembourg will be registered in the name of nominees for Euroclear and Clearstream, Luxembourg, or a common nominee for both, and the relative Certificate(s) (a "**Global Certificate**") will be delivered to the appropriate depository or, as the case may be, a common depository.

Notwithstanding the foregoing, Australian Domestic Notes:

- will be issued in registered uncertificated (or inscribed) form, constituted by a Deed Poll to be executed by the Issuer and governed by the laws of New South Wales, Australia (the "**Deed Poll**") as specified in the applicable Final Terms;
- will take the form of entries on a register to be maintained by an Australian registrar to be appointed by the Issuer and the Guarantor and specified in the applicable Final Terms (the "**Australian Registrar**");
- will provide for payments of principal and interest to be made in Sydney;
- will provide for the Issuer and the Guarantor to submit to the jurisdiction of the courts of New South Wales and appoint an agent for the service of process in New South Wales as specified in the applicable Final Terms;
- may be listed on the ASX; and
- will be eligible for lodgement into the Austraclear System operated by Austraclear Limited (ABN 94 002 060 773).

Issue Price: Notes may be issued at their principal amount or at a discount or premium to their principal amount. Partly-paid Notes may also be issued, the Issue Price of which will be payable in two or more instalments.

The price and amount of Notes to be issued under the Programme will be determined by the Issuer, the Guarantor and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

Fixed Interest Rate Notes:

Interest on Fixed Rate Notes will be payable in arrears on the date or dates in each year specified in the relevant Final Terms.

Floating Rate Notes:

Floating Rate Notes will bear interest set separately for each Series by reference to EURIBOR, LIBOR, LIBID or LIMEAN



(or such other benchmark as may be specified in the relevant Final Terms) as adjusted for any applicable margin. Interest periods will be specified in the relevant Final Terms.

- Dual Currency Notes: Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies and based upon such rates of exchange as are agreed between the Issuer and the relevant Dealer(s) prior to issue and set out in the applicable Final Terms.
- Index Linked Notes: Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Index Linked Notes will be calculated by reference to one or more Indices and/or formula as are agreed between the Issuer and the relevant Dealer(s) prior to issue and set out in the applicable Final Terms.
- Inflation Linked Notes: Payments (whether in respect of principal and/or interest and whether at maturity or otherwise) in respect of Inflation Linked Notes will be calculated by reference to one or more Inflation Indices and/or formula as agreed between the Issuer and the relevant Dealer(s) set out in the applicable Final Terms.
- Foreign Exchange (FX) Rate Linked Notes: Payments (whether in respect of principal and/or interest and whether at maturity or otherwise) in respect of foreign exchange linked Notes will be calculated by reference to one or more indices to foreign exchanges and/or formula as agreed between the Issuer and the relevant Dealer(s) set out in the applicable Final Terms.
- Commodity Linked Notes: Payments (whether in respect of principal and/or interest and whether at maturity or otherwise) in respect of Commodity Linked Notes will be calculated by reference to one or more Indices to Commodities and/or formula as agreed between the Issuer and the relevant Dealer(s) set out in the applicable Final Terms.
- Hybrid Notes: Payments (whether in respect of principal and/or interest and whether at maturity or otherwise) in respect of Hybrid Notes will be calculated by reference to any combination of Underlying References and/or formula as agreed between the Issuer and the relevant Dealer(s) as set out in the applicable Final Terms.
- Physical Delivery Notes: Payments (whether in respect of principal and/or interest and whether at maturity or otherwise) in respect of Physical Delivery Notes and any delivery of any Underlying Asset(s) in respect of Physical Delivery Notes will be made in accordance with the terms of the applicable Final Terms.

Adjustments:	In the case of Commodity Linked Notes and Index Linked Notes, the applicable Final Terms will (where applicable) contain provisions relating to adjustments with respect to Underlying Assets, any underlying index or indices, share(s) or commodities, settlement disruption and market disruption (including, without limitation and where necessary, appropriate definitions of " <b>Potential Adjustment Events</b> " " <b>Market Disruption Event</b> " or equivalent provisions and details of the consequences of such events).
Zero Coupon Notes:	Zero Coupon Notes may be issued at their principal amount or at a discount to their principal amount and will not bear interest.
Variable Coupon Amount Notes:	The Final Terms issued in respect of each issue of variable coupon amount Notes will specify the basis for calculating the amounts of interest payable, which may be by reference to the fluctuation of the relative price, level, value, rate or a relationship between the index or indices specified in the relevant Final Terms or of such other formula or as otherwise provided in the relevant Final Terms.
Other Notes:	Terms applicable to any other type of Note which the Issuer, the Guarantor and any Dealer or Dealers may agree from time to time to issue under the Programme will be set out in the relevant Final Terms.
Interest Periods and Interest Rates:	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms.
Variable Redemption Amount Notes:	The Final Terms issued in respect of each issue of variable redemption amount Notes will specify the basis for calculating the redemption amounts payable, which may be by reference to the fluctuation of the relative price, level, value, rate or a relationship between the index or indices specified in the relevant Final Terms or of such other formula or as otherwise provided in the relevant Final Terms.
Exchangeable Notes:	The Final Terms issued in respect of each issue of exchangeable Notes, which may be convertible into or exchangeable or exercisable for or payable in, among other things, other securities, instruments, contracts, currencies, commodities or other forms of property, rights or interests or any combination of the foregoing (" <b>Deliverable Assets</b> "), will specify the terms of exchangeable Notes.
Redemption by Instalments:	The Final Terms issued in respect of each issue of Notes which are redeemable in two or more instalments will set out the date on which, and the amounts in which, such Notes may be redeemed.
Structured Note Risks:	The following paragraph does not describe all the risks of an investment in the Notes. Prospective purchasers should consult their own financial and legal advisers about risks associated with investment in a particular Series of Notes and the suitability of investing in the Notes in light of their particular

circumstances.

An investment in structured Notes the interest on or principal of which is determined by reference to one or more values of currencies, commodities, interest rates or other indices or formulae, either directly or inversely, or which may be convertible into or exchangeable or exercisable for or payable in Deliverable Assets (such as Variable Redemption Amount Notes or Exchangeable Notes) may entail significant risks that are not associated with a similar investment in a debt instrument that has a fixed principal amount, is denominated in U.S. dollars and bears interest at either a fixed rate or a floating rate determined by reference to nationally published interest rate references. The risks of a particular structured Note will depend on the terms of such structured Note, but may include, without limitation, the possibility of significant changes in the prices of securities, currencies, intangibles, goods, articles or commodities or of other objective price, economic or other measures making up the relevant index or the Deliverable Assets (the "**Underlying Assets**"). Such risks generally depend on factors over which neither the Issuer nor the Guarantor has control and which cannot readily be foreseen, such as economic and political events and the supply of and demand for the Underlying Assets. In recent years, currency exchange rates and prices for various Underlying Assets 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 structured Note.

In considering whether to purchase structured Notes, investors should be aware that the calculation of amounts payable in respect of structured Notes may involve reference to an index determined by an affiliate of the Issuer and/or the Guarantor or to prices which are published solely by third parties or entities which are not subject to regulation under the laws of the United States or the European Economic Area. This risk of loss as a result of the linkage of principal or interest payments on structured Notes to an index and to the Underlying Assets can be substantial. Prospective purchasers should consult their own financial and legal advisors as to the risks entailed by an investment in structured Notes.

- Optional Redemption: The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders, and if so the terms applicable to such redemption.
- Status of the Notes: The Notes will constitute unsubordinated and unsecured obligations of the Issuer as described in "*Terms and Conditions of the Notes-Status*".
- Guarantee: The Notes will be unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor under such guarantee will be direct, unconditional and (subject to the provisions of Condition 4 (Negative Pledge) unsecured obligations of the Guarantor and will rank pari passu and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations of the Guarantor from time

to time outstanding.

Negative Pledge:	The Notes will contain a negative pledge as more fully set out in " <i>Terms and Conditions of the Notes-Negative Pledge</i> ".
Cross Default:	None.
Early Redemption:	Except as provided in " <i>Optional Redemption</i> " above or as otherwise provided in the relevant Final Terms, Notes will be redeemable at the option of the Issuer and/or Guarantor prior to maturity only for tax reasons as described in " <i>Terms and Conditions of the Notes - Redemption, Purchase and Options</i> ".
Withholding Tax:	All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of the United States, subject to certain exceptions, all as described in " <i>Terms and Conditions of the Notes – Taxation</i> "
Governing Law:	English law, except that Australian Domestic Notes (and the Deed Poll and related documents) will be governed by, and construed in accordance with, the laws of New South Wales, Australia.
Passporting, Listing and Trading:	Applications have been made for (1) 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 each of Austria, Belgium, Denmark, Finland, Germany, Italy, Norway, Portugal, Spain, Sweden and The Netherlands and (2) Notes 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. The Programme also permits Notes to 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 may be agreed with the Issuer.

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

Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC (the "**Transparency Directive**") entered into force on 20 January 2005. It requires Member States to take measures necessary to comply with the Transparency Directive by 20 January 2007.

If the Transparency Directive is implemented in Luxembourg in a manner that would require the Issuer to publish its financial statements according to accounting principles or standards that are materially different from U.S. generally accepted accounting principles or that would otherwise impose requirements on the Issuer or the Guarantor that it in good faith determines are unduly burdensome, the Issuer or the Guarantor may de-list the notes. The Issuer and the Guarantor will use their reasonable best efforts to obtain an alternative admission to listing, trading and/or quotation for the notes by another listing authority,

exchange and/or system within or outside the European Union, as it may decide. If such an alternative admission is not available to the Issuer or the Guarantor or is, in the Issuer's or the Guarantor's opinion, unduly burdensome, an alternative admission may not be obtained. Notice of any de-listing and/or alternative admission will be given as described in "*Terms and Conditions of the Notes — Notices*".

Selling Restrictions:

United States, United Kingdom, Japan, European Economic Area, Republic of France, Switzerland and Australia. See "*Plan of Distribution*".

In connection with the offering and sale of a particular Tranche of Notes, additional selling restrictions may be imposed which will be set out in the relevant Final Terms.

The Issuer may elect to de-list the Notes if statutory requirements are impracticable or unduly burdensome.

Final Terms/Prospectuses/  
Supplements:

The Final Terms will contain the information items permitted under Article 22.4 of Commission Regulation (EC) No 809/2004 (the "**Prospectus Regulation**"). A prospectus may be used for any Tranche of Notes under the Programme, and such prospectus will include the final terms and conditions for such Notes and, *inter alia*, incorporate by reference all or any part of this Document. A Supplement shall mention every significant new factor, material mistake or inaccuracy relating to the information included in this Base Prospectus which is capable of affecting the assessment of the Notes and which arises or is noted between the time when this Base Prospectus is approved by the CSSF and the final closing of any offer to the public or, as the case may be, the time when trading on a regulated market for the purposes of the Investment Services Directive 93/22/EC.

Risk Factors:

There are certain risks related to any issue of Notes under this Programme which investors should ensure they fully understand. Additionally, the Guarantor's financial condition and results of operations may be affected by uncertain or unfavourable economic, market, legal and other conditions. These conditions include but are not limited to, market and competitive risk, changes in investor sentiment, liquidity risk, changes to credit ratings, credit exposure and operational risk and legal regulatory risk. These risks are set out in more detail on pages 9 to 13 of this Base Prospectus.

## RISK FACTORS

***EACH OF THE ISSUER AND THE GUARANTOR BELIEVES THAT THE FOLLOWING FACTORS MAY AFFECT ITS ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE NOTES ISSUED UNDER THE PROGRAMME. ALL THESE FACTORS ARE CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND NEITHER THE ISSUER NOR THE GUARANTOR 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. NEITHER THE ISSUER NOR THE GUARANTOR REPRESENT THAT THE LIST BELOW IS COMPREHENSIVE. PROSPECTIVE INVESTORS SHOULD READ THIS BASE PROSPECTUS IN ITS ENTIRETY AND FORM THEIR OWN CONCLUSIONS REGARDING THE ISSUER AND THE GUARANTOR.***

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

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

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

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

***SET OUT BELOW ARE RISK FACTORS THAT THE ISSUER AND THE GUARANTOR BELIEVE REPRESENT THE PRINCIPAL RISKS INVOLVED IN INVESTING IN THE NOTES. INVESTORS MAY LOSE THEIR ENTIRE INVESTMENT OR PART OF IT AS THE CASE MAY BE. NEITHER THE ISSUER NOR THE GUARANTOR 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 NOTES.***

**Changes in exchange rates and exchange controls could result in a loss of the value of the Notes and payments 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. Similarly, an investment in an indexed Note, on which all or a part of any payment due is based on a currency other than the investor's currency, has significant risks that are not associated with a similar investment in non-indexed notes. 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 the Responsible Persons have no 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 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 Issuer and/or Guarantor when payments on a Note are due because of circumstances beyond the control of the Issuer and/or Guarantor. Each investor should consult their own financial and legal advisors as to the risks of an investment in Notes denominated in a currency other than the investor's currency.

**The unavailability of currencies could result in a loss of value of the Notes and payments thereof.**

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 Issuer's and/or the 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 Issuer and/or Guarantor on the Note will be the amount of redenominated currency that represents the amount of the Issuer and/or 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.

**Changes in the value of underlying assets of indexed notes could result in a loss of value of the Notes and payments thereon.**

- An investment in indexed notes may have significant risks that are not associated with a similar investment in a debt instrument that:
- has a 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 of a particular indexed Note will depend on the terms of that indexed Note. Such risks may include, but are not limited to, the possibility of significant changes in the prices of:

- the underlying assets;
- another objective price; and
- economic or other measures making up the relevant index.

Underlying assets 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.

The risks associated with a particular indexed Note generally depend on factors over which the Issuer and/or the Guarantor have no control and which cannot readily be foreseen. These risks include:

- economic events;
- political events; and
- the supply of, and demand for, the underlying assets.

In recent years, currency exchange rates and prices for various underlying assets 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 indexed Note.

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

- an index determined by an affiliate of the Issuer and/or the 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.

The risk of loss as a result of linking principal or interest payments on indexed Notes to an index and to the underlying assets can be substantial. Each Investor should consult their own financial and legal advisors as to the risks of an investment in indexed notes.

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

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

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

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

#### **Partly-paid Notes**

The Issuer may issue Notes 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.

#### **Variable rate Notes with a multiplier or other leverage factor**

Notes with variable interest rates 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.

#### **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.

#### **General risks related to Notes**

##### **Modification, waivers and substitution**

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters which may have a general or specific affect 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 conditions of the Notes also provide that the Trustee may, without the consent of Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Notes or (ii) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such or (iii) the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 16 of the conditions of the Notes.

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

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

##### **The secondary market generally**

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. 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. 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, although application has been made to list the Notes on the Luxembourg Stock Exchange.

**Interest rate risks**

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.

**Credit ratings may not reflect all risks**

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

**Legal investment considerations may restrict certain investments**

The investment activities of certain investors are subject to legal investment laws and regulations, 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 advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

## ISSUE OF NOTES

Notes will be issued on a continuous basis in series (each a "**Series**"). Each Series 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 Notes of each Series are intended to be interchangeable with all other Notes of that Series. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and principal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set forth in a Final Terms to this Base Prospectus (a "**Final Terms**"), the form of which is set out in "Form of Final Terms" below.

## DOCUMENTS INCORPORATED BY REFERENCE

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

- (1) the Certificate of Incorporation of the Guarantor;
- (2) the By-Laws of the Guarantor;
- (3) the Guarantor's Annual Report on Form 10-K for the year ended December 31, 2006 filed with the United States Securities and Exchange Commission (the "**Commission**") on February 23, 2007 (the "**Guarantor's 2006 Form 10-K**"), as updated by the Quarterly Reports on Form 10-Q for the quarters ended March 31, 2007 and June 30, 2007 (the "**Guarantor's June 2007 Form 10-Q**") filed with the Commission on May 4, 2007 and August 3, 2007, respectively; and
- (4) the Audited Consolidated Financial Statements of the Issuer for the year ended December 31, 2006.

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

1. unaudited historical interim financial information of the Issuer in respect of the quarter ended June 30, 2007, as set out in the Guarantor's June 2007 Form 10-Q, namely:
  - 1.1 statement of income set out on page 85 of the Guarantor's June 2007 Form - Q.
  - 1.2 balance sheet set out on page 87 of the Guarantor's June 2007 Form 10-Q.
  - 1.3 statement of cash flows set out on page 89 of the Guarantor's June 2007 Form 10-Q.
2. audited historical financial information of the Issuer in respect of the years ended December 31, 2006 and 2005, namely:
  - 2.1 consolidated statements of operations set out on page 3 of the Consolidated Financial Statements in respect of the year ended December 31, 2006 of the Issuer.
  - 2.2 consolidated balance sheets set out on page 2 of the Consolidated Financial Statements in respect of the year ended December 31, 2006 of the Issuer.
  - 2.3 statements of changes in stockholder's equity set out on page 4 of the Consolidated Financial Statements in respect of the year ended December 31, 2006 of the Issuer.

2.4	consolidated statements of cash flows	set out on page 5 of the Consolidated Financial Statements in respect of the year ended December 31, 2006 of the Issuer.
2.5	notes	set out beginning on page 6 of the Consolidated Financial Statements in respect of the year ended December 31, 2006 of the Issuer.
3.	auditor's report relating to the Issuer:	
3.1	auditor's report as of December 31, 2006 and 2005, for the year ended December 31, 2006, and for the period from January 14, 2005 (commencement of activities) through December 31, 2005	set out on page 1 of the Consolidated Financial Statements in respect of the year ended December 31, 2006.
4.	unaudited historical consolidated interim financial information of the Guarantor in respect of the quarter ended June 30, 2007, as set out in the Guarantor's June 2007 Form 10-Q, namely:	
4.1	consolidated statement of income	set out on page 46 of the Guarantor's June 2007 Form 10-Q.
4.2	consolidated balance sheet	set out on page 47 of the Guarantor's June 2007 Form 10-Q.
5.	audited historical consolidated financial information of the Guarantor in respect of the years ending December 31, 2006 and 2005 namely:	
5.1	consolidated statement of income	set out on page 104 of the Guarantor's 2006 Form 10-K.
5.2	consolidated balance sheet	set out on page 105 of the Guarantor's 2006 Form 10-K.
5.3	statement of changes in stockholders' equity	set out on page 106 of the Guarantor's 2006 Form 10-K.
5.4	consolidated statement of cash flows	set out on page 107 of the Guarantor's 2006 Form 10-K.
5.5	notes	set out beginning on page 109 of the Guarantor's 2006 Form 10-K.
6.	auditor's report relating to the Guarantor:	
6.1	auditor's report on the consolidated financial statements of the Guarantor covering the period of two years for year ending December 31, 2006	set out on page 102 of the Guarantor's 2006 Form 10-K.
7.	other information relating to the Guarantor:	
7.1	description of the principal activities of the Guarantor	set out on page 2 of the Guarantor's 2006 Form 10-K.
7.2	description of the principal markets in which the Guarantor competes	set out on pages 20 to 57 of the Guarantor's 2006 Form 10-K.



This Base Prospectus and the documents incorporated by reference 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 directive 2003/71/EC of the European Parliament and of the Council, information or documents not listed in the table above, but included in this "*information incorporated by reference section*", are for information purposes only.

In addition, all quarterly interim reports on Form 10-Q of the Guarantor, its Annual Reports on Form 10-K for fiscal years after 2006 and any other reports filed by the Guarantor with the Commission 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 Guarantor's 2006 Form 10-K will be filed by the Guarantor with the Commission and will be available to the public on the Commission's Internet Site (address: <http://www.sec.gov>).

The Issuer will, at the specific offices of the Paying Agents (as defined herein) during normal business hours, make available free of charge a copy of this Base Prospectus (and any document incorporated by reference in this 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 Notes is outstanding. Requests for such documents should be directed to the specified office of any Paying Agent or the specified office of the Listing Agent in Luxembourg (the "**Luxembourg Listing Agent**").

Any statement contained herein or in such documents and incorporated by reference herein shall be deemed to be disclosed herein and to be modified or superseded for the purposes of this Base Prospectus to the extent that a statement contained herein or in any other subsequently dated document herein 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.

This Base Prospectus should be read and construed in conjunction with any relevant Final Terms, the most recently published audited annual accounts, any interim accounts (whether audited or unaudited) published subsequently to such annual accounts of the Issuer and/or the Guarantor from time to time, any interim reports filed subsequently to such annual accounts of the Issuer and/or the Guarantor from time to time and any supplement to this Base Prospectus, and to form part of, this Base Prospectus; provided, however, that any statement contained herein or in such most recently published annual or interim accounts or filed reports shall be deemed to be modified or superseded for the purposes of this Base Prospectus to the extent that a statement contained in any subsequent annual or interim accounts or filed reports modifies or supersedes such statement.

#### **SUPPLEMENTS TO THIS BASE PROSPECTUS**

The Issuer has undertaken, in connection with the listing of the Notes on the Luxembourg Stock Exchange, that so long as any Notes remain outstanding and are listed on the Luxembourg Stock Exchange, if there shall occur any adverse change in business or financial position of the Issuer or any change in the information set out under "*Terms and Conditions of the Notes*", that is material in the context of issuance under the Programme, the Issuer will either prepare a supplement to this Base Prospectus or publish a new Base Prospectus, for use in connection with any subsequent issue by the Issuer of Notes to be listed on the Luxembourg Stock Exchange.

#### **GENERAL DESCRIPTION OF THE PROGRAMME**

The applicable terms of any Notes will be agreed between the Issuer and the relevant Dealer(s) prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes endorsed on, or annexed to, the Notes, as supplemented by the applicable Final Terms attached to, or endorsed on, such Notes, as more fully described under "*Form of Final Terms*" below.

This Base Prospectus and any supplement will only be valid for the listing of Notes on the regulated market of the Luxembourg Stock Exchange (within the scope of Directive 2004/39/EC on Markets in Financial Instruments), in an aggregate principal amount which, when added to the aggregate principal amount then outstanding of all Notes previously or simultaneously issued under this Programme, does not exceed U.S.\$20,000,000,000 (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 Variable Coupon Amount Notes shall be calculated in the manner specified above by reference to the original principal amount of such Notes;
- (c) 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 Issuer or the relevant issue of Notes; and
- (d) the face principal amount of Variable Redemption Amount Notes will be taken into account regardless of the amount of the subscription price paid.

## TERMS AND CONDITIONS OF THE NOTES

Except as indicated below, the following is the text of the terms and conditions of the Notes which will include the additional terms and conditions contained in Annex 1 in the case of Index Linked Notes, which will include the additional terms and conditions contained in Annex 2 in the case of Inflation Linked Notes, which will include the additional terms and conditions contained in Annex 3 in the case of Commodity Linked Notes 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 Notes linked to any other Underlying Reference (the "**Conditions**").

The Conditions, as supplemented or varied in accordance with the provisions of the relevant Final Terms, will be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) or Global Certificate(s) representing each Series and will be endorsed on the definitive Bearer Notes or on the Certificates representing such Notes, details of the relevant Series being shown on the relevant Notes or Certificates and in the relevant Final Terms which shall be endorsed on or attached to the relevant Notes or Certificates and shall be deemed part of the Conditions. References in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes which may be issued under the Programme, and references to the "Final Terms" are to the Final Terms relating to the Notes of such Series, and references to the "Conditions" include such Final Terms.

The Notes (other than Australian Domestic Notes as defined below) are issued pursuant to an Fiscal Agency Agreement dated August 22, 2007 (as amended and supplemented from time to time, the "**Fiscal Agency Agreement**") between Citigroup Funding Inc. (the "**Issuer**"), Citigroup Inc. (the "**Guarantor**"), Citibank, N.A., London office as fiscal agent (the "**Fiscal Agent**"), principal paying agent, transfer agent and registrar (the "**Registrar**"), Citigroup Global Markets Deutschland AG & Co. KgaA, (the "**Registrar**") and the other agents named therein and with the benefit of a Deed of Covenant dated August 22, 2007 (the "**Deed of Covenant**") executed by the Issuer in relation to the Notes. The Notes are the subject of a Deed of Guarantee (as amended, supplemented or replaced, as the case may be, from time to time the "**Deed of Guarantee**"), dated August 22, 2007 entered into by the Guarantor. The one or more initial paying agents (the "**Paying Agents**"), the transfer agents (the "**Transfer Agents**") (if any), the initial registrar (if any), and the initial calculation agent(s) (the "**Calculation Agents**") (if any), in each case with respect to the Notes, are specified in the Final Terms. The holders of the Notes, the holders of the interest coupons (the "**Coupons**") appertaining to interest bearing 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 Deed of Covenant and the Deed of Guarantee are available for inspection at the specified offices of each of the Paying Agents. Copies of the Deed Poll and the Registry Services Agreement (as defined below) will be available for inspection at the specified office of the Australian Registrar following issue of any Australian Domestic Notes.

### 1. Form, Denomination and Title

The Notes are issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**") as specified in the Final Terms and in each case in the Denomination(s) specified in the Final Terms or, in the case of Bearer Notes, shown thereon. All Registered Notes shall have the same Denomination.

Bearer Notes are issued with Coupons (and, where appropriate, a Talon) attached, unless the 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 these Conditions are not applicable. Any Bearer Note issued, the principal amount of which is redeemable in instalments, is issued with one or more Receipts attached.

Any Registered Notes issued are represented by registered certificates ("**Certificates**"), each Certificate representing 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 monies 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 these Conditions to Physical Delivery Notes shall mean Notes in respect of which a Physical Delivery Amount (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)**") plus/minus any amount due to/from the Noteholder in respect of each Note) is deliverable and/or payable by reference to one or more Relevant Assets as the Issuer and the relevant Dealer(s) may agree and as set out 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 Notes shall be deemed to include references to (a) Physical Delivery Notes which include an option (as set out in the applicable Final Terms) at the Issuer's election to request settlement upon redemption by way of cash payment, and (b) Physical Delivery Notes where settlement upon redemption is to be automatically varied to be by way of cash payment pursuant to Condition 7(k)(ii). References in these 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 to request physical delivery of the relevant Entitlement in settlement upon redemption of such Notes pursuant to Condition 7(k)(ii) 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. Those Notes where the Noteholder has elected for cash payment will be Cash Settled Notes and those Notes where the Noteholder has elected for physical delivery will be Physical Delivery Notes. The rights of a Noteholder as described in this paragraph may be subject to the Issuer's right to cash settlement upon redemption of Notes as indicated in the applicable Final Terms and will be subject to the Issuer's right to substitute assets or pay the Alternate Cash Amount (as defined below) in lieu of physical delivery in accordance with these Conditions.

Title to any Bearer Notes issued and the related Receipts, Coupons and Talons shall pass by delivery. Title to any Registered Notes issued shall pass by registration in the register which the Issuer or the 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, 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.

In these Conditions, "holder" (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be), and "Noteholder" and, in the case of Coupons, "Couponholder", shall have correlative meanings. In these Conditions references to a Receipt, Coupon or Talon are references to any Receipt, Coupon or Talon as may be attached to any Bearer Note issued, as specified in the Final Terms.

All capitalised terms which are not defined in these Conditions will have the meanings given to them 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 ("**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 and the Australian Registrar as the absolute owner of that Australian Domestic Note and neither the Issuer or 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 Denomination may not be exchanged for Bearer Notes of another 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 Registered Notes are issued, one or more of such Registered Notes may be transferred upon the surrender of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate duly completed and executed, at the specified office of the applicable Registrar or any Transfer Agent. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new 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 Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

### *(c) 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 (a) 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 to the purchaser) or the offer or invitation giving rise to the transfer does not constitute an offer or invitation for which disclosure is required to be made to investors under Part 6D.2 of the Corporations Act 2001 of

Australia, (b) the transfer complies with any applicable laws, regulations or directives of the jurisdiction in which the transfer takes place, and (c) 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(c):

"**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.

*(d) Exercise of Options or Partial Redemption in Respect of Registered Notes*

In the case of an exercise of an option by the Issuer or a Noteholder in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the applicable Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

*(e) Delivery of New Certificates*

Each new Certificate to be issued pursuant to Conditions 2(b) or (d) 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 Transfer Agent or the applicable Registrar 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 Transfer Agent or of the applicable Registrar (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 Certificate to such address as may be specified in such form of transfer.

*(f) Transfer Free of Charge*

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

*(g) 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 6(e), (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 7(b)(ii) below).



### 3. Status

#### (a) *Status of Notes*

Notes and the Receipts and Coupons relating thereto constitute direct, unconditional, unsubordinated and (without prejudice to the provisions of Condition 4) unsecured obligations of the Issuer and rank pari passu and rateably without any preference among the obligations of the Issuer in respect of other Notes of the same Series of the Issuer and (subject to any applicable statutory exceptions and without prejudice as aforesaid) at least pari passu with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future.

#### (b) *Status of the Guarantee in respect of the Notes*

The obligations of the Guarantor in respect of the Notes under the Deed of Guarantee are direct, unconditional and (subject to any applicable statutory exceptions and without prejudice to the provisions of Condition 4) unsecured obligations of the Guarantor and (save for certain obligations required to be preferred by law) rank equally with all other unsecured and unsubordinated obligations of the Guarantor, from time to time outstanding.

### 4. Negative Pledge

#### (a) *Issuer*

In relation to issues of Notes, so long as any Note remains outstanding, the Issuer will not, and will not permit any Subsidiary to, incur, issue, assume or guarantee any indebtedness if such indebtedness is secured by a pledge of, lien on, or security interest in any shares of Voting Stock of any Significant Subsidiary, whether such Voting Stock is owned now or acquired in the future, without effectively providing that the Notes (together with, if the Issuer shall so determine, any other indebtedness or obligations of the Issuer or any Subsidiary ranking equally with such Notes and then existing or thereafter created) shall be secured equally and rateably with such indebtedness. For the purposes of the foregoing, pledging, placing a lien on or creating a security interest in any shares of Voting Stock of a Significant Subsidiary in order to secure then outstanding indebtedness of the Issuer or any Subsidiary shall be deemed to be the incurrence, issuance, assumption or guarantee (as the case may be) of such indebtedness, but the foregoing shall not apply to indebtedness secured by a pledge of, lien on or security interest in any shares of Voting Stock of any corporation at the time it becomes a Significant Subsidiary, including extensions, renewals and replacements of such indebtedness without an increase in the amount thereof. For the purposes of the foregoing, "Subsidiary" means any corporation of which securities entitled to elect at least a majority of such corporation's directors shall at the time be owned, directly or indirectly, by the Issuer and/or one or more Subsidiaries; "Significant Subsidiary" means a Subsidiary, including its Subsidiaries, which meets any of the following conditions: (i) the Issuer and its other Subsidiaries' investments in and advances to the Subsidiary exceed 10% of the total assets of the Issuer and its Subsidiaries consolidated as of the end of the most recently completed fiscal year; or (ii) the Issuer and its other Subsidiaries' proportionate share of the total assets (after intercompany eliminations) of the Subsidiary exceeds 10% of the total assets of the Issuer and its Subsidiaries consolidated as of the end of the most recently completed fiscal year; or (iii) the Issuer and its other Subsidiaries' equity in the income from continuing operations before income taxes, extraordinary items and cumulative effect of a change in accounting principles of the Subsidiary exceeds 10% of such income of the Issuer and its Subsidiaries consolidated for the most recently completed fiscal year, and for the purposes of making such prescribed income test, the following shall be applicable: when a loss has been incurred by either the Issuer and its Subsidiaries consolidated or the tested Subsidiary, but not both, the equity in the income or loss of the tested Subsidiary shall be excluded from the income of the Issuer and its Subsidiaries consolidated for purposes of the computation; and if income of the Issuer and its Subsidiaries consolidated for the most recent fiscal year is at least 10% lower than the average of the income of the last five fiscal years, such average income shall be substituted for the purposes of the computation (any loss years shall be omitted for purposes of computing average income); and "Voting Stock" shall mean capital stock the holders of which have general voting power under ordinary circumstances to elect at least a majority of the directors of a corporation, provided that capital stock which carries only a right to vote

conditional on the happening of an event shall not be considered voting stock, whether or not such event has happened.

*(b) Guarantor*

In relation to the Guarantor, so long as any Note remains outstanding, the Guarantor will not, and will not permit any Subsidiary to, incur, issue, assume or guarantee any Senior Indebtedness if such Senior Indebtedness is secured by a pledge of, lien on, or security interest in any shares of Voting Stock of any Significant Subsidiary, whether such Voting Stock is owned now or acquired in the future, without effectively providing that the Notes (together with, if the Guarantor shall so determine, any other indebtedness or obligations of the Guarantor or any Subsidiary ranking equally with such Notes and then existing or thereafter created) shall be secured equally and rateably with such Senior Indebtedness. For the purposes of the foregoing, pledging, placing a lien on or creating a security interest in any shares of Voting Stock of a Significant Subsidiary in order to secure then outstanding Senior Indebtedness of the Guarantor or any Subsidiary shall be deemed to be the incurrence, issuance, assumption or guarantee (as the case may be) of such Senior Indebtedness, but the foregoing shall not apply to Senior Indebtedness secured by a pledge of, lien on or security interest in any shares of Voting Stock of any corporation at the time it becomes a Significant Subsidiary, including extensions, renewals and replacements of such Senior Indebtedness without an increase in the amount thereof. For the purposes of the foregoing, "Significant Subsidiary", "Subsidiary" and "Voting Stock" shall have the same meanings ascribed to them in Condition 4(a) above (with the substitution of "Guarantor" for "Issuer" where appropriate), "Senior Indebtedness" shall mean (i) the principal, premium, if any, and interest in respect of indebtedness of the Guarantor for money borrowed and indebtedness evidenced by securities, notes, debentures, bonds or other similar instruments issued by the Issuer including all indebtedness (whether now or hereafter outstanding) issued under the indenture dated as of 15 March 1987 between the Guarantor and the Bank of New York, as trustee, as the same may be amended, modified or supplemented from time to time; (ii) all capital lease obligations of the Guarantor; (iii) all obligations of the Guarantor issued or assumed as the deferred purchase price of property, all conditional sale obligations of the Guarantor and all obligations of the Guarantor under any conditional sale or title retention agreement (but excluding trade accounts payable in the ordinary course of business); (iv) all obligations, contingent or otherwise, of the Guarantor in respect of any letters of credit, banker's acceptance, security purchase facilities and similar credit transactions; (v) all obligations of the Guarantor in respect of any interest rate swap, cap or other agreements, interest rate future or option contracts, currency swap agreements, currency future or option contracts and other similar agreements; (vi) all obligations of the type referred to in (i) to (v) above of other Persons for the payment of which the Guarantor is responsible or liable as obligor, guarantor or otherwise; and (vii) all obligations of the type referred to in clauses (i) to (vi) of other Persons secured by any lien on any property or asset of the Guarantor (whether or not such obligation is assumed by the Issuer), except that Senior Indebtedness shall not include: any indebtedness issued by the Guarantor under an indenture with Bank One Trust Company N.A., dated as of July 17, 1998, as supplemented; any indebtedness issued by the Guarantor before May 31, 2004 under the indenture, dated as of October 7, 1996, between Citigroup and JPMorgan Chase Bank, as supplemented (the "**1996 junior subordinated debt indenture**"); any guarantee entered into by the Guarantor before May 31, 2004 in respect of any preferred securities, Capital Securities or preference stock of a trust to which the Guarantor issued any indebtedness under the 1996 junior subordinated debt indenture; and any indebtedness or any guarantee that is by its terms subordinated to, or ranks equally with the Subordinated Notes issued under the Guarantor's U.S. \$40,000,000,000 Programme for the issuance of EMT Notes and the issuance of which (x) has received the concurrence or approval of the staff of the Federal Reserve Bank of New York or the staff of the Board of Governors of the Federal Reserve System or (y) does not at the time of issuance prevent the Subordinated Notes issued under the Guarantor's U.S. \$40,000,000,000 Programme for the issuance of EMT Notes from qualifying for Tier 2 capital treatment (irrespective of any limits on the amount of the Guarantor's Tier 2 capital) under the applicable capital adequacy guidelines, regulations, policies or published interpretations of the Board of Governors of the Federal Reserve System and "Person" means any individual, company, corporation, firm, partnership, limited liability company, joint venture, association, trust, organization, state or agency of a state or other entity, whether or not having separate legal personality.

## 5. Interest and Other Calculations

### (a) *Interest Rate and Accrual*

Unless otherwise provided in the Final Terms, each Note bears interest on its outstanding principal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Interest Rate, such interest being payable in arrears on each interest payment date (each, an "**Interest Payment Date**").

If the Notes are Variable Coupon Notes or Exchangeable Notes, any specific terms relating to the method for determining any interest payable thereon will be set out in the Final Terms.

Interest will cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which event interest will continue to accrue (after as well as before judgment) at the Interest Rate in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).

### (b) *Business Day Convention*

If any date referred to in these Conditions which is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day which is not a Relevant Business Day, then, if the Business Day Convention specified is (i) the Floating Rate Convention, such date shall be postponed to the next day which is a Relevant 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 Relevant Business Day and (B) each subsequent such date shall be the last Relevant Business Day of the month in which such date would have fallen had it not been subject to adjustment, (ii) the Following Business Day Convention, such date shall be postponed to the next day which is a Relevant Business Day, (iii) the Modified Following Business Day Convention, such date shall be postponed to the next day which is a Relevant 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 Relevant Business Day or (iv) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Relevant Business Day.

### (c) *Interest Rate on Floating Rate Notes*

#### (i) *Screen Rate and Reference Banks Determination*

If the Interest Rate is specified as being Floating Rate, the Interest Rate for each Interest Accrual Period will be determined by the Calculation Agent at or about the Relevant Time on the Interest Determination Date in respect of such Interest Accrual Period in accordance with the following:

- (a) if the Primary Source for the Floating Rate is a Page, subject as provided below, the Interest Rate shall be:
  - (A) the Relevant Rate (where such Relevant Rate on such Page is a composite quotation or is customarily supplied by one entity); or
  - (B) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Page, in each case appearing on such Page at the Relevant Time on the Interest Determination Date;
- (b) if the Primary Source for the Floating Rate is the Reference Banks or if sub-paragraph (i)(x) applies and no Relevant Rate appears on the Page at the Relevant Time on the Interest Determination Date or if subparagraph (i)(y) above applies and fewer than two Relevant Rates appear on the Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Interest Rate shall be the arithmetic mean of the Relevant Rates which each of the Reference Banks is quoting to major banks in the Relevant Financial Centre or, if the Relevant Currency is Euro, the Euro-zone at the Relevant Time on the Interest Determination Date, as determined by the Calculation Agent;

- (c) if paragraph (ii) above applies, and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, subject as provided below the Interest Rate shall be the arithmetic mean of the rates per annum (expressed as a percentage) which the Calculation Agent determines to be the rates (being the nearest equivalent to the Benchmark) in respect of a Representative Amount of the Relevant Currency which five leading banks selected by the Calculation Agent in the principal financial centre of the country of the Relevant Currency (the "**Principal Financial Centre**") are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period commencing on the Effective Date for a period equivalent to the Specified Duration to leading banks carrying on business in Europe, or, if the Calculation Agent determines that fewer than two of such banks are so quoting, to leading banks carrying on business in the Principal Financial Centre; except that, if fewer than two of the banks in the Principal Financial Centre so selected by the Calculation Agent are quoting as aforesaid, the Interest Rate shall be the Interest Rate determined on the previous Interest Determination Date (after readjustment for any difference between any Margin, Rate Multiplier or Maximum or Minimum Interest Rate applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period).

(ii) *ISDA Determination*

- (a) Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest 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 (i), "**ISDA Rate**" for an Interest Period means the rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2000 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:
- (A) the Floating Rate Option is as specified in the applicable Final Terms;
  - (B) the Designated Maturity is a period specified in the applicable Final Terms; and
  - (C) the relevant Reset Date is either (a) 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 (b) in any other case, as specified in the applicable Final Terms.

For the purposes of this subparagraph (ii), 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 Rate of Interest shall be deemed to be zero.

(d) *Interest on Zero Coupon Notes*

Where a Note the Interest Rate of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Redemption Amount of such Note. As from the Maturity Date, the Interest Rate for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as defined in Condition 6(d)).

(e) *Margin, Maximum/Minimum Interest Rates, Instalment Amounts and Redemption Amounts, Rate Multipliers and Rounding*



- (i) If any Margin or Rate Multiplier is specified in the Final Terms (either (x) generally or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Interest Rates, in the case of (x), or the Interest Rates for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (c) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin or multiplying by such Rate Multiplier, subject always to the next paragraph.
- (ii) If any Maximum or Minimum Interest Rate, Instalment Amount or Redemption Amount is specified in the Final Terms, then any Interest Rate, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
- (iii) For the purposes of any calculations required pursuant to these 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.

(f) *Calculations*

The amount of interest payable in respect of any Note for any period shall be calculated by applying the Interest Rate to the Calculation Amount, multiplying the product by the Day Count Fraction (as defined below), rounding the resulting figure as specified above and multiplying such rounded figure by a fraction equal to the outstanding principal amount of the relevant Note divided by the Calculation Amount, save that (i) where an Interest Amount (or a formula for its calculation) is specified in respect of such period in the Final Terms, the amount of interest payable in respect of such Note for such period will equal such Interest Amount (or be calculated in accordance with such formula) and (ii) if the Final Terms specifies that the Interest Rate applicable to the Notes is fixed, the interest shall be calculated on the basis set out in the Final Terms.

(g) *Determination and Publication of Interest Rates, Interest Amounts, Redemption Amounts and Instalment Amounts*

As soon as practicable after the Relevant Time on each Interest Determination Date or such other time on such date as the Calculation Agent may be required to calculate any Redemption Amount or Instalment Amount, obtain any quote or make any determination or calculation, it will determine the Interest Rate and calculate the amount of interest payable (the "**Interest Amounts**") in respect of each Specified Denomination or, if the Calculation Amount is less than the minimum Specified Denomination, the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination for the relevant Interest Accrual Period, calculate the Redemption Amount or Instalment Amount, obtain such quote or make such determination or calculation, as the case may be, and cause the Interest Rate and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent or the Australian Registrar (as appropriate), the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes which is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange so require, such exchange as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of an Interest Rate, the Interest Amount, the Interest Payment Date, the Redemption Amount and any Instalment Amount or (ii) in all other cases, as soon as practicable but in no event later than the fourth Relevant Business Day after such determination. The

Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, 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. The determination of each Interest Rate, Interest Amount, Redemption Amount and Instalment Amount, the obtaining of each quote and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

(h) *Definitions*

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below: "Day Count Fraction" means, in respect of the calculation of an amount of interest on any Note for any period of time not comprising a complete year, whether or not constituting an Interest Period (the "**Calculation Period**"):

- (i) if "Actual/365" or "Actual/Actual-ISDA" is specified in the 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 (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if "Actual/365 (Fixed)" is specified in the Final Terms, the actual number of days in the Calculation Period divided by 365;
- (iii) 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;
- (iv) if "Actual/360" is specified in the Final Terms, the actual number of days in the Calculation Period divided by 360;
- (v) if "30/360", "360/360" or "Bond Basis" is specified in the Final Terms, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with twelve 30-day months (unless (a) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month));
- (vi) if "30E/360" or "Eurobond Basis" is specified in the Final Terms, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with twelve 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of the final Calculation Period, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month);
- (vii) if "Actual/Actual  $\pm$  ISMA" is specified in the Final Terms, (a) if the Calculation Period is the same as or shorter than the Interest Accrual Period during which it falls, the actual number of days in the Calculation Period divided by (x) the number of days in the Interest Accrual Period times (y) the number of Interest Accrual Periods in a year or (b) if the Calculation Period starts in one Interest Accrual Period and ends in another, the sum of (A) the actual number of days in such Calculation Period falling within the first Interest Accrual Period divided

by (x) the actual number of days in such first Interest Accrual Period times (y) the number of Interest Accrual Periods in a year and (B) the calculation in (A), but substituting "second Interest Accrual Period" for "first Interest Accrual Period"; and

- (viii) if "RBA Bond Basis" or "Australian Bond Basis" is specified in the Final Terms, one divided by the number of Interest Payment Dates in a year (or where the Calculation Period does not constitute an Interest Period, "Actual/365" as defined in paragraph (i) above).

"**Calculation Amount**" has the meaning given in the relevant Final Terms.

"**Effective Date**" means, with respect to any Floating Rate to be determined on an Interest Determination Date, the date specified as such in the Final Terms or, if none is so specified, the first day of the Interest Accrual Period to which such Interest Determination Date relates.

"**Established Rate**" means the rate for conversion of the Relevant Currency (including compliance with rules relating to roundings in accordance with applicable European Community regulations) into Euro established by the Council of the European Union pursuant to Article 1091 (4) of the Treaty.

"**Euro-zone**" means the member states of the European Union that are participating in the third stage of Economic and Monetary Union.

"**Interest Accrual Period**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

"**Interest Commencement Date**" means the date of issue of the Notes (the "**Issue Date**") or such other date as may be specified in the Final Terms.

"**Interest Determination Date**" means, with respect to an Interest Rate and Interest Accrual Period, the date specified as such in the Final Terms or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling, (ii) the day falling two Relevant Business Days in London prior to the first day of such Interest Accrual 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 Accrual Period if the specified currency is Euro.

"**Interest Period**" means the period beginning on the Interest Commencement Date and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date.

"**Interest Period Date**" means each Interest Payment Date unless otherwise specified in the Final Terms.

"**Interest Rate**" means the rate of interest payable from time to time in respect of this Note and which is either specified, or calculated in accordance with the provisions, hereon or in the Final Terms.

"**Other Notes**" means, at any time, any one or more Series of other Notes of the Issuer which have the same or substantially the same Conditions (as then in effect and which have not lapsed and/or the rights in respect of which have not been exercised) as the Notes (other than in relation to the currency of original denomination and/or denomination and/or the Conditions relating to business days or interest accrual bases and/or the stock exchange(s), if any, on which such Notes are listed and/or the clearing system(s) on which such Notes are cleared and settled and/or redenomination into Euro and/or notices);

"**Page**" means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Reuters Monitor Money Rates Service ("**Reuters**"), the "BRIDGE" Information System ("**BRIDGE**") and the Bloomberg Financial Markets Commodities News ("**Bloomberg**")) as may be specified in the Final Terms for the purpose of

providing a Relevant Rate, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to that Relevant Rate.

**"Redenomination Date"** means (in the case of interest bearing Notes) the Interest Determination Date 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 14 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.

**"Reference Banks"** means the institutions specified as such in the Final Terms or, if none, four (or, if the Relevant Financial Centre is Helsinki, five) major banks selected by the Calculation Agent in the interbank market (or, if appropriate, money market) which is most closely connected with the relevant Benchmark.

**"Relevant Business Day"** means:

- (i) in the case of a specified currency other than Euro and/or one or more specified financial centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for that currency (which shall be Auckland, in the case of New Zealand dollars) and/or each of the financial centres so specified; and/or
- (ii) in the case of Euro, a TARGET Business Day; and/or
- (iii) in the case of a specified currency and for one or more specified financial centres, a day (other than a Saturday or a Sunday) in which commercial banks and foreign exchange markets settle payments in the specified currency or, if none is specified, generally in each of the financial centres so specified.

**"Relevant Currency"** means the currency specified in the Final Terms or, if none is specified, the currency in which the Notes are denominated.

**"Relevant Financial Centre"** means, with respect to any Floating Rate to be determined on an Interest Determination Date, the financial centre as may be specified in the Final Terms or, if none is so specified, the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected, London.

**"Relevant Rate"** means the Benchmark for a Representative Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the Specified Duration commencing on the Effective Date.

**"Relevant Time"** means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre specified in the Final Terms or, if none is specified, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the relevant currency in the interbank market in the Relevant Financial Centre.

**"Representative Amount"** means, with respect to any Floating Rate to be determined on an Interest Determination Date, the amount specified in the Final Terms or, if none is specified, an amount that is representative for a single transaction in the relevant market at the time or, where the specified currency is Euro, Brussels time.

**"Specified Denomination"** means the denomination specified in the relevant Final Terms.

**"Specified Duration"** means, with respect to any Floating Rate to be determined on an Interest Determination Date, the duration specified in the Final Terms or, if none is specified, a period of time equal to the related Interest Accrual Period, ignoring any adjustment pursuant to Condition 5(b).

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



"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System.

"**Treaty**" means the Treaty establishing the European Community as amended by the Treaty on European Union.

(i) *Calculation Agent and Reference Banks*

The Issuer will ensure that there shall at all times be four Reference Banks (or such other number as may be required) with offices in the Relevant Financial Centre (one of which may be the Issuer or an affiliate of the Issuer) and one or more Calculation Agents (one of which may be the Issuer or an affiliate of the Issuer), if provision is made for them in the Conditions applicable to the Notes and for so long as any Notes are outstanding. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank, then the Issuer will appoint another Reference Bank with an office in the Relevant Financial Centre to act as such in its place. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Interest Rate for any Interest Period or to calculate the Interest Amounts or any other requirements, the Issuer will appoint the London office of a leading bank engaged in the London interbank market to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

**6. Redemption, Purchase and Options**

(a) *Final Redemption*

Unless otherwise provided in the Final Terms, or unless previously redeemed, purchased and cancelled as provided below, each Note will be redeemed at its Redemption Amount (which, unless otherwise provided, is its principal amount) on the Maturity Date specified on each Note. If the Notes are Variable Redemption Amount Notes or Exchangeable Notes, Noteholders may receive a Redemption Amount on the Maturity Date thereof, a payment of premium or interest on any Interest Payment Date or on the Maturity Date or both, a Redemption Amount and a payment of premium or interest that is greater than or less than the amount of principal, premium or interest which would otherwise be payable on such dates, depending upon the fluctuation of the relative price, level, value, rate of or relationship between the specified index or indices. Specific terms relating to the method for determining the Redemption Amount payable on the Maturity Date of any Variable Redemption Amount Notes, the amount of premium or interest payable on any Interest Payment Date and on the Maturity Date and the face amount of the Variable Redemption Notes will be set out in the Final Terms.

Exchangeable Notes may be convertible into or exchangeable or exercisable for or payable in, among other things, other securities, notes, contracts, currencies, commodities or other forms of property, rights or interests or any combination of the foregoing ("**Deliverable Assets**"). Specific terms relating to the Exchangeable Notes, including with respect to the Redemption Amount thereof, will be described in the Final Terms. If the Notes are Exchangeable Notes, the term "payment" as used in these Conditions shall include the delivery of Deliverable Assets required or permitted to be delivered pursuant to these Conditions, and the term "principal" shall mean or include any Deliverable Assets.

(b) *Redemption for Taxation Reasons*

(i) The Notes may be redeemed at the option of the Issuer or the Guarantor in whole, but not in part, at any time, on giving not less than 30 or more than 60 days' notice in accordance with Condition 14 (which notice shall be irrevocable), at the Redemption Amount thereof (calculated without premium), if the Issuer or the Guarantor, as the case may be, has or will become obligated to pay additional interest on such Notes pursuant to Condition 8 as a result of

any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of the United States or any political subdivision or taxing authority 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 any of such Notes pursuant to their original issuance, and such obligation cannot be avoided by the Issuer or 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 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 6(b)(i), the Issuer or Guarantor, as the case may be, shall deliver to the Fiscal Agent or the Australian Registrar in the case of Australian Domestic Notes (i) a certificate signed by an officer of the Issuer or Guarantor, as the case may be, stating that the Issuer or 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 Guarantor, as the case may be, so to redeem have occurred and (ii) a legal opinion, from lawyers of recognised standing in the United States, to the effect that the Issuer or 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) Unless otherwise specified in the Final Terms, if the Issuer or Guarantor shall determine that any payment made outside the United States by the Issuer or any of its Paying Agents in respect of any Bearer Note, Receipt, Coupon or Talon, if any, that is not a Floating Rate Note (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 Guarantor, any Paying Agent or any governmental authority of the nationality, residence or identity of a beneficial owner of such Affected Note that is a United States Alien (as defined below) (other than such a requirement (i) that would not be applicable to a payment made by the Issuer or any one of its Paying Agents (A) directly to the beneficial owner or (B) to a custodian, nominee or other agent of the beneficial owner, or (ii) that can be satisfied by such custodian, nominee or other agent certifying to the effect that the beneficial owner is a United States Alien; provided that, in any case referred to in clause (i)(B) or (ii), payment by the custodian, nominee or agent to the beneficial owner is not otherwise subject to any such requirement), then the Issuer or Guarantor, as the case may be, shall elect either (x) to redeem such Affected Notes in whole, but not in part, at the Redemption Amount thereof (calculated without premium) or (y) if the conditions of the next succeeding paragraph are satisfied, to pay the additional interest specified in such paragraph. The Issuer or 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 Guarantor shall specify by notice given to the Fiscal Agent at least 60 days before the Redemption 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 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 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 shall deliver to the Fiscal Agent (i) a certificate signed by an officer of the Issuer stating that the Issuer 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 any of its Paying Agents in respect of any Affected Note of which the beneficial owner is a United States Alien (but without any requirement that the nationality, residence or identity of such beneficial owner be disclosed to the Issuer, 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 (i) would not be applicable in the circumstances referred to in the parenthetical clause of the first sentence of the preceding paragraph or (ii) 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 8)), will not be less than the amount provided in any such Affected Note to be then due and payable. If the Issuer or 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 whole, but not in part, at the Redemption Amount thereof (calculated without premium), subject to the provisions of the last three sentences of the immediately preceding paragraph. If the Issuer or 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 the Redemption Amount thereof (calculated without premium), subject to the provisions of the last three sentences of the immediately preceding paragraph. Any redemption payments made by the Issuer pursuant to the two immediately preceding sentences shall be subject to the continuing obligation of the Issuer 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, 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.

The term "United States Alien" means any person who, for United States Federal income tax purposes, is a foreign corporation, a non-resident alien individual, a non-resident alien fiduciary of a foreign estate or trust, or a foreign partnership one or more members of which is, for United States Federal income tax purposes, a foreign corporation, a non-resident alien individual or a non-resident alien fiduciary of a foreign estate or trust.

(c) *Purchases*

The Issuer or 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.

(d) *Early Redemption of Zero Coupon Notes*

- (i) The Redemption Amount payable in respect of any Note which does not bear interest prior to the Maturity Date, and the Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 6(b) or upon it becoming due and payable as provided in Condition 10, shall be the Amortised Face Amount (calculated as provided below) of such Note.
- (ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any such Note shall be the scheduled Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is specified in the Final Terms, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually. Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction specified in the Final Terms.
- (iii) If the Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(b) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the reference therein to the date on which the Note becomes due and payable were replaced by a reference to the Relevant Date. The calculation of the Amortised Face Amount in accordance with this subparagraph will continue to be made (after as well as before judgment) until the Relevant Date unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Redemption Amount of such Note on the Maturity Date together with any interest which may accrue in accordance with Condition 5(d).

(e) *Redemption at the Option of the Issuer and Exercise of Issuer's Options*

If so provided in the Final Terms, the Issuer may, on giving irrevocable notice to the Noteholders falling within the Issuer's Option Period (as specified in the Final Terms) redeem, or exercise any Issuer's option in relation to, all or, if so provided, some of the Notes in the principal amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Notes shall be at their Redemption Amount or, if so specified in the Final Terms, the Issuer's Option Redemption Amount, together with interest accrued to the date fixed for redemption.

All Notes in respect of which any such notice is given shall be redeemed, or the Issuer's option shall be exercised, on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption or a partial exercise of the Issuer's option the notice to Noteholders shall also contain the serial numbers of the Notes to be redeemed. The Notes to be redeemed shall, in the case of Notes represented by definitive Notes, have been drawn in such place as the Fiscal Agent may approve and in such manner as it deems appropriate, and, in the case of Notes represented by a Global Note, will be selected in accordance with the rules and procedures of Euroclear and/or Clearstream Luxembourg (to be reflected in the records of Euroclear and/or Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their direction) subject in either case to compliance with any applicable laws and stock exchange requirements.

(f) *Redemption at the Option of holders of Notes and Exercise of Noteholders' Options*

If so provided in the Final Terms, the Issuer shall, at the option of the holder of any such Note, redeem such Note on the date or dates so provided at its Redemption Amount or, if

so specified in the Final Terms, the Holders' Option Redemption Amount, together with interest accrued to the date fixed for redemption.

To exercise such option or any other option of a Noteholder which may be set out in the Final Terms the holder must deposit such Note with any Paying Agent (in the case of Bearer Notes) or the Certificate representing such Note(s) with the applicable Registrar or any Transfer Agent (in the case of Registered Notes) at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from any Paying Agent, the applicable Registrar or any Transfer Agent (as applicable) within the Holders' Option Period (as specified in the Final Terms). No Note or Certificate so deposited and option exercise may be withdrawn (except as provided in the Fiscal Agency Agreement) without the prior consent of the Issuer.

(g) *Redemption by Instalments*

Unless previously redeemed, purchased and cancelled as provided in this Condition 6, 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 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 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 Certificate representing such Notes to the applicable 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). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer or Guarantor in respect of any such Notes shall be discharged.

## 7. **Payments and Talons**

(a) *Bearer Notes*

Payments of principal and interest in respect of 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 7(g)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(g)(ii)), as the case may be, at the specified office of any Paying Agent outside the United States and its possessions 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 denominated in that currency with, a bank in the principal financial centre of that currency or, in the case of Euro, will be made 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, in the case of United States dollars, a bank in the same city as a Paying Agent; and, provided further, that, except as provided in Condition 7(d), no payment in respect of Bearer Notes will be made by mail to an address in the United States or its possessions or by wire transfer to an account maintained by the holder in the United States or its possessions; or, in the case of the payment of Deliverable Assets if so specified in the Final Terms, as specified therein.

(b) *Registered Notes*

(i) Payments of principal (which for the purposes of this Condition 7(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect



of Registered Notes will be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the applicable Registrar and in the manner provided in paragraph (ii) below.

- (ii) Interest (which for the purpose of this Condition 7(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes will be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Registered Note 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 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 applicable Registrar. Upon application by the holder to the specified office of the applicable Registrar or any Transfer Agent before the Record Date and subject as provided in paragraph (a) above, such payment of interest may be made by transfer to an account in the relevant currency designated by the holder with a bank in the principal financial centre of the country of that currency or, if the currency is Euro, in such financial centre in the Euro-zone notified to the applicable Registrar by such holder.

(c) *Payments in respect of Australian Domestic Notes*

Conditions 7(a) and 7(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 cheques 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 5 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 7(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 in the United States*

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid only if (i) the Issuer or Guarantor shall have appointed Paying Agents with specified offices outside the United States and its possessions with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer or Guarantor, any adverse tax consequence to the Issuer or Guarantor.

*(e) 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 8. No commission or expenses shall be charged to the holders of Notes or Couponholders in respect of such payments.

*(f) Appointment of Agents*

The Fiscal Agent, the Paying Agents, the applicable Registrar, Transfer Agent, the Calculation Agent and the Australian Registrar initially appointed by the Issuer and the Guarantor and their respective specified offices are listed below or in the applicable Final Terms. The Fiscal Agent, the Paying Agents, the applicable Registrar, Transfer Agent, the Calculation Agent and the Australian Registrar act solely as agents or, as the case may be, registrars of the Issuer and Guarantor and do not assume any obligation or relationship of agency or trust for or with any holder. The Issuer and the 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 applicable Registrar, any Transfer Agent or the Australian Registrar and to appoint additional or other agents (any of which may be the Issuer or an affiliate of the Issuer, or the Guarantor or an affiliate of the Guarantor) provided that the Issuer and 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 (other than an Australian Domestic Note) is outstanding, a Transfer Agent in relation thereto, (iv) a Calculation Agent where the Conditions so require one, (v) 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), and (vi) such other agents as may be required by the rules of any other stock exchange on which the Notes may be listed.

In addition, the Issuer and the Guarantor shall forthwith appoint a Paying Agent in New York in respect of any Notes denominated in U.S. dollars in the circumstances described in paragraph (d) above.

Each of the Issuer and the Guarantor have also undertaken that it will ensure that it maintains 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.

Notice of any such change or any change of any specified office will promptly be given to the Noteholders in accordance with Condition 14.

(g) *Unmatured Coupons and Receipts and unexchanged Talons*

- (i) Unless the Final Terms provides that the related Coupons are to become void upon the due date for redemption of the Notes, Bearer Notes 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 unexpired 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 5 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).
- (ii) If the relevant Coupon so provides, upon the due date for redemption of any Bearer Note, 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, 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 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 Final Terms provides that the related Coupons are to become void upon the due date for redemption of those Notes and any Bearer Note is presented for redemption without all unexpired Coupons and any unexpired Talon relating to it, and where any Bearer Note is presented for redemption without 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 Bearer Note or Certificate 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 or Certificate representing it, as the case may be.

(h) *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 9).

(i) *Non-Business Days*

If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "business day" means a day (other than a Saturday or a Sunday) on which banks or place for payment (as the case may be) are open for business in the relevant place of



presentation for payment of debt securities and for dealings in foreign currencies, in such jurisdictions as shall be specified as "Business Day Jurisdictions" in the Final Terms and:

- (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, on which dealings in foreign currencies may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
- (ii) (in the case of a payment in Euro) on a TARGET Business Day.

(j) *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 deliver to Clearstream, Luxembourg or Euroclear, as the case may be, not later than 10.00 a.m. (local time) on the date (the "**Cut-off Date**") falling three Business Days prior to the Delivery Date (as defined below), with a copy to the Fiscal Agent, a duly completed asset transfer notice (an "**Asset Transfer Notice**") in the form set out in the Agency Agreement 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 any Paying Agent.

In the case of Global Notes, an Asset Transfer Notice may only be delivered in such manner as is acceptable to the relevant Clearing System, which is expected to be by authenticated SWIFT message or, in the case of the New York Note Agent and in the case of the Definitive Note Agent, by facsimile.

The Asset Transfer Notice shall:

- (A) specify the name, address and contact telephone number of the relevant Noteholder and the person from whom the Issuer may obtain details for the delivery of the Entitlement;
- (B) specify the series number of the Notes and the number of Notes which are the subject of such notice;
- (C) specify the number of the Noteholder's securities account at the relevant Clearing System to be debited with such Notes;
- (D) Irrevocably instruct the relevant Clearing System to debit the relevant Noteholder's securities account with the relevant Notes;
- (E) include an undertaking to pay all Expenses and 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.
- (F) include such details as are required 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 to be credited with any cash payable by the Issuer, either in respect of any cash amount constituting the Entitlement or any dividends relating to the Entitlement or as a result of the occurrence of a Settlement Disruption Event or a Failure to Deliver and the Issuer electing to pay

the Disruption Cash Redemption Amount or Failure to Deliver Redemption Amount, as applicable, or as a result of the Issuer electing to pay the Alternate Cash Redemption Amount;

- (G) certify that the beneficial owner of each Note 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;
- (H) authorise the production of such certification in any applicable administrative or legal proceedings,

all as provided in the Agency Agreement.

If Condition 7(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 from the relevant Clearing System and any Paying Agent.

(ii) Verification of the Holder

Upon receipt of an Asset Transfer Notice, the relevant Clearing System shall verify that the person delivering the Asset Transfer Notice is the holder of the Notes described therein according to its records. Subject thereto, the relevant Clearing System will confirm to the Fiscal Agent the series number and number of Notes the subject of such notice, the relevant account details and the details for the delivery of the Entitlement of each Note. Upon receipt of such confirmation, the Fiscal Agent will inform the Issuer thereof. The relevant Clearing System will on or before the Delivery 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 by the relevant Clearing System in consultation with the Fiscal Agent, and shall be conclusive and binding on the Issuer, the Fiscal Agent(s) 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 Fiscal Agent immediately after being delivered or sent to the relevant Clearing System as provided in paragraph (i) above, shall be null and void.

If such Asset Transfer Notice is subsequently corrected to the satisfaction of the relevant Clearing System in consultation with the Principal Paying Agent, it shall be deemed to be a new Asset Transfer Notice submitted at the time such correcting was delivered to the relevant Clearing System and the Principal Paying Agent.

The relevant Clearing System shall use its best efforts promptly to notify the Noteholder submitting an Asset Transfer Notice if, in consultation with the Fiscal Agent, it has determined 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 Agents or 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, 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.

The Entitlement will be delivered at the risk of the relevant Noteholder, in the manner provided below on the Redemption 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 relevant Clearing System with a copy to the Fiscal Agent, as provided above on or prior to the Cut-Off Date.

If a Noteholder fails to give an Asset Transfer Notice as provided herein with a copy to the Fiscal Agent, on or prior to the Cut-Off Date, then the Entitlement will be delivered as soon as practicable after the Redemption 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 Redemption Date and no liability in respect thereof shall attach to the Issuer.

The Issuer 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 Calculation Agent shall in its sole discretion 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 Issuer by the relevant Noteholder.

(iv) General

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 unit of the Relevant Asset or each of the Relevant Assets, as the case may be, in such manner as the Calculation Agent shall determine. Therefore, fractions of the Relevant Asset or of each of the Relevant Assets, as the case may be, will not be delivered and no cash adjustment will be made in respect thereof.

Following the Delivery Date of a Share 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 Delivery Date and to be delivered in the same manner as such relevant Shares. Any such dividends 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 7(j)(i).

For such period of time after delivery of the Entitlement as the Issuer or any person acting on behalf of the Issuer shall continue to be the legal owner of the securities comprising the Entitlement (the "**Intervening Period**"), none of the Issuer, the Calculation Agent or any other person shall at any time (i) be under any obligation to deliver or procure delivery to any Noteholder any letter, certificate, notice, circular or any other document or, except as provided herein, payment whatsoever received by that person in respect of such securities or obligations, (ii) be under any obligation to exercise or procure exercise of any or all rights attaching to such securities or obligations or (iii) be under any liability to a Noteholder in respect of any loss or damage which such Noteholder may sustain or suffer as a result, whether directly or indirectly, of that person being registered during such Intervening Period as legal owner of such securities or obligations.

(v) Settlement Disruption

If, in the opinion of the Calculation Agent, delivery of the Entitlement using the method of delivery specified in the applicable Final Terms or such commercially reasonable manner as the Calculation Agent has determined is not practicable by reason of a Settlement Disruption Event (as defined below) having occurred and continuing on the Delivery 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 Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Note by delivering 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 Issuer 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 Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Note by payment to satisfy its obligations in respect of the relevant Note by payment to the relevant Noteholder of the Disruption Cash Redemption Amount (as defined below) on the fifth Business Day following the date that notice of such election is given to the Noteholders in accordance with Condition 14. Payment of the Disruption Cash Redemption Amount will be made in such manner as shall be notified to the Noteholders in accordance with Condition 14. The Calculation Agent shall give notice as soon as practicable to the Noteholders in accordance with Condition 14 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.

For the purposes hereof:

**"Disruption Cash Redemption Amount"**, in respect of any relevant Note, shall be the fair market value of such Note (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 to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion;

**"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 Calculation Agent, an event beyond the control of the Issuer as a result of which the Issuer cannot make delivery of the Relevant Asset(s) using the 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 Calculation Agent, 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 Redemption Date in accordance with this Condition 7(j); and

- (B) in respect of any Affected Relevant Assets, in lieu of physical settlement notwithstanding any other provision hereof the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Note by payment to the relevant Noteholder of 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 Noteholders in accordance with Condition 14. Payment of the Failure to Deliver Settlement Price will be made in such manner as shall be notified to the Noteholders in accordance with Condition 14. The Calculation Agent shall give notice as soon as practicable to the Noteholders in accordance with Condition 14 that the provisions of this Condition 7(j)(vi) apply.

For the purposes hereof, "**Failure to Deliver Redemption Amount**" in respect of any relevant Note shall be the fair market value of such Note (taking into account, the Relevant Assets comprising the Entitlement which have been duly delivered as provided above, the value of such Relevant Assets), less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion.

(k) *Variation of Settlement*

- (i) If the applicable Final Terms indicate that the Issuer has an option to vary settlement in respect of the Notes, the Issuer may at its sole and unfettered discretion in respect of each such Note, elect not to pay the relevant Noteholders the Redemption Amount or to deliver or procure delivery of the Entitlement to the relevant Noteholders, as the case may be, but, in lieu thereof to deliver or procure delivery of the Entitlement or make payment of the Redemption Amount on the Redemption Date to the relevant Noteholders, as the case may be. Notification of such election will be given to Noteholders in accordance with Condition 14.
- (ii) If specified in the applicable Final Terms, the Issuer shall, in respect of each Note, in lieu of delivering or procuring the delivery of the Entitlement to the relevant Noteholders, make payment of the Redemption Amount on the Redemption Date to the relevant Noteholders.

(l) *Issuer's Option to Substitute Assets or to pay the Alternate Cash Redemption Amount*

Following a valid redemption of Notes in accordance with these Conditions, the Issuer may, in its sole and absolute discretion in respect of such Notes, if the Calculation Agent determines (in its sole and absolute discretion) that the Relevant Asset or Relevant Assets, as the case may be, comprises shares which are not freely tradable, elect either (i) to substitute for the Relevant Asset or the Relevant Assets, as the case may be, an equivalent value (as determined by the Calculation Agent in its sole and absolute discretion) of such other shares which the Calculation Agent determines, in its sole and absolute discretion, are freely tradable (the "**Substitute Asset**" or the "**Substitute Assets**", as the case may be) or (ii) not to deliver or procure the delivery of the Entitlement or the Substitute Asset or the Substitute Assets, as the case may be, to the relevant Noteholders, but in lieu thereof to make payment to the relevant Noteholder on the Settlement Date of an amount equal to the fair market value of the Entitlement on the Valuation Date as determined by the Calculation Agent in its sole and absolute discretion 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 14.

For purposes hereof, a "**freely tradable**" share shall mean (i) with respect to the United States, a share which is registered under the Securities Act or not restricted under the



Securities Act and which is not purchased from the issuer of such share and not purchased from an affiliate of the issuer of such share or which otherwise meets the requirements of a freely tradable share for purposes of the Securities Act, in each case, as determined by the Calculation Agent in its sole and absolute discretion or (ii) with respect to any other jurisdiction, a share not subject to any legal restrictions on transfer in such jurisdiction.

(m) *Rights of Noteholders and Calculations*

None of the Issuer, the Calculation Agent and the Agents shall have any responsibility for any errors or omissions in the calculation of any Redemption Amount or of any Entitlement.

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.

## 8. Taxation

The Issuer and Guarantor will, subject to the exceptions and limitations set forth below, pay as additional interest to the holder of any Note, Receipt, Coupon or Talon that is a United States Alien such amounts as may be necessary so that every net payment on such Note, Receipt, Coupon or Talon, 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, Coupon or Talon to be then due and payable. However, neither the Issuer nor the 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 between a fiduciary, settlor or beneficiary of, or a person holding a power over, such holder, if such holder is an estate or a trust, or a member or shareholder of such holder, if such holder is a partnership or corporation) and the United States, including, without limitation, such holder (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 past or present status as a personal holding company, foreign 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 by the holder of a Note, Receipt, Coupon, Talon or 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, Talon or 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, Receipt, Coupon, Talon or 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 a Note, Receipt, Coupon, Talon or 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 percent or more of the combined voting power of all classes of stock of the Issuer as described in Section 871(b)(3)(B) of the Internal Revenue Code, that is a bank receiving interest described in Section 881(c)(3)(A) of the Internal Revenue Code, that receives contingent interest described in Section 871(h)(4) of the Internal Revenue Code or that is a controlled foreign corporation related to the Issuer through stock ownership as described in Section 881(c)(3)(C) of the Internal Revenue Code;
- (h) a payment on a Note, Receipt, Coupon, Talon or Deed of Guarantee to a holder 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 of such Note, Receipt, Coupon, Talon or Deed of Guarantee;
- (i) any tax, assessment or other governmental charge imposed on a payment to an individual and required to be made pursuant to EC Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of November 26 and 27, 2000 on the taxation of savings income relating to the proposal for or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (j) any tax, assessment or other governmental charge imposed on any Note, Receipt, Coupon, Talon or Deed of Guarantee presented for payment by or on behalf of a holder who would have been able to avoid such tax, assessment or other governmental charge by presenting the relevant Note, Receipt, Coupon, Talon or Deed of Guarantee to another paying agent in a Member State of the European Union.

References in these Conditions to (i) "principal" shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Redemption Amounts, Amortised Face Amounts, Deliverable Assets and all other amounts in the nature of principal payable pursuant to Condition 6 or the provisions of the Final Terms, (ii) "interest" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or the provisions of the Final Terms and (iii) 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, Coupon or Talon, such mention shall be deemed to include mention of the payment of additional interest provided for in this Condition 8 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 8 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.

## 9. Prescription

Claims against the Issuer for payment in respect of the Notes, Receipts and Coupons (which, for this purpose shall not include Talons) 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.

## 10. Events of Default

- (a) "**Event of Default**" wherever used herein with respect to the Notes means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law, pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

- (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 (or premium, if any, on) any Note at its due date, and continuance of such default for a period of 10 days; or
  - (iii) default in the performance, or breach, of any covenant or warranty of the Issuer or the Guarantor in these Conditions or the Fiscal Agency Agreement (other than a covenant or warranty a default in whose performance or whose breach is elsewhere in this Condition 10 specifically dealt with) or the 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 Guarantor by the holders of at least 25% 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) the entry of a decree or order for relief in respect of the Issuer or the Guarantor by a court having jurisdiction in the premises in an involuntary case under the Federal bankruptcy laws, as now or hereafter constituted, or any other applicable 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 Guarantor or of any substantial part 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) the commencement by the Issuer or the Guarantor of a voluntary case under the Federal bankruptcy laws, as now or hereafter constituted, or any other applicable 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 Guarantor or of any substantial part of their property, or the making by it of an assignment for the benefit of its creditors, or the admission by it in writing of its inability to pay its debts generally as they become due, or the taking of corporate action by the Issuer in furtherance of any action.
  - (vi) the Deed of Guarantee ceases to be, or is claimed by the Guarantor not to be, in full force and effect. 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 Guarantor is effected in accordance with Condition 16.
- (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% in principal amount of the Outstanding Notes may declare the principal amount (or, if the Notes are Zero-Coupon Notes, the Amortised Face Amount as calculated pursuant to Condition 6(d) above or, if the Notes are Variable Redemption Amount Notes or Exchangeable Notes, such amount as may be specified for this purpose in the Final Terms or, if none is so specified, the amount expressed as the Principal Amount thereof) of and all accrued but unpaid interest on the Notes to be due and payable immediately, by a notice in writing to the Issuer and the Guarantor (and to the Fiscal Agent in the case of Notes other than Australian Domestic Notes), and upon any such declaration such principal amount (or specified amount) and interest shall become immediately due and payable. Upon payment of such amounts in the currency in which the Notes are denominated or, if the Notes are Exchangeable Notes, as provided in the Final Terms, all obligations of the Issuer or the Guarantor in respect of the payment of principal of and interest on the Notes shall terminate.



At any time after such a declaration of acceleration of the Notes has been made and before a judgment or decree for payment has been obtained, the holders of a majority in principal amount of the Outstanding Notes, by written notice to the Issuer and the Guarantor, may rescind and annul such declaration and its consequences if:

- (i) the Issuer or the Guarantor has paid or deposited with the Fiscal Agent or the Australian Registrar (as appropriate) a sum in the currency in which such Notes are denominated or, if the Notes are Exchangeable Notes, as provided in the Final Terms, sufficient to pay:
  - (A) all overdue instalments of interest on the Notes or all overdue payments with respect to any related Receipts or Coupons;
  - (B) the amounts of principal (and premium, if any) on the Notes that have become due otherwise than by such declaration of acceleration and interest thereon at the rate prescribed therefor in these Conditions;
  - (C) to the extent that payment of such interest is lawful, interest upon overdue instalments of interest on each Note or upon overdue payments on any Receipts or Coupons at the rate or rates prescribed therefor in such Notes, Receipts, or Coupons; and
  - (D) all sums paid or advanced by the Paying Agents or the Australian Registrar (as appropriate) and the reasonable compensation, expenses, disbursements and advances of the Paying Agents; provided, however, that all sums payable under this sub-paragraph (D) shall be paid in U.S. dollars; and
- (ii) all Events of Default with respect to the Notes, other than the non-payment of principal of and interest on the Notes that have become due solely by such declaration of acceleration, have been cured or waived as provided in Condition 11.

No such rescission and waiver shall affect any subsequent default or impair any right consequent thereon.

For all purposes under these Conditions, if a portion of the principal of any Zero-Coupon Notes shall have been accelerated and declared due and payable pursuant to the provisions hereof, then, from and after such declaration, unless such declaration has been rescinded and annulled, the principal amount of such Zero-Coupon Notes shall be deemed, for all purposes hereunder, to be such portion of the principal thereof as shall be due and payable as a result of such acceleration, and payment of such portion of the principal thereof as shall be due and payable as a result of such acceleration, together with interest, if any, thereon and all other amounts owing thereunder, shall constitute payment in full of such Zero-Coupon Notes.

- (c) "**Outstanding**" when used with respect to the Notes, means, as of the date of determination, all Notes authenticated and delivered under these 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 Paying Agent or the Australian Registrar (as appropriate) 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 these Conditions or provision therefor satisfactory to the Fiscal Agent or the Australian Registrar (as appropriate) has been made; and

- (iii) Notes in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to these 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 Guarantor or any person directly or indirectly controlling or controlled by or under direct or indirect common control of the Issuer 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 Guarantor or any person directly or indirectly controlling or controlled by or under direct or indirect common control of the Issuer. In determining whether the holders of the requisite principal amount of Outstanding Notes have performed any act hereunder, the principal amount of a Zero-Coupon Note, Variable Redemption Amount Note or Exchangeable Note that shall be deemed to be Outstanding for such purpose shall be the amount of the principal thereof that would be due and payable as of the date of such determination upon a declaration of acceleration pursuant to this Condition 10.

## **11. Meetings of Noteholders and Modifications**

### **(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 these Conditions insofar as the same may apply to such Notes or the Deed of Guarantee). An Extraordinary Resolution duly passed at any such meeting shall be binding on all the holders of 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, or any Instalment Amount of, or any premium 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 or the basis for calculating the Interest Amount in respect thereof, (iv) if a Minimum and/or a Maximum Interest Rate, Instalment Amount or Redemption Amount is specified in the Final Terms, to reduce any such Minimum and/or Maximum, (v) to change any method of calculating the Redemption Amount, (vi) to change the currency or currencies of payment of the Notes, (vii) to take any steps which as specified in the Final Terms may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply or (viii) to modify the provisions concerning the quorum required at any meeting of holders of Notes or the majority required to pass the Extraordinary Resolution, 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.

These Conditions may be amended, modified, or varied in relation to any Series of Notes by the terms of the Final Terms in relation to such Series and the Deed of Guarantee may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error.

### **(b) Modification of Fiscal Agency Agreement or Deed Poll**

The Issuer and the Guarantor shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Fiscal Agency Agreement or (in the case of Australian Domestic Notes) the Deed Poll, if

to do so could not reasonably be expected to be prejudicial to the interests of the holders of Notes or pursuant to an Extraordinary Resolution.

## **12. Replacement of Notes, Certificates, Receipts, Coupons and Talons**

If a Note, Certificate, 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) and the applicable Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, 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 14, 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, Certificate, Receipt, Coupon or Talon is subsequently presented for payment 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 Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

## **13. 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 so 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 these Conditions to "Notes" shall be construed accordingly.

## **14. Notices**

Notices to the holders of Registered Notes will be mailed to them at their respective addresses in the Register and 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 also be published in a daily leading newspaper having general circulation in Luxembourg and, in addition to the foregoing, will be deemed validly given only after the date of such publication.

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 to have been given on the date of such publication.

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 d' Wort or the Tageblatt) 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.

## **15. 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 the United States or 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 16, expressly assume the due and punctual payment of the principal of (and premium, if any) and interest (including all additional interest, if any, payable pursuant to Condition 8) on all the Notes and any Receipts or Coupons and the performance of these conditions on the part of the Issuer to be performed or observed;
- (ii) immediately after giving effect to such transaction and treating any indebtedness that becomes an obligation of the Issuer or the Guarantor and any Subsidiary (as defined below) which owns or may hereafter own, directly or indirectly, any of the voting stock of, or succeeds to any substantial part of the business now conducted by, such corporation (a "**Restricted Subsidiary**") as a result of such transaction as having been incurred by the Issuer (or such Restricted Subsidiary) at the time of such transaction, no Event of Default, and no event that, after notice or lapse of time, or both, would become an Event of Default, shall have happened and be continuing;
- (iii) the successor corporation waives any right to redeem any Bearer Note under circumstances in which the successor corporation would be entitled to redeem such Bearer Note but the Issuer would not have been so entitled to redeem if the consolidation, merger, conveyance, transfer or lease had not occurred; and
- (iv) in relation to Notes listed on the Luxembourg Stock Exchange, the Luxembourg Stock Exchange is notified, a supplement to the Base Prospectus is filed with the Luxembourg Stock Exchange and a notice is published in a daily newspaper having general circulation in Luxembourg.

For the purposes of these 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 15(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, and thereafter, except in the case of a lease, the predecessor corporation shall be relieved of all obligations and covenants under these Conditions, the Notes, any Receipts or Coupons and the Fiscal Agency Agreement or the Registry Services Agreement (as appropriate).

## 16. Substitution of the Issuer and the Guarantor

- (a) Either the Issuer or the Guarantor (in respect of the Deed of Guarantee) may at any time, without the consent of the holders or the Couponholders, substitute for itself any company (the "**Substitute**") upon notice by such Issuer and the Guarantor, as the case may be, and the Substitute to be given in accordance with Condition 14, provided that:
  - (i) no payment in respect of the Notes, the Receipts or the Coupons is at the relevant time overdue;
  - (ii) the Substitute shall, by means of a deed poll (in the case of Notes other than Australian Domestic Notes) in the form scheduled to the Fiscal Agency Agreement as Schedule 8 (the "**Substitute Deed Poll**"), agree to indemnify each holder and Couponholder against any tax, duty, assessment or governmental

charge which is imposed on it by (or by any authority in or of) the jurisdiction of the country of the Substitute's residence for tax purposes and, if different, of its incorporation with respect to any Note, Receipt, Coupon, Talon, the Deed of Covenant, the Deed Poll or the Deed of Guarantee, as the case may be and which would not have been so imposed had the substitution not been made, as well as against any tax, duty, assessment or governmental charge, and any cost or expense, relating to the substitution;

- (iii) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of necessary consents) to ensure that the Substitute Deed Poll, the Notes, Receipts, Coupons, Talons, Deed of Covenant or the Deed of Guarantee represent valid, legally binding and enforceable obligations of the Substitute are taken, fulfilled or done;
  - (iv) the Substitute shall have become party to the Fiscal Agency Agreement or the Registry Services Agreement (as appropriate), with any appropriate consequential amendments, as if it had been an original party to it;
  - (v) legal opinions shall have been delivered to the Issuer from lawyers of recognised standing in each jurisdiction referred to in (ii) above and in England and in New South Wales (in the case of Australian Domestic Notes) as to the fulfilment of the requirements of this Condition 16 and the other matters specified in the Substitute Deed Poll and that the Notes and any Receipts, Coupons and Talons, or, in the case of the Guarantor, the Deed of Guarantee relating thereto, are legal, valid and binding obligations of the Substitute;
  - (vi) each stock exchange on which the Notes are listed shall have confirmed that, following the proposed substitution of the Substitute, the Notes will continue to be listed on such stock exchange;
  - (vii) in relation to Notes listed on the Luxembourg Stock Exchange, the Luxembourg Stock Exchange is notified, a supplement to the Base Prospectus is filed with the Luxembourg Stock Exchange and a notice is published in a daily newspaper having general circulation in Luxembourg;
  - (viii) Moody's and/or Standard & Poor's and/or Fitch as the case may be, shall have confirmed that following the proposed substitution of the Substitute, the credit rating of the Notes will not be adversely affected;
  - (ix) in the case of a substitution in relation to Australian Domestic Notes, the Substitute has appointed a process agent as its agent in Australia to receive service of process on its behalf in relation to any legal proceedings arising out of or in connection with those Australian Domestic Notes; and
  - (x) if applicable, the Substitute has appointed a process agent as its agent in England to receive service of process on its behalf in relation to any legal proceedings arising out of or in connection with the Notes.
- (b) Upon the execution of the Substitute Deed Poll and the delivery of the legal opinions, the Substitute shall succeed to, and be substituted for, and may exercise every right and power, of the Issuer or the Guarantor under the Notes and the Fiscal Agency Agreement or the Registry Services Agreement (as appropriate) with the same effect as if the Substitute had been named as the Issuer or Guarantor, as the case may be, herein, and the Issuer or the Guarantor, as the case may be, shall be released from its obligations under these Conditions, the Notes, any Receipts or Coupons and the Fiscal Agency Agreement, the Registry Services Agreement or the Deed of Guarantee, as the case may be.
- (c) After a substitution pursuant to Condition 16(a), the Substitute may, without the consent of any holder, effect a further substitution. All the provision specified in Condition 16(a) and 16(b) shall apply mutatis mutandis, and references in these Conditions to the Issuer

or the Guarantor, as the case may be, shall, where the context so requires, be deemed to be or include references to any such further Substitute.

- (d) After a substitution pursuant to Condition 16(a) or 16(c) any Substitute may, without the consent of any holder, reverse the substitution, *mutatis mutandis*.
- (e) The Substitute Deed Poll and all documents relating to the substitution shall be delivered to, and kept by, the Fiscal Agent or the Australian Registrar (as appropriate). Copies of such documents will be available free of charge at the specified office of each of the Paying Agents if they relate to Notes other than Australian Domestic Notes.

## **17. Currency Indemnity**

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note, Coupon or Receipt is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer or otherwise) by any Noteholder or Couponholder in respect of any sum expressed to be due to it from the Issuer or the Guarantor shall (other than if the Notes provide for payment in the form of Deliverable Assets, in which case such payment shall be governed by the terms applicable thereto specified in the Final Terms) only constitute a discharge to the Issuer or the Guarantor to the extent of the amount in the currency of payment under the relevant Note, Coupon or Receipt which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note, Coupon or Receipt, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer and the Guarantor shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it will be sufficient for the Noteholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, Coupon or Receipt of any other judgment or order.

## **18. Redenomination**

If Redenomination is specified in the relevant Final Terms as being applicable, the Issuer or the Guarantor, as may be applicable, 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 establishing the European Communities, as amended by the Treaty on European Union.

With effect from the Redenomination Date, notwithstanding the other provisions of the Conditions:

- (i) 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;
- (ii) 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;

- (iii) if the Notes are fixed rate 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 5(h)(i);
- (iv) if the Notes are Floating Rate Notes, the relevant Final Terms will specify any relevant changes to the provisions relating to interest; and
- (v) such other changes shall be made to these 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 or to enable the Notes to be consolidated with Other Notes whether or not originally denominated in the Relevant Currency or Euro. Any such other changes will not take effect until after they have been notified to the Noteholders in accordance with Condition 14.

Neither the Issuer nor any 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 18 will, in the absence of manifest error, be conclusive and binding on the Issuer, the Fiscal Agent, the Paying Agents, the applicable Registrar and the Noteholders.

## 19. Governing Law and Jurisdiction

### (a) *Governing Law*

The Notes, the Receipts, the Coupons and the Talons 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.

### (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 and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons or Talons ("**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 has irrevocably agreed 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, any 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, any 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 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 holders of Notes of such appointment in accordance with Condition 14. 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.

**20. 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



**ANNEX 1**  
**ADDITIONAL TERMS AND CONDITIONS FOR INDEX LINKED NOTES**

*The terms and conditions applicable to Notes linked to an index/indices shall comprise the terms and conditions of the Notes set out on page 18 (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, in relation to Notes relating to a single Index or basket of Indices:

- (a) in respect of a Composite Index:
  - (i) the occurrence or existence, in respect of any Component Security, of:
    - (1) a Trading Disruption in respect of such Component Security, which the Calculation Agent determines is material, at any time during the one hour period that (x) for the purposes of the occurrence of a Knock-in Event or a Knock-out Event begins or ends at the time when the level of such Index triggers respectively the Knock-in Level or the Knock-out Level or (y) in all other circumstances that ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded;
    - (2) an Exchange Disruption in respect of such Component Security, which the Calculation Agent determines is material, at any time during the one hour period that (x) for the purposes of the occurrence of a Knock-in Event or a Knock-out Event begins or ends at the time when the level of such Index triggers respectively the Knock-in Level or the Knock-out Level or (y) in all other circumstances that ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded; or
    - (3) an Early Closure in respect of such Component Security; and
      - (i) the aggregate of all Component Securities in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists comprises 20 per cent. or more of the level of such Index; or
      - (ii) the occurrence or existence, in respect of futures or options contracts relating to such Index, of: (a) a Trading Disruption; (b) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that ends at the Valuation Time in respect of the Related Exchange; or (c) an Early Closure, in each case in respect of such futures or options contracts.

For the purposes of determining whether a Market Disruption Event exists in respect of a Component Security at any time, if 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 the Index attributable to that Component Security to (y) the overall level of such Index, in each case using the

official opening weightings as published by the Sponsor as part of the market "opening data"; and

- (b) in the case of Indices other than Composite Indices, the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that (x) for the purposes of the occurrence of a Knock-in Event or a Knock-out Event begins or ends at the time when the level of such Index triggers respectively the Knock-in Level or the Knock-out Level or (y) in all other circumstances ends at the relevant Valuation Time, or (iii) an Early Closure. For the purposes of determining whether a Market Disruption Event exists at any time, if a Market Disruption Event occurs in respect of a security included in such Index at any 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 such Index attributable to that security and (y) the overall level of the Index, in each case immediately before the occurrence of such Market Disruption Event. For the purposes of determining whether a Market Disruption Event in respect of such Index exists at any time, if a Market Disruption Event occurs in respect of a security included in such Index at any time, then the relevant percentage contribution of that security to the level of such Index shall be based on a comparison of (i) the portion of the level of such Index attributable to that security and (ii) the overall level of the Index, in each case immediately before the occurrence of such Market Disruption Event. The Issuer shall procure that the Calculation Agent shall give notice as soon as practicable to the Noteholders in accordance with Condition 14 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 an Averaging Date or a Valuation Date.

The Issuer shall procure that the Calculation Agent shall give notice as soon as practicable to the Noteholders in accordance with Condition 14 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 an Averaging Date, an Observation Date, a Knock-in Determination Day, a Knock-out Determination Day or a Valuation Date.

## 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 the Index Sponsor but is calculated and announced by a successor 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 Index.

- (b) Modification and Cessation of Calculation of an Index

If (i) on or prior to the last Valuation Date, last Observation Date, last Averaging Date, the last Knock-in Determination Day or the last Knock-out Determination Day, the relevant Index Sponsor makes or announces that it will make a material change in the formula for or the method of calculating a relevant 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 a Valuation Date, an Observation Date, an Averaging Date a Knock-in Determination Day or Knock-out Determination Day, the Index Sponsor or (if applicable) the Successor Index Sponsor fails to calculate and announce a relevant Index (an "**Index Disruption**" and, together with an Index Modification and an Index Calculation, each an "**Index Adjustment Event**"), then,

- (i) the Calculation Agent shall determine if such Index Adjustment Event has a material effect on the Notes and, if so, shall calculate the relevant Settlement

Price using, in lieu of a published level for that Index, the level for that Index as at the Valuation Time on that Valuation Date, Observation Date, that Averaging Date a Knock-in Determination Day or Knock-out Determination Day, as the case may be, 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

- (ii) on giving notice to Noteholders in accordance with Condition 14 of the General Conditions, the Issuer shall redeem all but not some only of the Notes, each Note being redeemed by payment of an amount equal to the fair market value of a Note taking into account the Index Adjustment Event, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements (unless provided for otherwise in the relevant Final Terms), all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Noteholders in accordance with Condition 14 of the General Conditions.

- (c) Notice

The Calculation Agent shall, as soon as practicable, notify the Fiscal Agent of any determination made by it pursuant to paragraph (b) above and the action proposed to be taken in relation thereto and the Fiscal Agent shall make available for inspection by Noteholders copies of any such determinations.

### 3. **Correction of Index**

With the exception of any corrections published after the day which is three Exchange Business Days prior to the due date for any payment of a Redemption Amount and/or interest payable under the Notes (if any), if the Index published on a given day and used or to be used by the Calculation Agent to determine any Redemption Amount and/or interest payable under the Notes (if any), 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 three Exchange Business Days prior to the relevant Redemption Date or, as the case may be, Interest Payment Date will be disregarded by the Calculation Agent for the purposes of determining any Redemption Amount and/or interest payable under the Notes (if any).

### 4. **Additional Disruption Events**

- (a) If an Additional Disruption Event occurs, the Issuer in its sole and absolute discretion may take the action described in (i) or (ii) below:
  - (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to the Multiplier and/or any of the other terms of these Conditions and/or the applicable Final Terms to account for the Additional Disruption Event and determine the effective date of that adjustment; or
  - (ii) redeem the Notes by giving notice to holders in accordance with Condition 14 of the General Conditions. If the Notes are so redeemed the Issuer will pay an amount to each holder in respect of each Note held by him which amount shall be the fair market value of a Note taking into account the Additional Disruption Event less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the holders in accordance with Condition 14 of the General Conditions.
- (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 14 of the General

Conditions stating the occurrence of the Additional Disruption Event, as the case may be, giving details thereof and the action proposed to be taken in relation thereto.

5. **Knock-in Event and Knock-out Event**

If "**Knock-in Event**" is specified as applicable in the Final Terms, then, unless otherwise specified in such Final Terms, amendment to the terms of the Notes (as specified in the applicable Final Terms) and/or payment under the relevant Notes subject to a Knock-in Event shall be conditional upon the occurrence of such Knock-in Event.

If "**Knock-out Event**" is specified as applicable in the Final Terms, then, unless otherwise specified in such Final Terms, amendment to the terms of the Notes (as specified in the applicable Final Terms) and/or payment under the relevant Notes subject to a Knock-out Event shall be conditional upon the occurrence of such Knock-out Event.

If the Knock-in Valuation Time or the Knock-out Valuation Time specified in the applicable Final Terms is the Valuation Time and if any Knock-in Determination Day or Knock-out Determination Day is a Disrupted Day, then such Knock-in Determination Day or Knock-out Determination Day will be deemed not to be a Knock-in Determination Day or Knock-out Determination Day for the purposes of determining the occurrence of a Knock-in Event or a Knock-out Event.

If the Knock-in Valuation Time or the Knock-out Valuation Time specified in the applicable Final Terms is any time or period of time during the regular trading hours on the relevant Exchange and if on any Knock-in Determination Day or Knock-out Determination Day and at any time during the one hour period that begins and/or ends at the time on which the level of the Index triggers the Knock-in Level or the Knock-out Level, a Market Disruption Event occurs or exists, then the Knock-in Event or the Knock-out Event shall be deemed not to have occurred.

*Definitions:*

"**Knock-in Determination Day**" means, in the case of a single Index and in the case of a basket of Indices, as specified in the applicable Final Terms, or, if not specified in the applicable Final Terms, each Scheduled Trading Day during the Knock-in Determination Period subject to, in either case, the provisions of "**Market Disruption**" set out in Condition 1 above. For the purposes of such Condition 1, any Knock-in Determination Day will be treated as a Valuation Date and the provisions contained in the definition of "**Valuation Date**" set out below shall apply. If any such day is a Disrupted Day, then 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 references in such provisions to "**Averaging Date**" were to "**Knock-in Determination Day**";

"**Knock-in Determination Period**" means, in respect of a single Index or a basket of Indices the period which commences on, and includes, the Knock-in Period Beginning Date and ends on, and includes, the Knock-in Period Ending Date.

"**Knock-in Event**" means (unless otherwise specified in the applicable Final Terms) (A) in the case of a single Index, that the level of the Index determined by the Calculation Agent as of the Knock-in Valuation Time on any Knock-in Determination Day is and (B) in the case of a basket of Indices, that the amount for the basket determined by the Calculation Agent equal to the sum of the values of each Index as the product in respect of each Index of (i) the level of such Index as of the Knock-in Valuation Time on any Knock-in Determination Day and (ii) the relevant Weighting is and for both (A) and (B) 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 Knock-in Level.

"**Knock-in Level**" means (A) in the case of a single Index, the level of the Index specified and (B) in case of a basket of Indices, the level per basket specified and for both (A) and (B) as such or otherwise determined in the applicable Final Terms, subject to adjustment from time to time in accordance with the provisions of "**Market Disruption**" set out in Condition 1 above.

**"Knock-in Period Beginning Date"** means, in respect of a single Index or a basket of Indices the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

**"Knock-in Period Ending Date"** means, in respect of a single Index or a basket of Indices, the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

**"Knock-in Valuation Time"** means, in respect of a single Index or a basket of Indices, the time or period of time on any Knock-in Determination Day specified as such in the applicable Final Terms or in the event that the applicable Final Terms do not specify a Knock-in Valuation Time, the Knock-in Valuation Time shall be the Valuation Time.

**"Knock-out Determination Day"** means, in respect of a single Index and in relation to a basket of Indices, as specified in the applicable Final Terms, or, if not specified in the applicable Final Terms, each Scheduled Trading Day during the Knock-out Determination Period subject to, in either case, the provisions of **"Market Disruption"** set out in Condition 1 above. For the purposes of such Condition 1, any Knock-out Determination Day will be treated as a Valuation Date and the provisions contained in the definition of **"Valuation Date"** set out below shall apply. If any such day is a Disrupted Day, then 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 references in such provisions to **"Averaging Date"** were to **"Knock-out Determination Day"**.

**"Knock-out Event"** means (unless otherwise specified in the applicable Final Terms) (A) in the case of a single Index, that the level of the Index determined by the Calculation Agent as of the Knock-out Valuation Time on any Knock-out Determination Day is and (B) in the case of a basket of Indices, that the amount for the basket determined by the Calculation Agent equal to the sum of the values of each Index as the product in respect of each Index of (i) the level of such Index as of the Knock-out Valuation Time on any Knock-out Determination Day and (ii) the relevant Weighting is, and for both (A) and (B) 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 Knock-out Level.

**"Knock-out Determination Period"** means, in respect of a single Index or a basket of Indices, the period which commences on, and includes, the Knock-out Period Beginning Date and ends on, and includes, the Knock-out Period Ending Date.

**"Knock-out Level"** means, in the case of a single Index the level of the Index specified and in the case of a basket of Indices, the level per basket specified as such or otherwise determined in the applicable Final Terms, subject to adjustment from time to time in accordance with the provisions of **"Market Disruption"** set out in Condition 1 above.

**"Knock-out Period Beginning Date"** means, in respect of a single Index or a basket of Indices, the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

**"Knock-out Period Ending Date"** means, in respect of a single Index or a basket of Indices, the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

**"Knock-out Valuation Time"** means, in respect of a single Index or a basket of Indices, the time or period of time on any Knock-out Determination Day specified as such in the applicable Final Terms or in the event that the applicable Final Terms do not specify a Knock-out Valuation Time, the Knock-out Valuation Time shall be the Valuation Time.

#### 6. **Automatic Early Redemption Event**

If **"Automatic Early Redemption Event"** is specified as applicable in the Final Terms, then unless previously redeemed or purchased and cancelled, if on any Automatic Early Redemption Valuation Date the Automatic Early Redemption Event occurs, then the Notes will be automatically redeemed in whole, but not in part, on the Automatic Early Redemption Date

immediately following such Automatic Early Redemption Valuation Date and the Early Redemption Amount payable by the Issuer on such date upon redemption of each Note shall be an amount in the Relevant Currency specified in the applicable Final Terms equal to the relevant Automatic Early Redemption Amount.

**"Automatic Early Redemption Amount"** means, in respect of a Note, (a) an amount in the Relevant Currency specified in the applicable Final Terms specified as such in the applicable Final Terms or if such amount is not specified, (b) the product of (i) the denomination of the Note and (ii) the relevant Automatic Early Redemption Rate relating to that Automatic Early Redemption Date.

*Definitions:*

**"Automatic Early Redemption Date"** means each date specified as such in the applicable Final Terms, subject in each case to adjustment in accordance with the Business Day Convention specified in the applicable Final Terms.

**"Automatic Early Redemption 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 Valuation Time on any Automatic Early Redemption Valuation Date is, and (B) in the case of a basket of Indices, the amount for the basket determined by the Calculation Agent equal to the sum of the values of each Index of each Index as the product of (i) the level of such Index as determined by the Calculation Agent as of the Valuation Time on any Automatic Early Redemption Valuation Date and (ii) the relevant Weighting is, and for both (A) and (B) as specified in the Final Terms (i) **"greater than"**, (ii) **"greater than or equal to"**, (iii) **"less than"** or (iv) **"less than or equal to"** the Automatic Early Redemption Price.

**"Automatic Early Redemption Level"** means the level of the Index specified as such or otherwise determined in the applicable Final Terms, subject to **"Adjustments to an Index"** set forth in Condition 2 above.

**"Automatic Early Redemption Rate"** means, in respect of any Automatic Early Redemption Date, the rate specified as such in the applicable Final Terms.

**"Automatic Early Redemption Valuation Date"** means each date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day. If any such day is a Disrupted Day, then 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 references in such provisions to **"Averaging Date"** were to **"Automatic Early Redemption Valuation Date"**.

*Definitions*

**"Additional Disruption Event"** means any of Change of Law, Failure to Deliver, 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.

**"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.

**"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, the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent any such day is a Disrupted Day. If any such day is a Disrupted Day, 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, price or amount 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, price or amount 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 Notes are Index Linked Notes relating to a single Index, the Averaging Date shall be the first succeeding Valid Date (as defined below). If the first succeeding Valid Date has not occurred for consecutive Scheduled Trading Days equal in number to the Specified Maximum Days of Disruption (up to the Valuation Time on the last such consecutive Scheduled Trading Day) immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date, then (A) that last such consecutive Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that last such consecutive Scheduled Trading Day is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant level or price for that Averaging Date in accordance with sub-paragraph (a)(ii) of the definition of "**Valuation Date**" below;
  - (ii) where the Notes are Index Linked Notes relating to a basket of Indices, the Averaging Date for an Index not affected by the occurrence of a Disrupted Day shall be the originally designated Averaging Date (the "**Scheduled Averaging Date**") and the Averaging Date for an Index affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date (as defined below) in relation to such Index. If the first succeeding Valid Date in relation to such Index has not occurred for consecutive Scheduled Trading days equal in number to the Specified Maximum Days of Disruption (up to the Valuation Time on the last such consecutive Scheduled Trading Day) immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date, then (A) that last such consecutive Scheduled Trading Day shall be deemed the Averaging Date (irrespective of whether that last such consecutive Scheduled Trading Day is already an Averaging Date) in respect of such Index, and (B) the Calculation Agent shall determine the relevant level, price or amount for that Averaging Date in accordance with sub-paragraph (b)(ii) of the definition of "**Valuation Date**" below; and
  - (iii) for the purposes of these Conditions "**Valid Date**" means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date does not or is not deemed to occur.

"**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 in its sole and absolute discretion that it has become illegal to hold, acquire or dispose of any relevant security/commodity comprised in an Index.

"**Component Security**" means each and any component security of any 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 the case of a Composite Index, any Scheduled Trading Day on which: (i) the Index Sponsor fails to publish the level of the Index; (ii) the Related Exchange fails to open for trading during its regular trading session; or (iii) a Market Disruption Event has occurred; and
- (b) in the case of any Index which is not a Composite Index, any Scheduled Trading Day on which the Exchange or the Related Exchange fails to open for trading during their regular trading session or a Market Disruption Event has occurred.

**"Early Closure"** means:

- (a) in the case of a Composite Index, the closure on any Exchange Business Day of the Exchange in respect of any Component Security or the Related Exchange 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 Exchange or Related Exchange system for execution at the relevant Valuation Time on such Exchange Business Day; and
- (b) in the case of any Index which is not a Composite Index, the closure on any Exchange Business Day with respect to such Index of any relevant Exchange(s) relating to securities that comprise 20 percent or more of the level of such Index or any Related Exchange(s) 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 Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

**"Exchange"** means:

- (a) in the case of a Composite Index, in respect of each Component Security, the principal stock exchange on which such Component Security is principally traded, as determined by the Calculation Agent, any successor thereto or any substitute exchange or quotation system to which trading in the shares underlying the Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the shares on such temporary substitute exchange or quotation system as on the original Exchange); and
- (b) in the case of any Index which is not a Composite Index, means in respect of Index Linked Notes and in relation to an 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 the relevant Exchange Business Day specified in the applicable Final Terms. If no Exchange Business Day is specified as applying in the applicable Final Terms, Exchange Business Day (All Index Basis) shall be deemed to apply.

**"Exchange Business Day (All Index Basis)"** means, any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

**"Exchange Business Day (Per Index Basis)"** means:

- (a) in the case of any Composite Index, any Scheduled Trading Day on which (i) the Index Sponsor publishes the level of such Index; and (ii) the Related Exchange is open for trading during its regular trading session, notwithstanding such Related Exchange closing prior to its Scheduled Closing Time; and
- (b) in any other case, any Scheduled Trading Day on which the relevant Exchange and Related Exchange in respect of such Index is open for trading during its respective regular trading session, notwithstanding any such Related Exchange closing prior to its Scheduled Closing Time.

**"Exchange Disruption"** means, with respect to:

- (a) in the case of any 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) in futures or options contracts relating to such Index on the Related Exchange; and
- (b) in the case of any 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) in securities that comprise 20 percent 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.

**"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 Notes, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**"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 Notes.

**"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 Notes, 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.

**"Indices"** and **"Index"** mean, subject to adjustment in accordance with these Conditions, the indices or index specified in the applicable Final Terms and related expressions shall be construed accordingly.

**"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, which as of the Issue Date of the Notes is the index sponsor specified for such Index in the applicable Final Terms.

**"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 or commodity in the applicable Final Terms.

**"Loss of Stock Borrow"** means that the Issuer and/or any Affiliate 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 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, the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day. If any such day is a Disrupted Day, then 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 references in such provisions to **"Averaging Date"** were to **"Observation Date"**.

**"Observation Period"** means the period specified as the Observation Period in the applicable Final Terms.

**"Related Exchange"** means, in respect of Index Linked Notes and 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 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 Exchange or Related Exchange and a Scheduled Trading Day, 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 the relevant Scheduled Trading Day specified in the applicable Final Terms. If no Scheduled Trading Day is specified as applying in the applicable Final Terms, Scheduled Trading Day (All Index Basis) shall be deemed to apply.

**"Scheduled Trading Day (All Index Basis)"** means in respect of any Index which is not a Composite Index, any day on which each Exchange and each Related Exchange in respect of each such Index are scheduled to be open for trading for their respective regular trading sessions.

**"Scheduled Trading Day (Per Index Basis)"** means:

- (a) in respect of any Composite Index, any day on which (i) the Index Sponsor is scheduled to publish the level of such Index; and (ii) the Related Exchange is scheduled to be open for trading for its regular trading session; and
- (b) in any other case any day on which the relevant Exchange and Related Exchange in respect of such Index are scheduled to be open for trading for their respective regular trading sessions.

**"Scheduled Valuation Date"** means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date.

**"Screen Page"** means the page specified in the applicable Final Terms, or any successor page or service thereto.

**"Settlement Price"** means, unless otherwise specified in the applicable Final Terms, in relation to each Cash Settled Note in respect of Index Linked Notes and as referred to in **"Valuation Date"** below or **"Averaging Date"** above, as the case may be:

- (a) in the case of Index Linked Notes relating to a basket of Indices, an amount (which 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 or, in relation to a Composite Index, the level of such Index as published by the relevant Index Sponsor, in each case 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 Relevant Time on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date and, in either case, multiplied by the relevant Multiplier; and
- (b) in the case of Index Linked Notes relating to a single Index, an amount (which shall be deemed to be a monetary amount in the Index Currency) equal to the official closing level of the Index or, in relation to a Composite Index, the level of such Index as published by the relevant Index Sponsor, in each case 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 Relevant Time on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified 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 the 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 (a) relating to securities that comprise 20 percent or more of the level of such Index on any relevant Exchange(s) or (b) in futures or options contracts relating to such Index on any relevant Related Exchange.

**"Valuation Date"** means the Coupon Valuation Date and/or the Redemption Valuation Date, as the case may be, specified in the applicable Final Terms or, if such day is not a Scheduled Trading Day, the immediately succeeding Scheduled Trading Day unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day, then:

- (a) where the Notes are Index Linked Notes relating to a single Index, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the consecutive Scheduled Trading Days equal in number to the Specified Maximum Day of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day. In that case, (i) the last such consecutive Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) 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 the last such consecutive 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 the last such consecutive 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 the last such consecutive Scheduled Trading Day, its good faith estimate of the value for the relevant security/commodity as of the Valuation Time on the last such consecutive Scheduled Trading Day); or

- (b) where the Notes are Index Linked Notes relating to a basket of Indices, the Valuation Date for each Index, not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Valuation Date for each Index, affected, as the case may be, (each an "Affected Item") by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Item unless each of the consecutive Scheduled Trading Days equal in number to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day relating to the Affected Item. In that case, (i) the last such consecutive Scheduled Trading Day shall be deemed to be the Valuation Date for the Affected Item, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the Settlement Price using, in relation to the Affected Item, the level or value as applicable, 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 the last such consecutive Scheduled Trading Day in accordance with the formula for and method of calculating that 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 the last such consecutive 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 the last such consecutive Scheduled Trading Day, its good faith estimate of the value for the relevant security/commodity as of the Valuation Time on the last such consecutive Scheduled Trading Day) and otherwise in accordance with the above provisions.

**"Valuation Time"** means:

- (a) the Relevant Time specified in the applicable Final Terms;
- (b) in the case of a Composite Index, means in respect of such Index: (i) for the purposes of determining whether a Market Disruption Event 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 Related Exchange; and (ii) in all other circumstances, the time at which the official closing level of the Index is calculated and published by the Index Sponsor; and
- (c) in the case of any Index which is not a Composite Index, means the Scheduled Closing Time on the Exchange on the Valuation Date. If the 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.



## ANNEX 2

### ADDITIONAL TERMS AND CONDITIONS FOR INFLATION LINKED NOTES

*The terms and conditions applicable to Inflation Linked Notes shall comprise the terms and conditions of the Medium Term Notes set out on page 18 (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**

If the Calculation Agent determines that, in relation to Notes relating to a single Index or a basket of Indices, a Delayed Index Level Event in respect of an Index has occurred with respect to any Determination Date, then the Relevant Level with respect to any Reference Month which is to be utilised in any calculation or determination to be made by the Calculation Agent and/or the Issuer with respect to such Determination Date (the "Substitute Index Level") shall be determined by the Calculation Agent (subject to Condition (3)(ii) "Adjustments-Substitute Index Level") below, as follows:

- (i) if Related Bond is specified as applicable in the relevant Final Terms, the Calculation Agent shall determine the Substitute Index Level by reference to the corresponding index level determined under the terms and conditions of the Related Bond; or
- (ii) if (I) Related Bond is specified as not applicable in the relevant Final Terms, or (II) the Calculation Agent is not able to determine a Substitute Index Level under (i) above, the Calculation Agent shall determine the Substitute Index Level by reference to the following formula:

(Substitute Index Level = Base Level x (Latest Level/Reference Level)); or

- (iii) otherwise in accordance with any formula specified in the relevant Final Terms,

where:

**"Base Level"** means the level of the Index (excluding any **"flash"** estimates) published or announced by the 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 the level of the Index (excluding any **"flash"** estimates) published or announced by the Index Sponsor prior to the month in respect of which the Substitute Index Level is being determined.

**"Reference Level"** means the level of the Index (excluding any **"flash"** estimates) published or announced by the 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 holders of the Notes in accordance with Condition 14 of the General Conditions of any Substitute Index Level.

If the Relevant Level is published or announced at any time on or after the relevant Cut-Off Date specified in the applicable Final Terms, such Relevant Level will not be used in any calculations. The Substitute Index Level so determined pursuant to this Condition 1 will be the definitive level for that Reference Month.

#### 2. **Successor Index**

If in relation to Notes relating to a single Index or a basket of Indices, the Calculation Agent determines that the level of an Index is not calculated and announced by the Index Sponsor for two consecutive months and/or the Index Sponsor announces that it will no longer continue to publish or announce the Index and/or the Index Sponsor cancels the 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 Notes as follows:

- (i) if Related Bond is specified as applicable in the relevant Final Terms, the Calculation Agent shall determine a "Successor Index" by reference to the corresponding successor index determined under the terms and conditions of the Related Bond;
- (ii) if Related Bond is specified as not applicable in the Final Terms or a Related Bond Redemption Event has occurred, the Index Sponsor announces that it will no longer publish or announce the Index but that it will be superseded by a replacement Index specified by the Index Sponsor, and the Calculation Agent determines that such replacement Index is calculated using the same or a substantially similar formula or method of calculation as used in the calculation of the Index, such replacement index shall be designated a "Successor Index";
- (iii) if no Successor Index has been deemed under (i) or (ii) the Calculation Agent will determine an appropriate alternative index for such Affected Payment Date, and such index will be deemed a "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 and an Index Cancellation will be deemed to have occurred.

For the avoidance of doubt, the Calculation Agent shall determine the date on which the Successor Index shall be deemed to replace the Index for the purposes of the Notes. Notice of the determination of a Successor Index, the effective date of the Successor Index or the occurrence of an Index Cancellation will be given to holders of the Notes by the Issuer in accordance with Condition 14 of the General Conditions.

### 3. **Adjustments**

#### (i) Successor Index

If a Successor Index is determined in accordance with Condition 2 ("**Successor Index**") above, the Calculation Agent may make any adjustment or adjustments (without limitation) to the final Redemption Amount, interest payable under the Notes (if any) and/or any other relevant term of the Notes as the Calculation Agent deems necessary. The Issuer shall give notice to the holders of the Notes of any such adjustment in accordance with Condition 14 of the General Conditions.

#### (ii) Substitute Index Level

If the Calculation Agent determines a Substitute Index Level in accordance with Condition 1 ("**Delay in Publication**") above, the Issuer may make any adjustment or adjustments (without limitation) to (I) the Substitute Index Level determined in accordance with Condition 1 ("**Delay in Publication**") above and/or (II) the final Redemption Amount, interest payable under the Notes (if any) and/or any other relevant term of the Notes, in each case, as the Calculation Agent deems necessary. The Issuer shall give notice to the holders of the Notes of any such adjustment in accordance with Condition 14 of the General Conditions.

#### (iii) Index Level Adjustment Correction

(A) The first publication or announcement of the Relevant Level (disregarding estimates) by the Index Sponsor for any Reference Month shall be final and conclusive and, subject to Condition 3(vi)(B) "**Adjustments - Index Modification**" below, later revisions to the level for such Reference Month will not be used in any calculations, save that in respect of the EURAll Items-Revised Consumer Price Index, the ESP National- Revised Consumer Price Index (CPI) and the ESP-Harmonised-Revised Consumer Price Index HCPI, revisions to the Relevant Level which are published or announced up to and including the day that is two Business Days prior to any relevant Determination

Date will be valid and the revised Relevant Level for the relevant Reference Month will be deemed to be the final and conclusive Relevant Level for such Reference Month. The Issuer shall give notice to the holders of the Notes of any valid revision in accordance with Condition 14 of the General Conditions.

- (B) If, within thirty days of publication or at any time prior to a Determination Date in respect of which a Relevant Level will be used in any calculation or determination in respect of such Determination Date, the Calculation Agent determines that the Index Sponsor has corrected the Relevant Level to correct a manifest error, the Calculation Agent may make any adjustment to the final Redemption Amount, interest payable under the Notes (if any) and/or any other relevant term of the Notes as the Calculation Agent deems appropriate as a result of such correction and/or determine the amount (if any) that is payable as a result of that correction. The Issuer shall give notice to the holders of the Notes of any such adjustment and/or amount in accordance with Condition 14 of the General Conditions.
- (C) If a Relevant Level is published or announced at any time after the Cut-Off Date in respect of a Determination Date in respect of which a Substitute Index Level was determined, the Calculation Agent may either (A) determine that such Relevant Level shall not be used in any calculation or determination under the Notes and that the Substitute Index Level shall be deemed to be the definitive Relevant Level for the relevant Reference Month, or (B) request the Issuer to make any adjustment to the final Redemption Amount, interest payable under the Notes (if any) and/or any other relevant term of the Notes as it deems appropriate as a result of the announcement or publication of the Relevant Level and/or determine the amount (if any) that is payable as a result of such publication or announcement. The Issuer shall give notice to the holders of the Notes of any determination in respect of (A) or (B), together with any adjustment or amount in respect thereof, in accordance with Condition 14 of the General Conditions.

(iv) Currency

If the Calculation Agent determines that any event occurs affecting the Specified Currency (whether relating to its convertibility into other currencies or otherwise) which the Calculation Agent determines necessitates an adjustment or adjustments to the final Redemption Amount, and/or any other relevant term of the Notes (including the date on which any amount is payable by the Issuer), the Issuer may make such adjustment or adjustments to the final Redemption Amount, Strike Price and/or any other relevant term of the Notes as the Calculation Agent deems necessary. The Calculation Agent shall give notice to the holders of the Notes of any such adjustment in accordance with Condition 14 of the General Conditions.

(v) Rebasing

If the Calculation Agent determines that the Index has been or will be rebased at any time, the Index as so rebased (the "**Rebased Index**") will be used for purposes of determining the Relevant Level from the date of such rebasing; provided, however, that the Calculation Agent may make (A) if Related Bond is specified as applicable in the relevant Final Terms, any adjustments as are made pursuant to the terms and conditions of the Related Bond, if any, to the levels of the Rebased Index so that the Rebased Index levels reflect the same rate of inflation as before the rebasing, and/or (B) if Related Bond is specified as not applicable in the relevant Final Terms or a Related Bond Redemption Event has occurred, the Calculation Agent may make adjustments to the levels of the Rebased Index so that the Rebased Index levels reflect the same rate of inflation as the Index before it was rebased, and in each case the Issuer may make any adjustment(s) to the final Redemption Amount, interest payable under the Notes (if any) and/or any other term of the Notes as the Calculation Agent may deem necessary. If the Calculation Agent determines that neither (A) nor (B) above would produce a commercially reasonable result, the Issuer may redeem each Note on a date notified by the Issuer to

Noteholders in accordance with Condition 14 of the General Conditions at its fair economic value as determined by the Calculation Agent (unless otherwise provided in the relevant Final Terms) as at the date of redemption taking into account the rebasing, less the cost to the Issuer of unwinding or amending any related underlying hedging arrangements (unless provided for otherwise in the relevant Final Terms). Notice of any adjustment, redemption of the Notes or determination pursuant to this paragraph shall be given to Noteholders in accordance with Condition 14 of the General Conditions.

(vi) Index Modification

(A) If, in relation to Notes relating to a single Index or a basket of Indices on or prior to the Cut- Off Date in respect of any Determination Date, the Calculation Agent determines that an Index Modification has occurred the Calculation Agent may (A) if Related Bond is specified as applicable in the relevant Final Terms, make any adjustments to the Index, any Relevant Level and/or any other relevant term of the Notes (including, without limitation, the final Redemption Amount and/or interest payable under the Notes (if any)), consistent with any adjustments made to the Related Bond as the Calculation Agent deems necessary, or (B) if Related Bond is specified as not applicable in the Final Terms or a Related Bond Redemption Event has occurred, make only those adjustments to the relevant Index, any Relevant Level and/or any other term of the Notes (including, without limitation, the final Redemption Amount and/or interest payable under the Notes (if any)), as the Calculation Agent deems necessary for the modified Index to continue as the Index and to account for the economic effect of the Index Modification.

(B) If the Calculation Agent determines that an Index Modification has occurred at any time after the Cut-Off Date in respect of any Determination Date, the Calculation Agent may determine either to ignore such Index Modification for the purposes of any calculation or determination made by the Calculation Agent with respect to such Determination Date, in which case the relevant Index Modification will be deemed to have occurred with respect to the immediately succeeding Determination Date such that the provisions of sub-paragraph (A) above will apply, or, notwithstanding that the Index Modification has occurred following the Cut-Off Date, to make any adjustments as the Calculation Agent deems fit in accordance with sub-paragraph (A) above.

(vii) Change in Law

If the Calculation Agent determines that a Change in Law has occurred, the Issuer may redeem each Note on the date notified by the Issuer to Noteholders in accordance with Condition 14 of the General Conditions at its fair economic value (as determined by the Calculation Agent) as at the date of redemption taking into account the Change in Law, less the cost to the Issuer of unwinding or amending any related underlying hedging arrangements (unless provided for otherwise in the relevant Final Terms). Notice of any redemption of the Notes shall be given to Noteholders in accordance with Condition 14 of the General Conditions.

(viii) Index Cancellation

If the Calculation Agent determines that an Index Cancellation has occurred, the Issuer may redeem each Note on the date notified by the Issuer to Noteholders in accordance with Condition 14 of the General Conditions at its fair economic value (as determined by the Calculation Agent) as at the date of redemption taking into account the Index Cancellation, less the cost to the Issuer of unwinding or amending any related underlying hedging arrangements (unless provided for otherwise in the relevant Final Terms). Notice of any redemption of the Notes pursuant to this paragraph shall be given to Noteholders in accordance with Condition 14 of the General Conditions.

#### 4. Definitions

**"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 in its sole and absolute discretion that it has become illegal to hold, acquire or dispose of any relevant security/commodity comprised in an Index.

**"Cut-Off Date"** means, in respect of a Determination Date, five Business Days prior to such Determination Date, unless otherwise stated in the applicable Final Terms.

**"Delayed Index Level Event"** means, in respect of any Determination Date, that the Index Sponsor fails to publish or announce the level of the Index (the **"Relevant Level"**) in respect of any Reference Month which is to be utilised in any calculation or determination to be made by the Issuer in respect of such Determination Date, at any time on or prior to the Cut-Off Date.

**"Fallback Bond"** means a bond selected by the Calculation Agent and issued by the government of the country to whose level of inflation the Index relates and which pays a coupon or redemption amount which is calculated by reference to the Index, with a maturity date which falls on (a) the same day as the Maturity Date, (b) the next longest maturity after the Maturity Date if there is no such bond maturing on the Maturity Date, or (c) the next shortest maturity before the Maturity Date if no bond defined in (a) or (b) is selected by the Calculation Agent. If the Index relates to the level of inflation across the European Monetary Union, the Calculation Agent will 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 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, the Fallback Bond shall be selected by the Calculation Agent from those bonds. If the Fallback Bond redeems 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"** or **"Indices"** means the index or indices specified in the relevant Final Terms and related expressions shall be construed accordingly.

**"Index Cancellation"** means a level for the Index has not been published or announced for two consecutive months and/or the Index Sponsor cancels the Index and/or the Index Sponsor announces that it will no longer continue to publish or announce the Index and no Successor Index exists.

**"Index Modification"** means the Index Sponsor announces that it will make (in the opinion of the Calculation Agent) a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index.

**"Index Sponsor"** means in relation to an Index, the corporation or entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the Index and (b) announces (directly or through an agent) the level of such Index on a regular basis during each Scheduled Trading Day which as of the Issue Date of the Notes is the index sponsor in the applicable Final Terms.

**"Rebased Index"** has the meaning given to it under Condition 3 (**"Adjustments"**) above.

**"Reference Month"** means the calendar month for which the level of the Index was reported, regardless of when this information is published or announced. If the period for which the Relevant Level was reported is a period other than a month, the Reference Month shall be the period for which the Relevant Level was reported.

**"Related Bond"** means, if specified as applicable in the relevant Final Terms, the bond specified as such in the relevant Final Terms. If the 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 no bond is specified in the applicable Final Terms as the Related Bond 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 relevant Maturity 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.

"**Related Bond Redemption Event**" means, if specified as applicable in the relevant Final Terms, at any time prior to the Maturity Date, (i) the Related Bond is redeemed, repurchased or cancelled, (ii) the Related Bond becomes repayable prior to its stated date of maturity for whatever reason, or (iii) the issuer of the Related Bond announces that the Related Bond will be redeemed, repurchased or cancelled prior to its stated date of maturity.

"**Relevant Level**" has the meaning given to it in the definition of Delayed Index Level Event.

"**Successor Index**" has the meaning given to it in under Condition 3 ("**Adjustments**") above.

"**Substitute Index Level**" means, in respect of a Delayed Index Level Event, the index level determined by the Issuer in accordance with Condition 3 ("**Adjustments**") above.



**ANNEX 3**  
**ADDITIONAL TERMS AND CONDITIONS FOR COMMODITY LINKED NOTES**

*The terms and conditions applicable to Notes linked to a commodity or commodities shall comprise the terms and conditions of the Notes set out on page 18 (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**

"**Market Disruption Event**" means, in respect of a relevant Commodity and as determined by the Calculation Agent, the occurrence or existence of a Price Source Disruption, Trading Disruption, Disappearance of Commodity Reference Price, Material Change in Formula, Material Change in Content and/or Tax Disruption.

The Calculation Agent shall, as soon as practicable, notify the Issuer and the Fiscal Agent if it has determined that a Market Disruption Event has occurred and the action proposed to be taken in relation thereto and the Fiscal Agent shall make available for inspection by holders copies of any such determinations.

**2. Disruption Fallbacks**

"**Disruption Fallback**" means a source or method specified in the applicable Final Terms as giving rise to an alternative basis for determining the Relevant Price in respect of a specified Commodity Reference Price or the redemption of the Notes 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 Price Source).

**2.1 Disappearance of Commodity Reference Price, a Material Change in Formula, or a Material Change in Content**

If, with respect to the relevant Pricing Date, the Calculation Agent considers that there is in existence (i) a Disappearance of Commodity Reference Price, or (ii) a Material Change in Formula, or (iii) a Material Change in Content, and no Successor Commodity Price (as defined and described in Condition 3.1 below) is available, then

- (i) the Calculation Agent shall determine if such event has a material effect on the Notes and, if so, shall calculate the relevant interest payable under the Notes (if any) or, as the case may be, Redemption Amount using, in lieu of a published price for that Commodity, the price for that Commodity as at the time specified on that Pricing Date, as the case may be, as determined by the Calculation Agent taking into consideration the latest available quotation for such Commodity and any other information that in good faith it deems relevant; or
- (ii) on giving notice to holders in accordance with Condition 14 of the General Conditions, the Issuer shall redeem all but not some only of the Notes, each Note being redeemed by payment of an amount equal to the fair market value of such Note, less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion, as shall be notified to the holders in accordance with Condition 14 of the General Conditions.

**2.2 Tax Disruption**

If the Calculation Agent determines in good faith that a Tax Disruption has occurred or exists in respect of a Pricing Date, the Calculation Agent shall determine if such Tax Disruption has a material effect on the Notes and if so (i) shall effect any adjustments that it deems in good faith necessary to the terms and conditions of the Notes or, if it determines that such adjustments cannot be made, (ii) on giving notice to holders in accordance with Condition 14 of the General Conditions, the Issuer shall redeem all but not some only of the Notes, each Note being redeemed

by payment of an amount equal to the fair market value of the Note, less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion, as shall be notified to the Holders in accordance with Condition 14 of the General Conditions.

### 2.3 **Price Source Disruption and Trading Disruption**

If, with respect to the relevant Pricing Date, a Price Source Disruption or Trading Disruption has been in existence in excess of the Specified Maximum Days of Disruption and no Successor Commodity Price is available in respect of such Pricing Date, then the Calculation Agent shall apply the Commodity Fallback Value in order to determine the Commodity Reference Price.

The relevant Final Terms may specify Additional Disruption Fallback(s) that will apply.

## 3. **Adjustments to a Commodity Reference Price**

### 3.1 **Successor Entity Calculates and Reports a Commodity Price**

If in respect of a relevant Pricing Date either a Commodity Reference Price is (i) not calculated and announced by the Exchange but is calculated and announced by a successor entity acceptable to the Calculation Agent, or (ii) replaced by a successor commodity price calculated 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 Commodity Price, then in each case such price as so calculated (the "**Successor Commodity Price**") will be deemed to be the Commodity Reference Price.

### 3.2 **Correction of Commodity Reference Price**

With the exception of any corrections published after the day which is three Commodity Business Days prior to the due date for any payment of a Redemption Amount and/or interest payable under the Notes (if any), if the Commodity Reference Price published on a given day and used or to be used by the Calculation Agent to determine any Redemption Amount and/or interest payable under the Notes (if any) is subsequently corrected and the correction published by the relevant Exchange within 30 calendar days (or 90 calendar days in the case of any weather index Commodities) of the original publication, the price to be used shall be the price of the relevant Commodity as so corrected. Corrections published after the day which is three Commodity Business Days prior to the relevant Redemption Date or, as the case may be, Interest Payment Date will be disregarded by the Calculation Agent for the purposes of determining any Redemption Amount and/or interest payable under the Notes (if any).

## 4. **Definitions**

"**Commodity**" means, subject to adjustment in accordance with these Commodity Linked Conditions, the commodity (or commodities) or futures contract on a commodity (or commodities) specified in the applicable Final Terms and related expressions shall be construed accordingly.

"**Commodity Business Day**" means:

- (a) where the Commodity Reference Price is 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 sessions and notwithstanding that Exchange closing prior to its scheduled closing time;
- (b) in any other case, 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.

"**Commodity Fallback Value**" means, in respect of any Commodity, the arithmetic mean of the quotations provided to the Calculation Agent by each of the Reference Dealers as its Commodity Reference Price for the relevant Pricing Date of the relevant Commodity, provided that if only three such quotations are so provided, the Commodity Fallback Value shall be the Commodity

Reference Price remaining after disregarding the Commodity Reference Prices having the highest and lowest values. If fewer than three such quotations are so provided, such value shall be determined by the Calculation Agent in its sole discretion acting in good faith.

**"Commodity Reference Price"** means, in respect of any Commodity as at any time, the relevant settlement price for delivery of such Commodity as at such time as specified in the applicable Final Terms.

**"Disappearance of Commodity Reference Price"** means (A) the permanent discontinuation of trading, in the relevant Commodity 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 Commodity.

**"Exchange"** means, in relation to a Commodity, each exchange or principal trading market for such Commodity specified in the applicable Final Terms, any successor to such exchange or principal trading market or any substitute exchange or principal trading market to which trading in the Commodity has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Commodity on such temporary substitute exchange or trading market as on the original Exchange).

**"Material Change in Formula"** means the occurrence since the Issue 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 Issue Date of a material change in the content, composition or constitution of the relevant Commodity.

**"Pricing Date"** means each date specified as such in the applicable Final Terms, such date(s) being subject to the provisions of Commodity Business Day.

**"Price Source"** means the publication (or such other origin of reference, including an Exchange) containing (or reporting) the Relevant Price (or prices from which the Relevant Price is calculated) specified in the relevant Commodity Reference Price.

**"Price Source Disruption"** means (A) the failure of the Price Source to announce or publish the Relevant Price (or the information necessary for determining the Relevant Price) for the relevant Commodity Reference Price, or (B) the temporary or permanent discontinuance or unavailability of the Price Source.

**"Reference Dealers"** means four leading dealers in the relevant Commodities market selected by the Calculation Agent.

**"Relevant Price"** means, in respect of any Commodity, the price of such Commodity calculated in accordance with the relevant Commodity Reference Price definition as set out in the applicable Final Terms.

**"Specified Maximum Days of Disruption"** means eight (8) Commodity Business Days or such other number of Specified Maximum Days of Disruption specified in the applicable Final Terms.

**"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 Issue 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.

**"Trading Disruption"** means the material suspension of, or the material limitation imposed on, trading in the relevant Commodity on the 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 Commodity on any Commodity Business Day shall be deemed to be material only if:
  - (i) all trading in the Commodity is suspended for the entire Pricing Date; or
  - (ii) all trading in the 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 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 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 Commodity may fluctuate and the closing or settlement price of the relevant Commodity on such day is at the upper or lower limit of that range.

## **SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM OR WHILE REGISTERED IN THE NAME OF A NOMINEE FOR A CLEARING SYSTEM**

### **Initial Issue of Notes**

Each Tranche of Bearer Notes will initially be represented by a temporary Global Note, in bearer form without Coupons, which will be deposited on behalf of the subscribers of the relevant Notes (a) in the case of a Tranche intended to be cleared through Euroclear and/or Clearstream, Luxembourg: (i) if the relevant Global Note is intended to be issued in a NGN form, as stated in the applicable Final Terms, with a common safekeeper for Euroclear and Clearstream, Luxembourg, and (ii) if the relevant Global Note is not intended to be issued in NGN form, with a common depository (the "**Common Depository**") for Euroclear and for Clearstream, Luxembourg or (b) in the case of a Tranche intended to be cleared through a clearing system other than or in addition to Euroclear and Clearstream, Luxembourg or delivered outside a clearing system, as otherwise agreed between the Issuer and the Relevant Dealer on or about the issue date of the relevant Notes. Notes issued in registered form will be represented by Certificates, one 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 Clearstream, Luxembourg will be registered in the name of nominees for Euroclear and Clearstream, Luxembourg, or a common nominee for both, and the relative Certificate(s) will be delivered to the appropriate depository or, as the case may be, a common depository. Upon the initial deposit of a Global Note with the Common Depository, or the initial registration in the name of nominees for Euroclear and Clearstream, Luxembourg, or a common nominee for both, and delivery of the relative Global Certificate(s) to the appropriate depositories, or a common depository, Euroclear or Clearstream, Luxembourg will credit each subscriber with a principal amount of Notes equal to the principal amount thereof to which it has subscribed and paid.

Notwithstanding the foregoing, Australian Domestic Notes will take the form of entries in a register maintained by the Australian Registrar.

The 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(c) of the Notes.

### **Relationship of Accountholders with Clearing Systems**

Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear or Clearstream, Luxembourg (as the case may be) for his share of each payment made by the Issuer or the Guarantor to the bearer of such Global Note or the holder of the underlying Global Certificate in registered form, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear or Clearstream, Luxembourg (as the case may be). Such persons shall have no claim directly against the Issuer or the Guarantor in respect of payments due on the Notes for so long as the Notes are represented by such

Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Global Certificate, as the case may be, in respect of each amount so paid.

### **Amendment to Conditions**

The temporary Global Notes, the permanent Global Notes and Global Certificates contain provisions which apply to the Notes which they represent, some of which modify the effect of the terms and conditions of the Notes set out in this document. The following is a summary of certain of those provisions:

#### **1. Exchange of Global Notes**

Each temporary Global Note will be exchangeable in whole or in part for interests in a permanent Global Note or, if so provided in a temporary Global Note, for definitive Bearer Notes on or after the Exchange Date upon certification as to non-U.S. beneficial ownership in the form set out in the Fiscal Agency Agreement. As described in the next paragraph, each permanent Global Note is exchangeable in whole (or, in the case of Partly-paid Notes only, in part) at the request of the holder or the Issuer and in each case at the cost and expense of the Issuer for definitive Bearer Notes by such holder giving notice to the Fiscal Agent, or, as the case may be, by the Issuer giving notice of its intention to exchange (at the option, cost and expense of the Issuer) such permanent Global Note for definitive Bearer Notes on or after the Exchange for Definitive Date (as defined below) specified in the notice.

On or after any Exchange for Definitive Date, the holder of a permanent Global Note may surrender such permanent Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent. In exchange for any permanent Global Note, or the part thereof to be exchanged, the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated definitive Bearer Notes (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts which have not already been paid on the permanent Global Note and a Talon), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in Schedule 2 to the Fiscal Agency Agreement (as varied or supplemented by the relevant Final Terms). On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant definitive Bearer Notes.

"**Exchange for Definitive Date**" means a day falling not less than 60 days after that on which the notice requiring exchange is given by the holder or the Issuer and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and in the cities in which the relevant clearing system is located.

#### **2. Exchange of Global Certificates**

If the Final Terms states that the Notes are to be represented by a Global Certificate on issue, transfers of the holding of Notes represented by any Global Certificate may only be made in part:

- (a) if the Notes represented by the Global Certificate are held on behalf of Euroclear or Clearstream, Luxembourg or an alternative clearing system and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (b) if principal in respect of any Notes is not paid when due; or
- (c) with the consent of the Issuer;

provided that, in the case of the first transfer of part of a holding pursuant to (a) or (b) above, the registered holder of such Global Certificate has given the applicable Registrar not less than 30 days' notice at its specified office of such registered holder's intention to effect such transfer.



3. **Payments**

No payment falling due on or after the Exchange Date will be made on a temporary Global Note unless exchange for an interest in a permanent Global Note or for definitive Bearer Notes is improperly withheld or refused. Payments on any temporary Global Note prior to the Exchange Date will only be made against presentation, if the temporary Global Note is not intended to be issued in NGN form, and only to the extent that certification as to non-U.S. beneficial ownership in the form set out in the Fiscal Agency Agreement has been received. All payments in respect of Notes represented by a Global Note will be made, if the relevant Global Note is not intended to be issued in NGN form, against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the holders for such purpose. A record of each payment so made will be endorsed in the appropriate schedule to each Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Notes.

4. **Notices**

So long as any Notes are represented by a permanent Global Note and such permanent Global Note is held on behalf of a clearing system, notices to holders of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note except that so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that Exchange so require, notices shall also be published in a daily leading newspaper having general circulation in Luxembourg (which is expected to be the d' Wort or the Tageblatt) or on the website of the Luxembourg Stock Exchange.

5. **Prescription**

Claims against the Issuer in respect of Notes which are represented by a permanent Global Note will become void unless it is presented for payment within a period of ten years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8).

6. **Meetings**

The holder of a permanent Global Note or of the Notes represented by a Global Certificate will (unless such Global Note represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of holders and, at any such meeting, as having one vote in respect of each minimum Denomination of Notes for which such Global Note may be exchanged. All holders of Registered Notes are entitled to one vote in respect of each Note comprising such Noteholder's holding whether or not represented by a Global Certificate.

7. **Purchase and Cancellation**

Cancellation of any Note surrendered for cancellation following its purchase will be effected by reduction in the principal amount of the relevant Global Note.

8. **Default**

Each Global Note and Global Certificate provides that the holder may exercise the right to declare such Global Note, or one or more Registered Notes represented by such Global Certificate, due and repayable in accordance with the provisions of Condition 10 by stating in a notice to the Issuer and the Fiscal Agent the principal amount of such Global Note or Registered Notes to which such notice relates. If principal in respect of any Note is not paid within a period of 10 days from the date on which such principal is due, the holder of a Global Note or Registered Notes represented by a Global Certificate may elect for direct enforcement rights against the Issuer under the Deed of Covenant executed as a deed by the Issuer on August 22, 2007 to come into effect in relation to the whole or part of such Global Note or one or more Registered Notes in favour of the persons entitled to such part of such Global Note or such Registered Notes represented by such Global Certificate, as the case may be, as accountholders

with a clearing system. Following the giving of a notice electing for the acquisition of direct enforcement rights, the Global Note or Registered Notes represented by the Global Certificate will become void as to the specified portion and the persons entitled to such portion as accountholders with a clearing system will acquire direct enforcement rights against the Issuer under the terms of the Deed of Covenant. No such election may be made in respect of Notes represented by a Global Certificate unless the transfer of the whole or a part of the holding of Notes represented by that Global Certificate shall have been improperly withheld or refused.

9. **Issuer's Option**

No drawing of Notes will be required under Condition 6(e) in the event that the Issuer exercises any option relating to those Notes while all such Notes which are outstanding are represented by a permanent Global Note and that notice to Noteholders need not contain the serial numbers of the Notes to be redeemed. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with Euroclear or Clearstream, Luxembourg in respect of the Notes will be governed by the standard procedures of Euroclear or Clearstream, Luxembourg (as the case may be) and the partial redemption will be reflected in the records of Euroclear and/or Clearstream Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion.

10. **Noteholders' Option**

Any option of a Noteholder may be exercised by the holder of a Global Note or a Global Certificate giving notice to the Fiscal Agent or any Paying Agent (in the case of Bearer Notes) or the applicable Registrar or any Transfer Agent (in the case of Registered Notes) of the principal amount of Notes in respect of which the option is exercised and presenting such Global Note for endorsement of exercise within the time limits specified in the Conditions.

11. **Partly-paid Notes**

The provisions relating to Partly-paid Notes will be contained in the Global Notes. For so long as any instalments of the subscription moneys due from the holder of Partly-paid Notes are due, no interest in a Global Note representing such Notes may be exchanged for an interest in a permanent Global Note or for definitive Bearer Notes (as the case may be). In the event that any Noteholder fails to pay any instalment due on any Partly-paid Notes within the time specified, the Issuer may be entitled to forfeit such Notes and shall have no further obligation to their holder in respect of them.

12. **Redenomination**

Following redenomination of the Notes pursuant to Condition 18, the amount of interest due in respect of Notes represented by the Global Note or Global Certificate will be calculated by reference to the aggregate principal amount of such Notes and the amount of such payment shall be rounded down to the nearest Euro 0.01.

## **USE OF PROCEEDS**

The net proceeds of the issue of each Tranche of Notes will be used for general corporate purposes primarily to provide funds to Citi and its subsidiaries, and may be used to refinance or extend the maturity of certain of the Issuer's existing debt obligations.

## DESCRIPTION OF THE ISSUER

### CITIGROUP FUNDING INC.

#### Incorporation

Citigroup Funding Inc. is a wholly-owned subsidiary of Citigroup Inc. It was incorporated as a Stock Company on January 13, 2005, and is organized 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 (212) 559-1000. Its business activities consist primarily of providing funds to Citi and its subsidiaries for general corporate purposes.

#### Business Activity

The Issuer has filed registration statements with the United States Securities and Exchange Commission, has issued securities from those registration statements, and has issued commercial paper. The Issuer'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 the Issuer's Certificate of Incorporation. Other than the foregoing activities and the issuance of securities under the Issuer's U.S. \$10,000,000,000 Global Credit Linked Note Programme, the Issuer has not engaged, since its incorporation, in any material activities other than those relating to the proposed issue of the Notes and the authorisation of documents and agreements referred to in this document to which it is, or will be, a party. The Issuer is directly owned by Citigroup Inc., and its debt is fully guaranteed by Citigroup Inc.

#### Directors and Officers

The directors of the Issuer are:

<i>Name</i>	<i>Position (at Citigroup Funding Inc., unless otherwise indicated).</i>	
Scott Friedenrich	Executive Vice President	
James Garnett	Vice President, Citibank, N.A.	Member of the board of directors and the audit committee of WNB, Inc.
John C. Gerspach	Controller and Chief Accounting Officer, Citigroup Inc.	
Saul M. Rosen	Chief Tax Officer, Citigroup Inc.	
Eric Wentzel	President and Treasurer	

Other officers of the Issuer are:

David S. Winkler	Executive Vice President and Chief Financial Officer
Jacqueline P. Linden	Executive Vice President and Senior Risk Officer
William Bozarth	Executive Vice President
Mark Handsman	Executive Vice President
Clifford Verron	Executive Vice President
Charles E. Wainhouse	Executive Vice President
Michael S. Zuckert	Secretary

Michael Conway	Vice President and Controller
Melanie J. Alfano	Vice President and Assistant Treasurer
Gregory C. Ehlke	Vice President and Assistant Treasurer
Ruth S. Lenrow	Vice President and Assistant Treasurer
Joseph Martinelli	Vice President and Assistant Treasurer
Peter Mozer	Vice President and Assistant Treasurer
Edward D. Prince	Vice President and Assistant Treasurer
Geoff Richards	Vice President and Assistant Treasurer
Martin A. Waters	Vice President and Assistant Treasurer
Lee Grohman	Vice President (Tax)
Joseph Hargrove	Vice President (Tax)
Keith J. Anzel	Assistant Secretary (Tax)
Kenneth S. Cohen	Assistant Secretary
Howard M. Darmstadter	Assistant Secretary
Tina L. Locatelli	Assistant Secretary
Richard D. Sider	Assistant Secretary
Michael J. Tarpley	Assistant Secretary
Douglas C. Turnbull	Assistant Secretary

The business address of each director of the Issuer in his capacity as such is 399 Park Avenue, New York, NY 10043, United States of America. The Issuer is not aware of any potential conflicts of interest between the duties to the Issuer of the officers listed herein and their private interests or other duties.

### **Corporate Governance**

To the best of its knowledge and belief, the Issuer complies with the laws and regulations of Delaware regarding corporate governance.

### **Capitalisation**

The authorised share capital of the Issuer is \$10 consisting of 1,000 shares of \$0.01 par value each, all of which have been issued and are fully paid up. The Issuer is a direct wholly-owned subsidiary of Citigroup Inc.

As of December 31, 2006 the Issuer had total assets of \$88,572,356,000, comprising principally inter-company advances.

## FINANCIAL INFORMATION RELATING TO THE ISSUER

The following table sets out in summary form selected financial information for the Issuer. The summary form was derived from the audited consolidated financial information of the Issuer for the year ended December 31, 2006, which was published on June 15, 2007 and from the Guarantor's Quarterly Report on Form 10-Q for the six months ended June 30, 2007 as filed with the Commission on August 3, 2007.

	At or for the period ended June 30, 2007 (unaudited)	At or for the year ended December 31, 2006 (audited)	At or for the year ended December 31, 2005 <sup>(2)</sup> (audited)
	<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.....	62,000	114,389	441
Net Income (Loss).....	19,000	64,364	(2,386)
<b>Balance Sheet Data:</b>			
Total assets.....	124,281,000	88,572,356	50,971,210
Long-term debt .....	32,911,000	20,492,766 <sup>(1)</sup>	5,960,462
Total stockholder's equity .....	1,704,000	1,311,978	72,614

(1) Including \$7,684,505 at December 31, 2006 at fair value.

(2) Period from January 14, 2005 (commencement of operations) to December 31, 2005.

### Auditors

The auditors of the Issuer 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.

### Material Contracts

The Issuer has no contracts that are material to its ability to fulfil its obligations under the Notes.

### Credit Rating

The Issuer does not possess a credit rating since the Guarantor guarantees its obligations.



## DESCRIPTION OF THE GUARANTOR

### CITIGROUP INC.

Citigroup Inc. ("Citi" or the "Guarantor") is a diversified global financial services holding company whose businesses provide a broad range of financial services to consumer and corporate customers. Citi has more than 200 million customer accounts and does business in more than 100 countries. Citi's objects and purposes are 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 Citi's Restated Certificate of Incorporation. Citi's activities are conducted through the Global Consumer, Markets & Banking, Global Wealth Management, and Alternative Investments business segments. Citi's principal subsidiaries are Citibank, N.A., Citigroup Global Markets Inc., and Grupo Financiero Banamex, S.A. de C.V., each of which is a wholly owned, indirect subsidiary of Citi.

The Guarantor is a holding company and services its obligations primarily with dividends and advances that it receives from subsidiaries. The Guarantor'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. The Guarantor's subsidiaries may be party to credit agreements that also may restrict their ability to pay dividends. The Guarantor currently believes that none of these regulatory or contractual restrictions on the ability of its subsidiaries to pay dividends will affect the Guarantor's ability to service its own debt. The Guarantor must also maintain the required capital levels of a bank holding company before it may pay dividends on its stock. Each of the Guarantor's major operating subsidiaries finances its operations on a stand-alone basis consistent with its capitalisation and ratings.

Under the regulations of The Board of Governors of the Federal Reserve System, 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 the Guarantor to commit resources to its subsidiary banks when doing so is not otherwise in the interests of the Guarantor or its shareholders or creditors.

As at the date of this Base Prospectus, Citi has been assigned long-term unsecured senior debt ratings of "AA" by Standard & Poors, "Aa1" by Moody's Investors Service and "AA+" by Fitch, and long-term unsecured subordinated debt ratings of "AA-" by Standard and Poors, "Aa2" by Moody's Investors Service and "AA" by Fitch.

The principal offices for the Guarantor are located at 399 Park Avenue, New York, NY 10043, and its telephone number is (212) 559-1000. The Guarantor was established as a corporation incorporated in Delaware on March 8, 1988 with perpetual duration pursuant to the Delaware General Corporation Law with file number 2154254. Citi's authorized capital stock consists of 15 billion shares of common stock and 30 million shares of preferred stock. As at June 30, 2007, there were 4,974,552,734 fully paid common stock shares outstanding. A common stock share carries one vote, and no preemptive or other subscription rights, conversion rights. A preferred stock share carries no general voting rights.

All of the Guarantor's common stock and preferred stock are held in book entry form. Under U.S. law, no shareholder has to declare its holdings of voting equity in the Guarantor unless it owns 5% or more of the outstanding shares.

### DIRECTORS AND EXECUTIVE OFFICERS OF CITIGROUP INC.

The members of the board of directors of Citi are:

#### Board of Directors

C. Michael Armstrong

Alain J.P. Belda

George David

#### Main duties outside the Guarantor

Chairman, Board of Trustees, Johns Hopkins Medicine, Health Systems & Hospital.

Chairman and CEO, Alcoa Inc.

Chairman and CEO, United Technologies Corporation.

Kenneth T. Derr	Chairman, Retired, Chevron Corporation.
John M. Deutch	Institute Professor, Massachusetts Institute of Technology.
Andrew N. Liveris	Chairman and CEO, The Dow Chemical Company.
Anne M. Mulcahy	Chairman and CEO, Xerox Corporation.
Richard D. Parsons	Chairman and CEO, Time Warner Inc.
Charles Prince	-
Roberto Hernández Ramírez	Chairman of the Board, Banco Nacional de Mexico.
Judith Rodin	President, Rockefeller Foundation.
Robert E. Rubin	-
Robert L. Ryan	Retired Chief Financial Officer, Medtronic Inc.
Franklin A. Thomas	Consultant, The Study Group.

The executive officers of Citi are: Ajay Banga, Winfried F.W. Bischoff, David C. Bushnell, Gary Crittenden, Robert Druskin, Stephen J. Freiberg, John C. Gerspach, Michael S. Helfer, Lewis B. Kaden, Michael Klein, Sallie Krawcheck, Thomas G. Maheras, Manuel Medina-Mora, Vikram Pandit, Charles Prince, William R. Rhodes, Robert E. Rubin and Stephen R. Volk. The business address of each director and executive officer of Citi in such capacities is 399 Park Avenue, New York, New York 10043.

The Guarantor is not aware of any conflicts of interest between the private interests of its senior management and the interests of the Guarantor that would be material in the context of any Issuance of Notes.

The Guarantor 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 executive committee*, which acts on behalf of the board if a matter requires board action before a meeting of the full board can be held.

*The audit and risk management committee*, which assists the board in fulfilling its oversight responsibility relating to (i) the integrity of Citi's financial statements and financial reporting process and Citi's systems of internal accounting and financial controls, (ii) the performance of the internal audit function – Audit and Risk Review, (iii) the annual independent integrated audit of Citi's consolidated financial statements and internal control over financial reporting, the engagement of the independent registered public accounting firm and the evaluation of the independent registered public accounting firm's 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.

Subcommittees of the audit and risk management committee cover Citi's corporate and consumer businesses.

The members of the audit and risk management committee are C. Michael Armstrong, George David, John M. Deutch, Andrew N. Liveris, Anne M. Mulcahy and Judith Rodin.

*The nomination and governance committee*, which is responsible for identifying individuals qualified to become board members and recommending to the board the director nominees for the next annual

meeting of stockholders. It leads the board in its annual review of the board's performance and recommends to the board director candidates for each committee for appointment by the board. The committee takes a leadership role in shaping corporate governance policies and practices, including recommending to the board the Corporate Governance Guidelines applicable to Citi and monitoring Citi's compliance with these policies and the Guidelines. The committee is responsible for reviewing and approving all related party transactions involving directors or an immediate family member of a director and any related party transaction involving an executive officer or immediate family member of an executive officer, if the transaction is valued at \$50 million or more. The committee also reviews director compensation and benefits, Citi's Code of Conduct, the Code of Ethics for Financial Professionals and other internal policies to monitor that the principles contained in the Codes are being incorporated into Citi's culture and business practices.

*The personnel and compensation committee*, which is responsible for determining the compensation for the Chief Executive Officer, and approving the compensation structure for senior management, including the operating committee, members of the business planning groups, the most senior managers of corporate staff and other highly paid professionals 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 and, if appropriate, recommends to the Board that the Compensation Discussion and Analysis be included in Citi's filings with the Securities and Exchange Commission. Further, the committee approves equity, broad-based and special compensation plans for all of Citi's businesses.

Additionally, the committee regularly reviews Citi's management resources, succession planning and talent development activities, as well as the performance of senior management.

The committee is also charged, in conjunction with the public affairs committee, with monitoring Citi's performance toward meeting its goals on employee diversity.

*The public affairs committee*, which is responsible for reviewing Citi's policies and programs that relate to public issues of significance to Citi and the public at large and reviewing relationships with external constituencies and issues that impact Citi's reputation. The committee also has responsibility for reviewing political and charitable contributions made by Citi and the Citigroup Foundation, reviewing Citi's policies and practices regarding employee and supplier diversity, reviewing Citi's sustainability policies and programs, including environmental and human rights, and reviewing Citi's policies regarding privacy.

*The special litigation committee*, which was formed to determine whether or not Citi should undertake litigation against one or more persons identified in demands submitted by a stockholder regarding certain Citi activities, including Citi's business relationships with Enron Corporation, Dynegy, Inc., Adelphia Communications Corporation, WorldCom, Inc., and Parmalat.

## SUMMARY FINANCIAL INFORMATION RELATING TO THE GUARANTOR

The following tables set out in summary form selected financial information for the Guarantor and its consolidated subsidiaries. Such information is derived from the consolidated financial statements of the Guarantor contained in the Guarantor's Annual Report on Form 10-K for the year ended December 31, 2006 as filed with the Commission on February 23, 2007.

	At or for the year ended December 31,		
	2006 (audited)	2005 (audited)	2004 (audited)
	<i>(in millions of U.S. Dollars)</i>		
<b>Income Statement Data:</b>			
Total revenues, net of interest expense.....	89,615	83,642	79,635
Income from continuing operations.....	21,249	19,806	16,054
Net Income.....	21,538	24,589	17,046
<b>Balance Sheet Data:</b>			
Total assets.....	1,884,318	1,494,037	-
Total deposits.....	712,041	591,828	-
Long-term debt <sup>(1)</sup> .....	288,494	217,499	-
Total stockholders' equity .....	119,783	112,537	-

(1) Including \$9,439 at December 31, 2006 at fair value.

The following tables set out in summary form selected financial information for the Guarantor and its consolidated subsidiaries. Such information is derived from the consolidated financial statements of the Guarantor contained in the Guarantor's Quarterly Report on Form 10-Q for the six months ended June 30, 2007 as filed with the Commission on August 3, 2007.

	At or for the six months ended June 30,	
	2007 (unaudited)	2006 (unaudited)
	<i>(in millions of U.S. Dollars)</i>	
<b>Income Statement Data:</b>		
Total revenues, net of interest expense.....	52,089	44,365
Income from continuing operations.....	11,238	10,817
Net Income.....	11,238	10,904
<b>Balance Sheet Data:</b>		
Total assets.....	2,220,866	-
Total deposits.....	771,761	-
Long-term debt <sup>(1)</sup> .....	340,077	-
Total stockholders' equity .....	127,754	-

(1) Including \$26,021 at June 30, 2007 at fair value.

### Auditors

The auditors of the Guarantor 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 the Guarantor as of December 31, 2006 and 2005 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 December 31, 2006. KPMG LLP expressed an unqualified opinion on such financial statements in its report dated February 23, 2007.

### Material Contracts

The Guarantor has no contracts that are material to its ability to fulfil its obligations under the Notes.

**Credit Rating**

As at the date of this Base Prospectus, the Guarantor has been assigned a long-term unsecured senior debt rating of AA by Standard & Poor's.

## PLAN OF DISTRIBUTION

Subject to the terms and conditions contained in an Amended and Restated Dealership Agreement dated August 22, 2007 (the "**Dealership Agreement**") between the Issuer, the Arranger and the Permanent Dealers, the Notes will be offered on a continuous basis by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers which are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Dealership Agreement also provides for Notes to be issued in syndicated Tranches which are jointly and severally underwritten by two or more Dealers.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealership Agreement may be terminated in relation to all the Dealers or any of them by the Issuer or, in relation to itself and the Issuer only, by any Dealer, at any time on giving not less than ten business days' notice.

### **United States of America**

The Notes have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account 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. 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 behalf have not offered and sold or, in the case of Notes in bearer form, delivered 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, (ii) otherwise until 40 days after the later of the commencement of the offering of such Tranche and the date of issue thereof or (iii) 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, 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.

In addition, until 40 days after the commencement of the offering, 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.

Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

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

### **Public Offer Selling Restrictions 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;
- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- (d) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (e) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (e) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

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

#### **Selling Restrictions Addressing Additional United Kingdom Securities Laws**

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 FSMA by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

## **Japan**

Each Dealer understands that the Notes have not been and will not be registered under the Securities and Exchange Law of Japan and, accordingly, each Dealer has undertaken that it will not offer or sell any Notes directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person except pursuant to an exemption from the registration requirements of the Securities and Exchange law of Japan and otherwise in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For the purposes of this paragraph, "Japanese Person" shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

## **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 applicable Final Terms otherwise provides) it:

- (a) has not made or invited, and will not make or invite, an offer of the Notes, for issue or sale in 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 on acceptance of the offer by each offeree is at least A\$500,000 (or its equivalent in another currency, in either case disregarding moneys lent by the offeror or its associates to the purchaser) or the offer or invitation otherwise does not constitute an offer or invitation for which disclosure is required to be made to investors under with Part 6D.2 of the Corporations Act 2001 of Australia;
- (ii) such action complies with all applicable laws, regulations and directives; and
- (iii) such action does not require any document to be lodged with ASIC.

## **General**

These selling restrictions may be modified by the agreement of the Issuer and the Dealers 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 Notes to which it relates or in a supplement to this Base Prospectus.

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the 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.

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 the Base Prospectus, any other offering material or any Final Terms and neither the Issuer nor any other Dealer shall have responsibility therefor.

## PRO FORMA FINAL TERMS

### Final Terms dated •

#### Citigroup Funding Inc.

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
Guaranteed by Citigroup Inc.

Under the \$20,000,000,000 Euro Medium Term Note Programme  
Euro Medium Term Note Programme

[The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer of the Notes may only do so in:

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

in those Public Offer Jurisdictions mentioned in Paragraph 37 of Part A below, provided such person is one of the persons mentioned in Paragraph 37 of Part A below and that such offer is made during the Offer Period specified for such purpose therein.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances].

[The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a Relevant Member State) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances].

## 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 Notes*" [and "*Annex 1 - Additional Terms and Conditions for Index Linked Notes*" / "*Annex 2 - Additional Provisions for Share Linked Notes*" / "*Annex 3 - Additional Terms and Conditions for Inflation Linked Notes*" / "*Annex 4 - Additional Terms and Conditions for Commodity Linked Notes*"] in the Base Prospectus dated 22 August 2007 [and the supplement to the Base Prospectus dated • ] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (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 such Prospectus [as so supplemented]. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [and the supplement to the Base Prospectus] [is] [are] available for viewing at the registered office of the Issuer and at the office of the paying agent in London.

*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 Notes*" [and "*Annex 1 - Additional Terms and Conditions for Index Linked Notes*" / "*Annex 2 - Additional Provisions for Share Linked Notes*" / "*Annex 3 - Additional Terms and Conditions for Inflation Linked Notes*" / "*Annex 4 -*

*Additional Terms and Conditions for Commodity Linked Notes*"] in the Base Prospectus dated 22 August 2007 [and the supplemental Prospectus dated • ]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**") and must be read in conjunction with the Base Prospectus dated [current date] [and the supplement to the Base Prospectus dated • ], 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 [original date] [and the supplement to the Base Prospectus dated • ] and are attached hereto. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectuses dated [original date] and [current date] [and the supplements to the Base Prospectus dated • and • ]. The Base Prospectuses [and the supplement to the Base Prospectus] are available for viewing at the registered office of the Issuer and at the office of the paying agent in London.

*[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: [ ]  
 [(ii) Guarantor: [ ]]
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. Specified Currency or Currencies: [ ]
4. Aggregate Nominal Amount:  
 [(i) Series: [ ]  
 [(ii) Tranche: [ ]]
5. Issue Price: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (if applicable)]
6. (i) Specified Denominations: [ ]  
*(N.B. For Notes with a maturity of 183 days or less, the Notes must have a minimum denomination of U.S.\$500,000 or its equivalent based on the spot rate on the Issue Date)*  
 (ii) Calculation Amount: [ ]
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/Index Linked/Share Linked/Dual Currency/other]
  - (ii) The Notes relate to *[describe the relevant Index/Indices/Share(s)/Commodities/Currencies]*.
10. Interest Basis:
- [• per cent. Fixed Rate]
  - [[specify reference rate] +/- • per cent. Floating Rate]*
  - [Zero Coupon]
  - [Index Linked Interest]
  - [Other (*specify*)]
  - (further particulars specified below)
11. Redemption/Payment Basis
- [Redemption at par]
  - [Index Linked Redemption]
  - [Dual Currency]
  - [Partly Paid]
  - [Instalment]
  - [Other (*specify*)]
12. Change of Interest or Redemption/Payment Basis: *[Specify details of any provision for convertibility of Notes into another interest or redemption/ payment basis]*
13. Put/Call Options:
- [Investor Put]
  - [Issuer Call]
  - [(further particulars specified below)]
14. [(i)] Status of the Notes: [Senior/[Dated/Perpetual]/Subordinated]
- [(ii)] Status of the Guarantee: [Senior/[Dated/Perpetual]/Subordinated]
- [(iii)] [Date [Board] approval for issuance of Notes [and Guarantee] obtained: [ ] [and [ ]], respectively]]
- (N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee)]*
15. Method of distribution: [Syndicated/Non-syndicated]

#### **PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

16. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate[(s)] of Interest: [ ] 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 and any applicable Business Centre(s) for the definition of "Business Day"/not adjusted
- (iii) Fixed Coupon Amount[(s)]: [ ] per Calculation Amount
- (iv) Broken Amount(s): [ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]
- (v) Day Count Fraction: [30/360 / Actual/Actual (ICMA/ISDA) / other]
- (vi) [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))]
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes [Not Applicable/give details]
17. **Floating Rate Note Provisions** [Applicable/Not Applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Interest Period(s): [ ]
- (ii) Specified Interest Payment Dates: [ ]
- (iii) First Interest Payment Date: [ ]
- (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ other (give details)]
- (v) Business Centre(s): [ ]
- (vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/other (give details)]
- (vii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the [Agent]): [ ]
- (viii) Screen Rate Determination:
- Reference Rate: [ ]
- Interest Determination Date(s): [ ]
- Relevant Screen Page: [ ]
- (ix) ISDA Determination:
- Floating Rate Option: [ ]



- Designated Maturity: [ ]
- Reset Date: [ ]
- (x) Margin(s): [ +/- ] [ ] per cent. per annum
- (xi) Minimum Rate of Interest: [ ] per cent. per annum
- (xii) Maximum Rate of Interest: [ ] per cent. per annum
- (xiii) Day Count Fraction: [ ]
- (xiv) 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 Conditions: [ ]
18. **Zero Coupon Note Provisions** [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) [Amortisation/Accrual] Yield: [ ] per cent. per annum
- (ii) Reference Price: [ ]
- (iii) Any other formula/basis of determining amount payable: [ ]
19. **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) Calculation Agent, if any, responsible for calculating the interest payable: [ ]/[Address]
- (iii) Provisions applicable where calculation by reference to exchange rate impossible or impracticable: [ ]
- (iv) Person at whose option Specified Currency(ies) is/are payable: [ ]
20. **Index Linked Interest Provisions** [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Index/Indices: [ ]  
[Composite/non-Composite]
- (ii) Screen Page/Exchange Code: [Specify]
- (iii) Formula:
- (iv) Calculation Agent responsible for calculating the interest due: [ ]/[Address]

- (v) Provisions for determining coupon where calculation by reference to Formula is impossible or impracticable: [ ]
- (vi) Interest Period(s): [ ]
- (vii) Interest Payment Date(s): [ ]
- (viii) Day Count Fraction: [ ]
- (ix) Averaging: Averaging [applies/does not apply] to the Notes.  
 [The Averaging Dates are [ ]].  
 [In the event that an Averaging Date is a Disrupted Day [Omission/Postponement/Modified Postponement] will apply.]  
 [Modified Postponement]  
*(Only applicable if Modified Postponement is applicable as an Averaging election).*  
 [Specified Maximum Days of Disruption will be equal to: [ ]/[eight]]  
*(If no Specific Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to eight)*
- (x) Coupon Valuation Date(s): [Specify]
- (xi) 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.]
- (xii) Observation Period: [Specify/Not Applicable]
- (xiii) Exchange Business Day: [(All Index Basis)/(Per Index Basis)]  
*(standard election is All Index Basis)*
- (xiv) Scheduled Trading Day: [(All Index Basis)/(Per Index Basis)]  
*(Must match election made for Exchange Business Day)*
- (xv) Exchange(s) and Index Sponsor: (a) the relevant Exchange[s] [is/are] [ ]; and  
 (b) the relevant Index Sponsor is [ ].
- (xvi) Related Exchange: [Specify/Each exchange or quotation system on which option contracts or futures contracts relating to such Share are traded]

- (xvii) Multiplier: [Not Applicable/The multiplier to be applied to each item comprising the basket to ascertain the Settlement Price is [     ]. Each such Multiplier shall be subject to adjustment in the case of Index Linked Notes]/[specify other]. (N.B. Only applicable in relation to Cash Settled Notes relating to a basket)]
- (xviii) Relevant Time: [Scheduled Closing Time/Any time [on the Valuation Date/during the Observation Period.] [The relevant time is [●], being the time specified on the Valuation Date or an Averaging Date, as the case may be, for the calculation of the Settlement Price.] (N.B. if no Relevant Time is specified, the Valuation Time will be the Scheduled Closing Time).
- (xix) Additional Disruption Events: [(a) The following Additional Disruption Events apply to the Notes:  
  
*(Specify each of the following which applies.)*  
  
[Change in Law]  
[[Hedging Disruption]  
[Failure to Deliver due to Illiquidity]  
  
*(N.B. Only applicable in the case of Physical Delivery Notes - Failure to Deliver due to Illiquidity is applicable to certain Share Certificates. Careful consideration should be given to whether Failure to Deliver due to Illiquidity would apply to other Physical Delivery Notes)*  
  
[Increased Cost of Hedging]  
[Increased Cost of Stock Borrow]  
[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 relevant 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 relevant Share] is [     ].  
  
*(N.B. only applicable if Increased Cost of Stock Borrow is applicable)]*

- (xx) Market Disruption: Specified Maximum Days of Disruption will be equal to [●]/[eight]:  
(If no Specific Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to eight)
21. **Commodity Linked Interest Provisions** [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Commodity/Commodities: [ ]
- (ii) Pricing Date(s): [ ]
- (iii) Formula: [ ]
- (iv) Calculation Agent responsible for calculating the interest due: [ ]/[Address]
- (v) Provisions for determining coupon where calculation by reference to Formula is impossible or impracticable: [ ]
- (vi) Interest Period(s): [ ]
- (vii) Interest Payment Date(s): [ ]
- (viii) Day Count Fraction: [ ]
- (ix) Commodity Reference Price: [ ]
- (x) Exchange(s): The relevant Exchange[s] [is/are] [ ].
- (xi) Specified Maximum Days of Disruption: [ ]/[eight]  
(If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to eight)  
(applicable only to Price Source Disruption or Trading Disruption)
- (xii) Additional Disruption Fallback(s): [ ]/[Not Applicable]
22. **Inflation Linked Interest Provisions** [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Index/Indices: [ ]  
[Composite/non-Composite]
- (ii) Screen Page/Exchange Code: [ ]
- (iii) Formula: [ ]
- (iv) Calculation Agent responsible for calculating the interest due: [ ]
- (v) Provisions for determining coupon where calculation by reference to Formula is impossible or impracticable: [ ]
- (vi) Interest Period(s): [ ]

- (vii) Interest Payment Date(s): [ ]
- (viii) Day Count Fraction: [ ]
- (ix) Cut-Off Date: [ ]/[Not Applicable]
- (x) Related Bond: [ ]/Fall Back Bond
- (xi) Issuer of Related Bond: [ ]/[Not Applicable]
- (xii) Fall Back Bond: [Applicable/Not Applicable]
- (xiii) Index Sponsor: [ ]
- (xiv) Related Bond Redemption Event: [Applicable/Not Applicable]
- (xv) Other Provisions: [ ]
23. **Foreign Exchange Rate Linked Interest Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Formula/Exchange Rates: [ ]
- (ii) Calculation Agent responsible for calculating the interest due: [ ]/[Address]
- (iii) Provisions for determining coupon where calculation by reference to Formula is impossible or impracticable: [ ]
- (iv) Interest Period(s): [ ]
- (v) Interest Payment Date(s): [ ]
- (vi) Day Count Fraction: [ ]
- (vii) Other Provisions: [ ]
24. **Formula Linked Interest Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Formula: [ ]
- (ii) Underlying: [ ]
- (iii) Calculation Agent responsible for calculating the interest due: [ ]
- (iv) Provisions for determining coupon where calculation by reference to Formula is impossible or impracticable: [ ]
- (v) Interest Period(s): [ ]
- (vi) Interest Payment Date(s): [ ]
- (vii) Day Count Fraction: [ ]

25. **Business Day Convention**

- (i) For Interest Payment Dates: [Specify applicable Business Day Convention]
- (ii) For Interest Periods: [Specify applicable Business Day Convention or specify No Adjustment]
- (iii) For the Maturity Date: [Specify applicable Business Day Convention or No Adjustment]
- (iv) Any other date: [ ]

26. **Additional Business Centre(s)**  
(Condition 3(b)):

[ ]

**PROVISIONS RELATING TO REDEMPTION**

27. **Call Option**

[Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [ ] per Calculation Amount
- (iii) If redeemable in part:
  - (a) Minimum Redemption Amount: [ ] per Calculation Amount
  - (b) Maximum Redemption Amount: [ ] per Calculation Amount
- (iv) Notice period [ ]<sup>1</sup>

28. **Put Option**

[Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [ ] per Calculation Amount
- (iii) Notice period [ ]<sup>2</sup>

29. **Final Redemption Amount of each Note**

[[ ] per Calculation Amount/The [Index/Share/Commodity/Inflation/Foreign Exchange Rate/Formula] Linked Redemption Amount specified below]/ [Physical Delivery]

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<sup>1</sup> N.B. this should be minimum 5 Business Days as required by Euroclear.

<sup>2</sup> N.B. this should be minimum 5 Business Days as required by Euroclear.

30. **Index Linked Redemption Amount** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Index/Indices: [ ]  
[Composite/non-Composite]
- (ii) Screen Page: [Specify]
- (iii) Formula: [ ]
- (iv) Settlement Price: The Settlement Price will be calculated  
[insert calculation method]/[As set out in the Conditions]
- (v) Calculation Agent responsible for calculating the redemption amount due: [ ]/[Address]
- (vi) Provisions for determining redemption amount where calculation by reference to Formula is impossible or impracticable: [ ]
- (vii) Averaging: Averaging [applies/does not apply] to the Notes.  
  
[The Averaging Dates are [ ]].  
  
[In the event that an Averaging Date is a Disrupted Day [Omission/Postponement/Modified Postponement] will apply.]  
  
[Modified Postponement]  
*(Only applicable if Modified Postponement is applicable as an Averaging election).*  
  
[Specified Maximum Days of Disruption will be equal to: [ ]/[eight]]  
*(If no Specific Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to eight)*
- (viii) Redemption Valuation Date: [Specify]
- (ix) Observation Date(s): [The Observation Date(s) is/are [ ]/Not Applicable].  
  
[In the event that an Observation Date is a Disrupted Date/[Omission/Postponement/Modified Postponement] will apply.]
- (x) Observation Period: [Specify/Not Applicable]
- (xi) Exchange Business Day: [(All Index Basis)/(Per Index Basis)]  
*(Standard election is All Index Basis)*
- (xii) Scheduled Trading Day: [(All Index Basis)/(Per Index Basis)]  
*(Must match election made for Exchange Business Day)*



- (xiii) Exchange(s) and Index Sponsor:
- (a) the relevant Exchange[s] [is/are] [ ]; and
- (b) the relevant Index Sponsor is [ ].
- (xiv) Related Exchange: [Specify/Each exchange or quotation system on which option contracts or futures contracts relating to such Index is traded]
- (xv) Multiplier: [Not Applicable/The multiplier to be applied to each item comprising the basket to ascertain the Settlement Price is [ ]. Each such Multiplier shall be subject to adjustment in the case of Index Linked Notes]/[specify other]. (N.B. Only applicable in relation to Cash Settled Notes relating to a basket)]
- (xvi) Relevant Time: [Scheduled Closing Time/Any time [on the Valuation Date/during the Observation Period.] [The relevant time is [ ], being the time specified on the Valuation Date or an Averaging Date, as the case may be, for the calculation of the Settlement Price.] (N.B. if no Relevant Time is specified, the Valuation Time will be the Scheduled Closing Time).
- (xix) Additional Disruption Events:
- [(a)] The following Additional Disruption Events apply to the Notes:
- (Specify each of the following which applies.)
- [Change in Law]  
 [[Hedging Disruption]  
 [Failure to Deliver due to Illiquidity]
- (N.B. Only applicable in the case of Physical Delivery Notes - Failure to Deliver due to Illiquidity is applicable to certain Share Certificates. Careful consideration should be given to whether Failure to Deliver due to Illiquidity would apply to other Physical Delivery Notes)
- [Increased Cost of Hedging]  
 [Increased Cost of Stock Borrow]  
 [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 relevant 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 relevant Share*] is [ ].
- (N.B. only applicable if Increased Cost of Stock Borrow is applicable)]*
- (xviii) Market Disruption: Specified Maximum Days of Disruption will be equal to [ ]/[eight]:  
*(If no Specific Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to eight)*
- (xix) Knock-in Event: [Not Applicable/*specify*/ ["greater than"/"greater than or equal to"/"less than"/"less than or equal to" Knock-in Level]]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- [In the event that a Knock-in Determination Day is a Disrupted Day, [Omission/Postponement/Modified Postponement] will apply.]
- 30.1 Knock-in Level: [*Specify*]
- 30.2 Knock-in Determination Day(s): [*Specify*]/Each Scheduled Trading Day in the Knock-in Determination Period]
- 30.3 Knock-in Period Beginning Date: [Not Applicable/*specify*]
- 30.4 Knock-in Period Ending Date: [Not Applicable/*specify*]
- 30.5 Knock-in Valuation Time: [Scheduled Closing Time]/[Any time on a Knock-in Determination Day.]
- (xx) Knock-Out Event: [Not Applicable/*specify*/ ["greater than"/"greater than or equal to"/"less than"/"less than or equal to" Knock-out Level]]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- [In the event that a Knock-in Determination Day is a Disrupted Day, [Omission/Postponement/Modified Postponement] will apply.]
- 31.
- 31.1 Knock-out Level: [*Specify*]

31.2	Knock-out Determination Day(s):	[Specify/Each Scheduled Trading Day in the Knock-out Determination Period]
31.3	Knock-out Period Beginning Date:	[Not Applicable/specify]
31.4	Knock-out Period Ending Date:	[Not Applicable/specify]
31.5	Knock-out Valuation Time:	[Scheduled Closing Time]/[Any time on a Knock-out Determination Day.]
(xxi)	Automatic Early Redemption Event:	[Not Applicable/specify/ ["greater than"/"greater than or equal to"/"less than"/"less than or equal to"] Automatic Early Redemption Level]] <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
32.		
32.1	Automatic Early Redemption Amount:	[Specify/See definition in Condition 6 of the Indexed Linked Conditions.]
32.2	Automatic Early Redemption Date(s):	[Specify]
32.3	Automatic Early Redemption Level:	[Specify]
32.4	Automatic Early Redemption Rate:	[Specify]
32.5	Automatic Early Redemption Valuation Date(s):	[Specify]
33.	<b>Commodity Linked Redemption Amount</b>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i)	Formula:	[ ]
(ii)	Commodity/Commodities:	[ ]
(iii)	Pricing Date(s):	[ ]
(iv)	Calculation Agent responsible for calculating the redemption amount due:	[ ]/[Address]
(v)	Provisions for determining redemption amount where calculation by reference to Formula is impossible or impracticable:	[ ]
(vi)	Commodity Reference Price:	[ ]
(vii)	Exchange(s):	The relevant Exchange[s] [is/are] [ ]
(viii)	Specified Maximum Days of Disruption:	[ ]/[eight] <i>(If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to eight) (applicable only to Price Source Disruption or Trading Disruption)</i>
(ix)	Additional Disruption Fallback(s):	[ ]/Not Applicable]
34.	<b>Inflation Indexed Redemption Amount</b>	[Applicable/Not Applicable]

- (i) Index/Indices: [ ]  
[Composite/non-Composite]
  - (ii) Formula: [ ]
  - (iii) Calculation Agent responsible for calculating the redemption amount due: [ ]/[Address]
  - (iv) Provisions for determining redemption amount where calculation by reference to Formula is impossible or impracticable: [ ]
  - (v) Cut-Off Date: [ ]/[Not Applicable]
  - (vi) Related Bond: [ ]/Fall Back Bond
  - (vii) Issuer of Related Bond: [ ]/[Not Applicable]
  - (viii) Fall Back Bond: [Applicable/Not Applicable]
  - (ix) Index Sponsor:
    - (a) the relevant Exchange[s] [is/are] [ ]; and
    - (b) the relevant Index Sponsor is [ ].
  - (x) Related Bond Redemption Event: [Applicable/Not Applicable]
  - (xi) Determination Date: [ ]
  - (xii) Index Sponsor: [ ]
35. **Foreign Exchange Rate Linked Redemption Amount** [Applicable/Not Applicable]
- (i) Formula: [ ]
  - (ii) Calculation Agent responsible for calculating the redemption amount due: [ ]/[Address]
  - (iii) Provisions for determining redemption amount where calculation by reference to Formula is impossible or impracticable: [ ]
  - (iv) Other Provisions: [ ]
36. **Formula Linked Redemption Amount** [Applicable/Not Applicable]
- (i) Formula: [ ]
  - (ii) Calculation Agent responsible for calculating the redemption amount due: [ ]/[Address]
  - (iii) Provisions for determining redemption amount where calculation by reference to Formula is impossible or impracticable: [ ]
  - (iv) Other Provisions: [ ]
37. **Early Redemption Amount**

Early Redemption Amount(s) payable on redemption for taxation reasons or on Event of Default and/or the method of calculating the same (if required or if different from that set out in Condition 5(e)):

38. **Provisions applicable to Physical Delivery** [Applicable/Not Applicable]
- [(i) Entitlement in relation to each Note: Entitlement in relation to each Note is [specify]]
- [(ii) Relevant Asset(s): [As specified above]/The relevant asset to which the Notes relate [is/are] [ ]]
- [(iii) Settlement Business Day(s): [Specify]]
39. **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 Notes.
- (ii) Variation of Settlement of Physical Delivery Notes: [Notwithstanding the fact that the Notes are Physical Delivery Notes, the Issuer may make payment of the Redemption Amount on the Redemption Date and the provisions of Condition 7(k)(ii) will apply to the Notes./The Issuer will procure delivery of the Entitlement in respect of the Notes and the provisions of Condition 7(k)(ii) will not apply to the Notes.]
40. **Early Redemption Amount** [ ]
- Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or an event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions):

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

41. **Form of Notes:** Bearer Notes:
- [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [\*] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]
- [Temporary Global Note exchangeable for Definitive Notes on [] days' notice]
- [Permanent Global Note exchangeable for Definitive Notes on [60 days' notice given at any time/only upon Exchange Event/at any time at the request of the Issuer] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]

- [Registered Notes]
42. New Global Note [Yes] [No]
43. Financial Centre(s) or other special provisions relating to payment dates: [Not Applicable/give details. Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which sub paragraphs 16 (ii) and 17 (v) relate]
44. 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]
45. Details relating to Partly Paid Notes: 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]: [Not Applicable/give details]
46. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: [Not Applicable/give details]
47. Redenomination, renominatisation and reconventioning provisions [Not Applicable/The provisions [in Condition •] apply]
48. Consolidation provisions: [Not Applicable/The provisions [in Condition •] apply]
49. 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.)]*

## DISTRIBUTION

50. (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: [ ]
- (iii) Stabilising Manager(s) (if any): [Not Applicable/give name]
51. If non-syndicated, name and address of Dealer: [Not Applicable/give name and address]
52. Total commission and concession: [ ] per cent. of the Aggregate Nominal Amount

53. U.S. Selling Restrictions: [Reg. S Compliance Category; TEFRA C/TEFRA D/ TEFRA not applicable]
54. Non-exempt Offer: [Not Applicable] [An 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 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 [specify date] until [specify date] (**Offer Period**). See further Paragraph 10 of Part B below.]
55. Additional selling restrictions: [Not Applicable/give details]

### PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue [and] [public offer in the Public Offer Jurisdictions] [and] [admission to trading on [specify relevant regulated market] of the Notes described herein] pursuant to the \$20,000,000,000 Euro Medium Term Note Programme of Citigroup Funding Inc.

### RESPONSIBILITY

The Issuer and the Guarantor accept responsibility for the information contained in these Final Terms. [(Relevant third party information) has been extracted from (specify source). [Each of the] [The] Issuer [and the Guarantor(s)] 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

Signed on behalf of the Guarantor:

By: .....

Duly authorised



## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (i) Listing [Luxembourg]
- (ii) Admission to trading: *(Where documenting a fungible issue need to indicate that original Notes are already admitted 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 [ ].]

### 2. RATINGS

Ratings: The Notes to be issued have been rated:

[S & P: [ ]]

[Moody's: [ ]]

[Fitch: [ ]]

[[Other]: [ ]]

*[Need to 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"], 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. ]

6. **[Floating Rate Notes only - HISTORIC INTEREST RATES**

Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Reuters].]

7. **[Performance of Index/Share/Commodity/Inflation/Foreign Exchange Rate/Formula, 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/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.]<sup>3</sup> [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.]<sup>4</sup>

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 underlying, 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. **Index Disclaimer**

9. **Underlying Disclaimer<sup>5</sup>**

[For use in connection with Indices, Inflation Indices and Commodities.]

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<sup>3</sup> Not required for debt securities with a denomination per unit of at least EUR 50,000.

<sup>4</sup> Required for derivative securities.

<sup>5</sup> Include for Index Notes (including, where relevant, Commodity or Inflation Notes).

[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]

**[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.]

10. **OPERATIONAL INFORMATION**

ISIN Code: [ ]

Common Code: [ ]

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]

Delivery: Delivery [against/free of] payment

Names and addresses of initial Paying Agent(s): [ ]

Names and addresses of additional Paying Agent(s) (if any): [ ]

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 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 the Notes must be issued in NGN form]

11. **TERMS AND CONDITIONS OF THE OFFER**<sup>21</sup>

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]
Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants	[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 for paying up and delivering the Notes:	[Not Applicable/give details]
Manner in and date on which results of the offer are to be made public:	[Not Applicable/give details]
Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:	[Not Applicable/give details]
Categories of potential investors to which the Notes 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 in the various countries where the offer takes place.	[None/give details]

## TAXATION

### United States Taxation

Under current United States federal income and estate tax law (a) payment on a Note, Receipt, Coupon or Talon by the Issuer or any Paying Agent to a holder that is a United States Alien (as defined in the Prospectus) should not be subject to withholding of United States federal income tax, provided that, with respect to payments of interest, (i) the holder does not actually or constructively own 10 per cent. or more of the combined voting power of all classes of stock of the Issuer and is not a controlled foreign corporation related to the Issuer through stock ownership and (ii) in the case of a Registered Note, the beneficial owner provides a statement signed under penalties of perjury that includes its name and address and certifies that it is a United States Alien in compliance with applicable requirements (or satisfies certain documentary evidence requirements for establishing that it is a United States Alien); (b) a holder of a Note, Receipt, Coupon or Talon that is a United States Alien should not be subject to United States federal income tax on gain realised on the sale, exchange or redemption of such Note, Receipt, Coupon or Talon, provided that such holder does not have a connection with or status with respect to the United States and its possessions described in clause (a) of Condition 8; (c) a beneficial owner of a Bearer Note, Receipt, Coupon or Talon that is a United States Alien should not be required to disclose its nationality, residence or identity to the Issuer, a Paying Agent (acting in its capacity as such) or any United States governmental authority in order to receive payment on such Bearer Note, Receipt, Coupon or Talon from the Issuer or a Paying Agent outside the United States; and (d) 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 such holder did not at the time of death actually or constructively own ten per cent. or more of the combined voting power of all classes of stock of the Issuer and, 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.

United States information reporting requirements and backup withholding tax should not apply to any payment on a Bearer Note, Receipt, Coupon or Talon made outside the United States by the Issuer or any Paying Agent to a holder that is a United States Alien. Payments on a Registered Note owned by a United States Alien should not be subject to such requirements or tax if the beneficial owner satisfies the requirements described in clause (a)(ii) of the preceding paragraph. Information reporting requirements and backup withholding tax should not apply to any payment on a Bearer Note, Receipt, Coupon or Talon outside the United States by a foreign office of a foreign custodian, foreign nominee or other foreign agent of the beneficial owner of such Bearer Note, Receipt, Coupon or Talon, provided that such custodian, nominee or other agent (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 U.S. persons or is engaged in the conduct of a U.S. trade or business. Payment in respect of a Bearer Note, Receipt, Coupon or Talon outside the United States to the beneficial owner thereof by a foreign office of any other custodian, nominee or agent should not be subject to backup withholding tax, but may be subject to information reporting requirements unless such custodian, nominee or agent has documentary evidence in its records that the beneficial owner is a United States Alien or the beneficial owner otherwise establishes an exemption. Payment in respect of a Registered Note or a Bearer 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 Registered Note or a Bearer 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 U.S. persons or is engaged in the conduct of a U.S. trade or business. Payment of the proceeds of the sale of a Registered Note or a Bearer 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 United States Alien and certain other conditions are met, or the beneficial owner otherwise establishes an exemption. Payment of the proceeds of a sale of a Registered Note or a Bearer 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.

For purposes of applying the rules set forth under this heading "*United States Taxation*" to an entity that is treated as fiscally transparent (e.g., a partnership) for U.S. federal income tax purposes, the beneficial owner means each of the ultimate beneficial owners of the entity.

### **Luxembourg Taxation**

*The following is a general description of certain Luxembourg tax considerations relating to the Notes. It specifically contains information on taxes on the income from the Notes withheld at source and provides an indication as to whether the Issuer assumes responsibility for the withholding of taxes at the source. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in Luxembourg or elsewhere. Prospective purchasers of the Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of the Notes payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of Luxembourg. This summary is based upon the law as in effect on the date of this Prospectus. The information contained within this section is limited to withholding taxation issues, and prospective investors should not apply any information set out below to other areas, including (but not limited to) the legality of transactions involving the Notes.*

All payments of interest within the meaning of the EU Savings Directive (Council Directive 2003/48/EC) and principal by the Issuer in the context of the holding, disposal, redemption or repurchase of the Notes can be made free and clear of any withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld, or assessed by Luxembourg or any political subdivision or taxing authority thereof or therein, in accordance with the applicable Luxembourg law, subject however to:

- (i) the application of the Luxembourg laws of 21 June 2005 implementing the EU Savings Directive (Council Directive 2003/48/EC) and several agreements concluded with certain dependent or associated territories and providing for the possible application of a withholding tax (15% from 1 July 2005 to 30 June 2008, 20% from 1 July 2008 to 30 June 2011 and 35% from 1 July 2011) on interest paid to certain non Luxembourg resident investors (individuals and certain types of entities called "residual entities") in the event of the Issuer appointing a paying agent in Luxembourg within the meaning of the above-mentioned directive (see section "EU Savings Directive" below);
- (ii) the application as regards Luxembourg resident individuals of the Luxembourg law of 23 December 2005 which has introduced a 10% final withholding tax on savings income (i.e. with certain exemptions, savings income within the meaning of the Luxembourg law of 21 June 2005 implementing the EU Savings Directive). This law should apply to savings income accrued as from 1 July 2005 and paid as from 1 January 2006.

Responsibility for the withholding of tax in application of the above-mentioned Luxembourg laws of 21 June 2005 and 23 December 2005 is assumed by the Luxembourg paying agent within the meaning of these laws and not by the Issuer.

### **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 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 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 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 Guarantor continues to be a non-resident of Australia and the Guarantee is not attributable to a permanent establishment of the Guarantor in Australia, any payment by the Guarantor under the 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 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 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 Issuer, nor the disposal of the Notes, would give rise to any GST liability in Australia.

### *Recent developments for the taxation of financial arrangements*

On 3 January 2007 the Federal Minister for Revenue and Assistant Treasurer issued a revised exposure draft of proposed new rules for the "Taxation of Financial Arrangements" (which has recently been revised in some respects). It is intended that the new rules (if enacted) would represent a new code for the taxation of receipts and payments in relation to financial arrangements. The proposed new rules contemplate a number of different methods for bringing to account gains and losses in relation to "financial arrangements" (including fair value, accruals, retranslation, realisation and hedging).

The revised exposure draft states that the proposed new rules are to apply as from the commencement of the first tax year beginning on or after 1 July 2008 (although taxpayers may be able to make an election to apply the proposed rules earlier if they wish to do so). Further, the proposed new rules are not to apply to "financial arrangements" which are current as at the commencement date. In relation to current "financial arrangements" at that time, taxpayers may elect to apply the proposed new rules if they wish, but certain tax adjustments would need to be made if such an election is made.

The revised exposure draft and related official materials do not contain any indication as to how (if at all) the proposed rules are to relate to the imposition of interest withholding tax. However, there is nothing which suggests that the Australian Government intends the new rules to apply in a manner which will impose interest or other withholding taxes on payments in respect of the Notes issued by the Issuer.

It is expected that the Australian Government will consult with taxpayers and industry representatives to develop the final legislation.



## **EU Savings Directive**

On June 3, 2003, the EU Council of Economic and Finance Ministers adopted a new directive regarding the taxation of savings income ("**EU Savings Directive**"). The EU Savings Directive is, in principle, applied by Member States as from July 1, 2005 and has been implemented in Luxembourg by the Law of June 21, 2005. Under the directive, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income within the meaning of the EU Savings Directive paid by a paying agent within the meaning of the EU Savings Directive, to an individual resident or certain types of entities called "residual entities", within the meaning of the EU Savings Directive (the "**Residuals Entities**"), established in that other Member State (or certain dependent or associated territories). For a transitional period, however, Austria, Belgium and Luxembourg are permitted to apply an optional information reporting system whereby if a beneficial owner, within the meaning of the EU Savings Directive, does not comply with one of two procedures for information reporting, the relevant Member State will levy a withholding tax on payments to such beneficial owner. The withholding tax system will apply for a transitional period during which the rate of the withholding will be of 15% from July 1, 2005 to June 30, 2008, 20% from July 1, 2008 to June 30, 2011 and 35% as from July 1, 2011. The transitional period is to terminate at the end of first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. See "European Union Directive on the Taxation of Savings Income in the Form of Interest Payments" (Council Directive 2003/48/EC).

Also with effect from July 1, 2005, a number of non-EU countries (Switzerland, Andorra, Liechtenstein, Monaco and San Marino) have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a paying agent within its jurisdiction to, or collected by such a paying agent for, an individual resident or a Residual Entity established in a Member State. In addition, Luxembourg has entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories (Jersey, Guernsey, Isle of Man, Montserrat, British Virgin Islands, Netherlands Antilles and Aruba) in relation to payments made by a paying agent in Luxembourg to, or collected by such a paying agent for, an individual resident or a Residual Entity established in one of those territories.

## GENERAL INFORMATION

- I. Application will be made to the Luxembourg Stock Exchange for Notes 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.
  - (A) The Issuer and Guarantor 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 Notes. The establishment of the Programme and the issue of the Notes was authorised by certificates of the Funding Committee of the Issuer dated as of June 8, 2005, June 30, 2006, March 13, 2007, June 29, 2007 and August 20, 2007 and the Funding Committee of the Guarantor dated June 9, 2005, March 13, 2007 and June 29, 2007, pursuant to resolutions of the board of directors of the Issuer dated June 1, 2005, June 19, 2006 and May 16, 2007 and the board of directors of the Guarantor dated January 16, 2007 and April 16, 2007.
  - (B) Each Bearer Note, Receipt, Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".
  - (C) Other than matters disclosed herein (including in documents incorporated by reference), neither the Guarantor or 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 the Guarantor, nor, so far as the Guarantor is aware, are any such proceedings pending or threatened.
  - (D) Other than matters disclosed herein (including in documents incorporated by reference), the Issuer 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 the Issuer's financial position or profitability, nor, so far as the Issuer is aware, are any such proceedings pending or threatened.
  - (E) There has been no significant change in the financial or trading position of the Issuer since December 31, 2006, the date of its most recent published audited financial statements and for the Guarantor since June 30, 2007, the date of its most recent published unaudited financial statements, and there has been no material adverse change in the financial position or prospects of the Issuer since December 31, 2006, the date of its most recent published audited financial statements and for the Guarantor since December 31, 2006, the date of its most recent published audited financial statements.
  - (F) Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and Clearstream, Luxembourg is 42 Avenue JF Kennedy, Luxembourg L-1855, Luxembourg. The Issuer and 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 Notes will be set out in the relevant Final Terms.

- (G) For so long as the Programme remains in effect or any Notes remain outstanding, the following documents will be available for inspection and (in the case of the items listed under (v), (vi), (vii) and (viii) below) obtainable, during usual business hours on any weekday (Saturdays and public holidays excepted), at the office of the Fiscal Agent and each of the Paying Agents:
- (i) the Fiscal Agency Agreement, as amended or supplemented (which includes the form of the Global Notes, the definitive Bearer Notes, the Certificates in respect of Registered Notes, the Coupons, the Receipts and the Talons);
  - (ii) the Dealership Agreement, as amended or supplemented;
  - (iii) the Deed of Guarantee;
  - (iv) the Deed of Covenant, as amended or supplemented;
  - (v) the Certificate of Incorporation and the By-Laws of the Issuer and the Restated Certificate of Incorporation and By-Laws the Guarantor;
  - (vi) the annual report and audited consolidated financial statements of the Issuer as they may be available and Guarantor for the years ended December 31, 2005 and 2006, in each case together with any relevant audit reports prepared in connection therewith;
  - (vii) each Final Terms for Notes which are listed on the Luxembourg Stock Exchange or any other stock exchange; and
  - (viii) a copy of this Base Prospectus together with any supplement to this Base Prospectus or further Base Prospectus.
- (H) Copies of the Deed Poll, the Registry Services Agreement and the relevant 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.
- (I) Copies of the latest annual report and audited consolidated financial statements of the Guarantor and the latest quarterly interim unaudited consolidated financial statements of the Guarantor may be obtained, and copies of the Fiscal Agency Agreement will be available for inspection, at the specified offices of each of the Paying Agents during normal business hours so long as any of the Notes is outstanding. The Issuer does not publish unconsolidated annual or interim financial statements.
- (J) 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.
- (K) The Issuer will not provide any post issuance information, except if required by any applicable laws and regulations.

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