



**FCE Bank plc**  
**(incorporated with limited liability in England and Wales)**

**€15,000,000,000**  
**Euro Medium Term Notes**  
**Due from one month to 30 years from the date of original issue**

*This Base Prospectus supersedes the Base Prospectus dated 18 January 2016 relating to the Programme. Any Notes issued under the Programme on or after the date of this Base Prospectus are issued subject to the provisions described herein. This does not affect any Notes issued under the Programme prior to the date hereof.*

Under its Euro Medium Term Note Programme described in this Base Prospectus (the "**Programme**"), FCE Bank plc (the "**Issuer**", "**FCE**" or the "**Company**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Euro Medium Term Notes (the "**Notes**"). The aggregate principal amount of Notes outstanding will not at any time exceed €15,000,000,000 (or the equivalent in other currencies). Certain Notes to be issued under the Programme may be continuously available retail securities ("**Retail Securities**"), which may be issued from time to time to investors pursuant to arrangements entered into with the Retail Securities Arranger and certain Dealers to be identified as "**Retail Securities Dealers**". This Base Prospectus contains information relating to all Notes, including Retail Securities.

Notes will be issued on a continuous basis in series (each, a "**Series**"), the Notes of each Series having one or more issue dates and identical terms (except in respect of the first payment of interest) and intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each, a "**Tranche**") on different issue dates. Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche of Notes will be set forth in a set of final terms (the "**Final Terms**") which, with respect to Notes to be listed on the official list of the Luxembourg Stock Exchange, will be filed with the CSSF (as defined below). This Base Prospectus should be read and construed in conjunction with any relevant Final Terms and all documents incorporated herein by reference.

This Base Prospectus has been approved by the *Commission de Surveillance du Secteur Financier of the Grand Duchy of Luxembourg* (the "**CSSF**") in its capacity as competent authority under the Luxembourg Act dated 10 July 2005 relating to prospectuses for securities (the "**Luxembourg Prospectus Law**") for the approval of this Base Prospectus as a Base Prospectus, for the purposes of Article 5.4 of Directive 2003/71/EC, (as amended, including by Directive 2010/73/EU and any relevant implementing measure in the relevant Member State of the European Economic Area (the "**Prospectus Directive**")). The Issuer accepts responsibility for the information contained in this Base Prospectus and, in relation to each Tranche of Notes, in the applicable Final Terms for such Tranche of Notes, subject as provided under "*Consent given in accordance with Article 3.2 of the Prospectus Directive (Retail Cascades)*" below. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme within 12 months since the date of publication to be listed on the official list of the Luxembourg Stock Exchange and to be admitted to trading on the Luxembourg Stock Exchange's regulated market.

The Programme provides that Notes may also be listed and/or admitted to trading by any competent listing authority, stock exchange, market and/or quotation system as may be agreed between the Issuer and the relevant Dealer in relation to each Series. Unlisted Notes and/or Notes not listed or admitted to trading on any market, stock exchange or quotation system may also be issued. The CSSF has neither reviewed nor approved any information in this Base Prospectus pertaining to offers of Notes to which the Prospective Directive does not apply or Notes listed on other exchanges.

This Base Prospectus will be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). Notes may be issued pursuant to the Programme which will not be admitted to trading on the Luxembourg Stock Exchange or any other stock exchange. The relevant Final Terms in respect of the issue of any Notes will specify whether or not such Notes will be listed on the official list of the Luxembourg Stock Exchange or any other stock exchange. Copies of Final Terms in relation to Notes to be listed on the official list of the Luxembourg Stock Exchange will also be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). In accordance with article 7(7) of the Luxembourg Prospectus Law, by approving this Base Prospectus the CSSF gives no undertaking as to the economic or financial soundness of the transaction or the quality and solvency of the Issuer.

**Dealers**

**ANZ**  
**BB Securities**  
**BNP PARIBAS**  
**Bradesco BBI**  
**Commerzbank**  
**Credit Suisse**  
**Goldman Sachs International**  
**J.P. Morgan**  
**Mizuho Securities**  
**RBC Capital Markets**  
**Société Générale Corporate & Investment Banking**  
**UniCredit Bank**

**Banca IMI**  
**Barclays**  
**BofA Merrill Lynch**  
**Citigroup**  
**Crédit Agricole CIB**  
**Deutsche Bank**  
**HSBC**  
**Lloyds Bank**  
**Morgan Stanley**  
**SMBC Nikko**  
**The Royal Bank of Scotland**

**Arranged by**  
**Goldman Sachs International**  
**Retail Securities Arranger**  
**Deutsche Bank**

TABLE OF CONTENTS

	<b>PAGE</b>
Summary	1
Risk Factors	10
Important Information	20
General Description of the Programme	26
Responsibility	26
Issue of Notes	26
Documents Incorporated by Reference	27
Prospectus Supplements	32
Conditions of the Notes	33
Overview of Provisions Relating to the Notes while in Global Form	47
Use of Proceeds	50
Review of Business and Operations	51
Annual Financial Statements Overview	54
The Directors	56
United Kingdom Taxation	57
Luxembourg Taxation	59
Germany Taxation	60
Plan of Distribution	62
Selling and Transfer Restrictions	62
General Information	67
Applicable Final Terms – Notes with a denomination of €100,000 (or its equivalent in any other currency) or more	70
Applicable Final Terms – Notes with a denomination of less than €100,000 (or its equivalent in any other currency)	76
Details of Issuer, Dealers, Retail Securities, Arrangers and other Associated Parties	84

## SUMMARY

Summaries are made up of disclosure requirements known as "Elements". These elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "Not Applicable".

### Section A – Introduction and warnings

Element	Disclosure requirement	
A.1	<b>Warning</b>	<p>This summary should be read as an introduction to this Base Prospectus. Any decision to invest in the Notes should be based on a consideration of this Base Prospectus as a whole by the investor. Where a claim relating to the information contained in this Base Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member State of the European Economic Area in which the claim is brought, be required to bear the costs of translating this Base Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus or it does not provide, when read together with the other parts of this Base Prospectus, key information in order to aid investors when considering whether to invest in the Notes.</p>
A.2	<b>Consent to use of the Base Prospectus</b>	<p>[[Not Applicable – the Notes are issued in denominations of at least €100,000 (or its equivalent in any other currency).]</p> <p>[The Issuer consents to the use of this Base Prospectus in connection with a Non-exempt Offer of the Notes subject to the following conditions:</p> <ul style="list-style-type: none"> <li>(i) the consent is only valid during the period from [[ ] until [ ]/[the Issue Date]/[the date which falls [ ] business days thereafter]] (the "<b>Offer Period</b>");</li> <li>(ii) the only persons ("<b>Offerors</b>") authorised to use this Base Prospectus to make the Non-exempt Offer of the Notes are the relevant Dealer and [(a) [ ] [and [ ]]] and/or (b) if the Issuer appoints additional financial intermediaries after [ ] (being the date of the Final Terms) and publishes details of them on its website, each financial intermediary whose details are so published]/[any financial intermediary which is authorised to make such offers under the Directive 2004/39/EC (the Markets in Financial Instruments Directive) and which acknowledges on its website that it is relying on this Base Prospectus to offer the relevant Tranche of Notes during the Offer Period; [and]</li> <li>(iii) the consent only extends to the use of this Base Prospectus to make Non-exempt Offers of the relevant Tranche of Notes in [ ] [and [ ]]; [and]</li> </ul> <p>[(iv) the consent is subject to the following other condition[s]: [ ].]</p> <p>[Any Offeror falling within sub-paragraph (ii)(b) above who meets all of the other conditions stated above and wishes to use this Base Prospectus in connection with a Non-exempt Offer is required, for the duration of the relevant Offer Period, to publish on its website (i) that it has been duly appointed as a financial intermediary to offer the relevant Tranche of Notes during the Offer Period (provided such financial intermediary has in fact been so appointed), (ii) that it is relying on this Base Prospectus for such Non-exempt Offer with the consent of the Issuer and (iii) the conditions attached to that consent.]</p> <p>The consent referred to above is valid for the period of 12 months from the date of this Base Prospectus. The Issuer accepts responsibility, in the jurisdictions to which the consent to use this Base Prospectus extends, for the content of this Base Prospectus in relation to any investor who acquires any Notes in a Non-exempt Offer made by any person to whom consent has been given to use this Base Prospectus in that connection in accordance with the preceding</p>

	<p>paragraphs, provided that such Non-exempt Offer has been made in accordance with all the conditions attached to that consent.</p> <p><b>AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY NOTES IN A NON-EXEMPT OFFER FROM AN OFFEROR OTHER THAN THE ISSUER WILL DO SO, AND OFFERS AND SALES OF SUCH NOTES TO AN INVESTOR BY SUCH OFFEROR WILL BE MADE, IN ACCORDANCE WITH ANY TERMS AND OTHER ARRANGEMENTS IN PLACE BETWEEN SUCH OFFEROR AND SUCH INVESTOR INCLUDING AS TO PRICE, ALLOCATIONS AND SETTLEMENT ARRANGEMENTS. THE INVESTOR MUST LOOK TO THE OFFEROR AT THE TIME OF SUCH OFFER FOR THE PROVISION OF SUCH INFORMATION AND THE OFFEROR WILL BE RESPONSIBLE FOR SUCH INFORMATION. NEITHER THE ISSUER NOR ANY DEALER HAS ANY RESPONSIBILITY OR LIABILITY TO AN INVESTOR IN RESPECT OF SUCH INFORMATION.</b></p>
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### Section B – Issuer

Element	Disclosure requirement	
<b>B.1</b>	<b>Legal and commercial name of the Issuer</b>	FCE Bank plc ("FCE" or the "Issuer")
<b>B.2</b>	<b>Domicile, legal form, legislation and country of incorporation</b>	FCE is a public limited company incorporated and registered in England and Wales under English law. FCE is domiciled in the United Kingdom.
<b>B.4b</b>	<b>Known trends</b>	<p>As a regulated banking institution FCE is required to comply with the supervisory and regulatory rules of the jurisdictions in which it operates, particularly in the areas of funding, liquidity and capital adequacy. If FCE is required to implement any changes in such rules then its business may be affected.</p> <p>FCE's business is substantially dependent upon the sale of Ford Motor Company ("<b>Ford</b>") vehicles. The automotive industry is sensitive to factors such as disposable income, interest rates, currency exchange rates, national and international trade, economic growth or decline, environmental and health and safety regulations, vehicle safety and emissions regulation and commodity prices such as oil and steel. Changes to any of these factors may impact the demand for Ford vehicles.</p>
<b>B.5</b>	<b>Description of the Issuer's group and the Issuer's position within its group</b>	<p>FCE is an indirect, wholly owned subsidiary of Ford, a company incorporated under the laws of the State of Delaware, United States of America. All but one of the 614,384,050 Ordinary £1 shares in FCE are owned by FCSH GmbH ("<b>FCSH</b>"), itself an indirect wholly owned subsidiary of Ford. One share is held by Ford Motor Credit Company LLC ("<b>FMCC LLC</b>") on trust for Ford Credit International, Inc. ("<b>FCI</b>").</p> <p>In addition to the UK, FCE has branches in ten other European countries. FCE has subsidiaries in Switzerland, the Czech Republic, Hungary, Poland and Sweden.</p> <p>Saracen Holdco AB is the Issuer's subsidiary incorporated in Sweden and has a 50 per cent. less one share interest in Forso Nordic AB, a joint venture that provides automotive financial services in Denmark, Finland, Sweden and Norway.</p>
<b>B.9</b>	<b>Profit forecast or estimate</b>	Not Applicable – there are no profit forecasts or estimates made in this Base Prospectus.
<b>B.10</b>	<b>Audit report qualifications</b>	Not Applicable – the relevant auditors' report with respect to the audited annual accounts of the Issuer for the years ended 31 December 2014 and 31 December 2015 were delivered without

		any qualifications.																																										
<b>B.12</b>	<p><b>Selected historical key financial information</b></p> <p><b>Significant change in the financial position:</b></p> <p><b>Material adverse change in prospects:</b></p>	<p>At or for the Year Ended 31 December</p> <table> <thead> <tr> <th></th> <th>2015</th> <th>2014</th> </tr> <tr> <th></th> <th>£ mil</th> <th>£ mil</th> </tr> </thead> <tbody> <tr> <td colspan="3"><b>Statement of Profit and Loss</b></td> </tr> <tr> <td colspan="3"><b>Data:</b></td> </tr> <tr> <td>Total Income</td> <td>598</td> <td>609</td> </tr> <tr> <td>Operating expenses</td> <td>(200)</td> <td>(204)</td> </tr> <tr> <td>Profit Before Tax</td> <td>217</td> <td>197</td> </tr> <tr> <td colspan="3"><b>Statement of Financial Position</b></td> </tr> <tr> <td colspan="3"><b>Data:</b></td> </tr> <tr> <td>Cash and cash equivalents</td> <td>1,669</td> <td>1,628</td> </tr> <tr> <td>Total net loans and advances to customers</td> <td>12,439</td> <td>10,548</td> </tr> <tr> <td>Total Assets</td> <td>14,863</td> <td>13,049</td> </tr> <tr> <td>Total Liabilities</td> <td>12,961</td> <td>11,258</td> </tr> <tr> <td>Total Shareholders' Equity</td> <td>1,902</td> <td>1,791</td> </tr> </tbody> </table> <p>Not applicable. There has been no significant change in the trading or financial position of the Issuer or its subsidiaries since 31 December 2015, being the date of the latest published consolidated audited annual financial statements of the Issuer.</p> <p>There has been no material adverse change in the prospects of the Issuer or its subsidiaries since 31 December 2015, being the date of the latest published consolidated audited annual financial statements of the Issuer.</p>		2015	2014		£ mil	£ mil	<b>Statement of Profit and Loss</b>			<b>Data:</b>			Total Income	598	609	Operating expenses	(200)	(204)	Profit Before Tax	217	197	<b>Statement of Financial Position</b>			<b>Data:</b>			Cash and cash equivalents	1,669	1,628	Total net loans and advances to customers	12,439	10,548	Total Assets	14,863	13,049	Total Liabilities	12,961	11,258	Total Shareholders' Equity	1,902	1,791
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<b>B.13</b>	<b>Recent events impacting the Issuer's solvency</b>	Not applicable – there have been no recent events material to the Issuer's solvency.																																										
<b>B.14</b>	<b>Dependence upon other group entities</b>	See Element B.5. FCE's business is dependent upon Ford by virtue of interest subsidies and other support payments provided by Ford that enable FCE to offer special rate financing programmes.																																										
<b>B.15</b>	<b>Principal activities</b>	FCE's primary business is to provide financial products and services to support the sale of Ford vehicles in Europe through the relevant dealer networks. A variety of retail, leasing and wholesale finance plans are provided in countries in which FCE and its subsidiaries operate. Retail financing is primarily provided by means of a number of title retention plans, including conditional sale, hire purchase and instalment credit. Operating and finance leases are provided to individual, corporate and other institutional customers, covering single vehicles as well as large and small fleets. In addition, FCE has various alternative business arrangements for some products and markets that reduce its funding requirements while allowing FCE to support Ford. FCE provides loans to dealers for a variety of vehicle wholesale (floorplan) finance plans.  FCE also offers branded and non-branded fee income-generating insurance products, backed by local insurance providers who assume 100 per cent. of the risk. It distributes these products primarily through Ford dealerships in many European markets. FCE's insurance product and service offerings are brand-enforcing that deliver value to customers and dealers.																																										
<b>B.16</b>	<b>Controlling</b>	All but one of the 614,384,050 Ordinary £1 shares in FCE are owned by FCSH, itself an																																										

	<b>persons</b>	indirect wholly owned subsidiary of Ford. One share of FCE is held by FMCC LLC on trust for FCI. The ultimate parent undertaking and controlling party of FCSH, FCI and FMCC LLC is Ford.
<b>B.17</b>	<b>Credit ratings assigned to the Issuer or its debt securities</b>	<p>The Issuer has received the following ratings:</p> <p>[S&amp;P: long term – BBB, short term – NR, outlook – stable.</p> <p>Moody's: long term – Baa2, short term – P-2, outlook – stable.</p> <p>Fitch: long term – BBB, short term – F2, outlook – stable.]</p> <p>[Not applicable – the Notes have not been rated.]</p> <p>[The Notes to be issued [have been/are expected to be] rated:] / [The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally:]</p> <p>[S&amp;P: [ ]]</p> <p>[Moody's: [ ]]</p> <p>[Fitch: [ ]]</p> <p>Standard &amp; Poor's Credit Market Services Europe Limited ("<b>S&amp;P</b>") is established in the European Union and is registered under the CRA Regulation. Moody's Investors Services, Inc. ("<b>Moody's</b>") and Fitch, Inc. ("<b>Fitch</b>") are not established in the European Union and have not applied for registration under Regulation (EC) No 1060/2009 on credit rating agencies ("<b>CRAs</b>"), as amended by Regulation (EU) No 513/2011 (the "<b>CRA Regulation</b>"). However, Moody's Investors Service Limited and Fitch Ratings Limited are established in the European Union and are registered under the CRA Regulation. The European Securities and Markets Authority ("<b>ESMA</b>") has confirmed that Moody's Investors Service Limited and Fitch Ratings Limited may endorse the credit ratings of Moody's Investors Services, Inc. and Fitch, Inc. respectively. A list of registered CRAs is published at ESMA's website: <a href="http://www.esma.europa.eu/page/List-registered-and-certified-CRAs">http://www.esma.europa.eu/page/List-registered-and-certified-CRAs</a>.</p>

### Section C – Securities

<b>Element</b>	<b>Disclosure requirement</b>	
<b>C.1</b>	<b>Type and the class of the securities, including any security identification number.</b>	<p>The Notes described in this section are debt securities with a denomination of less than €100,000 (or its equivalent in any other currency).</p> <p>The Notes may be Fixed Rate Notes, Floating Rate Notes or Zero Coupon Notes or a combination of the foregoing.</p> <p>The Notes are [£/€/U.S. \$/[ ]] [[ ]] per cent./Floating Rate/Zero Coupon] Notes due [ ].</p> <p>The ISIN is [ ].</p> <p>The common code of the Notes is: [ ].</p>
<b>C.2</b>	<b>Currency</b>	The currency of the Notes is [ ].
<b>C.5</b>	<b>Restrictions on free transferability</b>	Not applicable – there are no restrictions on the free transferability of the Notes.
<b>C.8</b>	<b>Rights attached to the securities</b>	<p><i>Events of Default</i></p> <p>The terms of the Notes contain the following events of default (each an "<b>Event of Default</b>"): </p> <p>(a) default is made for more than 30 days (in the case of interest) or 5 days (in the case of principal) in the payment on the due date of interest or principal in respect of any of the Notes; or</p> <p>(b) the Issuer does not perform or comply with any one or more of its other material obligations in the Notes which default is incapable of remedy or is not remedied</p>

		<p>within 90 days after notice of such default is given; or</p> <p>(c) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of the Issuer and is not discharged or stayed within 90 days; or</p> <p>(d) any encumbrancer takes possession or a receiver, manager or other similar officer is appointed of the whole or a material part of the undertaking, property, assets or revenues of the Issuer; or</p> <p>(e) the Issuer is insolvent or is unable to pay its debts (within the meaning of Section 123(1) of the Insolvency Act 1986) or makes a general assignment or an arrangement or composition with or for the benefit of its creditors, except in certain limited circumstances; or</p> <p>(f) an order is made by a court of competent jurisdiction or an effective resolution passed for the winding-up or dissolution or administration of the Issuer, or the Issuer shall apply or petition for a winding-up or administration order in respect of itself or the Issuer ceases or threatens to cease to carry on all or a substantial part of its business or operations, except in certain limited circumstances.</p> <p>If an Event of Default occurs and is continuing, the holder of any Note may give written notice to the Principal Paying Agent that such Note is immediately repayable, whereupon the Early Redemption Amount of such Note together with accrued interest to the date of payment shall become immediately due and payable.</p> <p><i>Meetings of Holders</i></p> <p>The terms of the Notes contain provisions for calling meetings of Holders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Holders including Holders that did not attend and vote at the relevant meeting and Holders that voted in a manner contrary to the majority.</p> <p><i>Governing law</i></p> <p>English law.</p> <p><i>Status</i></p> <p>The Notes and Coupons constitute direct unconditional, unsubordinated and unsecured obligations of the Issuer, ranking <i>pari passu</i>, without any preference among themselves and with all other present and future unsecured and unsubordinated indebtedness for borrowed money of the Issuer (other than that preferred by law).</p> <p><i>Negative pledge</i></p> <p>The terms of the Notes contain a negative pledge provision which prohibits the Issuer from creating or permitting to subsist, and requires it to procure that no subsidiary (as defined in Section 1159 of the Companies Act 2006) creates or permits to subsist, any security interest upon the whole or any part of its property or assets to secure any relevant debt of the Issuer, unless, at the same time or prior thereto, the Issuer's obligations under the Notes are secured equally and rateably therewith or have the benefit of such other security or other arrangement as shall be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders.</p>
C.9	<p><b>Interest, maturity and redemption provisions, yield and representative of the Noteholders:</b></p>	<p>See Element C.8 for the rights attached to the Notes, ranking and limitations.</p> <p><b>Interest</b></p> <p><i>[Fixed Rate Notes]</i></p> <p>Fixed interest will be payable in arrear on [ ] [and [ ]] in each year (the "<b>Interest Payment Date</b>") [adjusted in accordance with the [Floating Rate Business Day Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention] [with Business Centre(s) being [ ]] / not adjusted].]</p> <p><i>[Floating Rate Notes]</i></p> <p>The rate of Interest will be determined on the basis of [Screen Rate Determination/ISDA Determination] as follows:</p>

		<p>[Reference Rate: [ ]]</p> <p>Interest Determination Date(s): [ ]</p> <p>Relevant Screen Page: [ ]]</p> <p>[Floating Rate Option: [ ]]</p> <p>Designated Maturity: [ ]</p> <p>Reset Date: [ ]].</p> <p>[Margin: [+/-][ ] per cent. per annum]</p> <p>[Minimum Interest Rate: [ ] per cent. per annum]</p> <p>[Maximum Interest Rate: [ ] per cent. per annum]</p> <p>Day Count Fraction: [ ]]</p> <p><b>[Zero Coupon Notes</b></p> <p>Zero Coupon Notes will be issued [at their nominal amount/at a discount of [ ] per cent. to the nominal amount] and will not bear interest other than in the case of late payment.]</p> <p><b>Redemption</b></p> <p><b>Maturity</b></p> <p>The Notes will mature on [ ]].</p> <p><b>Final redemption</b></p> <p>Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the maturity date specified above at [ ] per Calculation Amount.</p> <p><b>Redemption for taxation reasons/Early Redemption/Optional redemption</b></p> <p>The Early Redemption Amount of each Note payable on redemption for taxation reasons or upon an Event of Default is [ ] per Calculation Amount.</p> <p>[Notes may be redeemed before their stated maturity at the option of [the Issuer [(either in whole or in part)]/the Noteholders].</p> <p>The Optional Redemption Amount [(Put)]/[(Call)] of each Note is [ ] per Calculation Amount.]</p> <p>[Notes may not be redeemed before their stated maturity.]</p> <p><b>Yield</b></p> <p>[The [semi-]annual yield on the Notes is [ ], which is calculated at the Issue Date on the basis of the Issue Price.][The Notes are not Fixed Rate Notes.]</p> <p><b>Noteholders' representative</b></p> <p>Not applicable – there is no representative of the Noteholders.</p>
<b>C.10</b>	<b>Derivative Component</b>	See Element C.9. Not Applicable – Notes issued under the Programme do not contain any derivative components in their interest payments.
<b>C.11</b>	<b>Admission to trading</b>	Application [has been/is expected to be] 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 [ ]].
<b>[C.21]</b>	<b>[Market where the securities will be traded and for which Base Prospectus has been published]</b>	[Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to trading on the Luxembourg Stock Exchange's regulated market.]



## Section D – Risks

Element	Disclosure requirement	
D.2	Key risks specific to the Issuer	<p>The following is a summary of the key risks relating to the Issuer:</p> <p><b><i>Creditworthiness (and credit rating) of FCE</i></b></p> <ul style="list-style-type: none"> <li>The Notes constitute unsubordinated and unsecured obligations of FCE and will rank equally among themselves and with all other unsubordinated and unsecured obligations of FCE. Prospective investors should rely solely on the creditworthiness of FCE.</li> </ul> <p><b><i>Support from the Ford Group</i></b></p> <ul style="list-style-type: none"> <li>FCE has the benefit of a support agreement from FMCC LLC, as well as access to inter-company debt from the Ford Group and interest supplements and other support payments from the Ford Group provided for certain financing transactions. The elimination, reduction or non-availability of support from FMCC LLC or the Ford Group could negatively impact FCE's business and results of operations.</li> </ul> <p><b><i>Liquidity risks and capital resources</i></b></p> <ul style="list-style-type: none"> <li>Liquidity risk is the possibility of being unable to meet present and future financial obligations as they become due. Despite FCE's various sources of liquidity, its ability to maintain this liquidity may be affected by, among other things, its credit ratings, prolonged market disruption, market capacity for Ford, FMCC LLC and Ford Credit-sponsored investments, general demand for the type of securities FCE offers (including its ability to access central banks and government funding), FCE's ability to continue funding through asset-backed financing structures, the performance of the underlying assets within its existing asset-backed financing structures, regulatory changes, failure of financial institutions to fulfil commitments to FCE and FCE's ability to maintain credit facilities.</li> </ul> <p><b><i>Sales of vehicles (and financing incentives) from the Ford Group</i></b></p> <ul style="list-style-type: none"> <li>FCE's business is substantially dependent upon the sale of Ford vehicles in Europe and its ability to offer competitive financing on those vehicles. Fluctuations in the volume of sales of such vehicles resulting from, among other things, governmental action or geo-political events, changes in consumer demand, increased competition, changes in the pricing of imported units due to currency fluctuations, or other events, could impact the level of finance operations of the Ford Group, including FCE.</li> <li>The provision of vehicle finance in Europe is competitive, and FCE must compete effectively with other providers of finance. For many years, Ford has sponsored special rate financing programs available only through FCE. These programmes increase FCE's financing volume and share of financing sales of Ford vehicles. If Ford were to adopt marketing strategies in the future that de-emphasised such programmes, FCE's financing volume could be reduced.</li> </ul> <p><b><i>Operational, pension, regulatory, counterparty credit, vehicle residual value, credit, interest rate and exchange rate risk</i></b></p> <ul style="list-style-type: none"> <li>Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems or from external events. FCE is exposed to operational risk that could result from information technology problems, human error and shortcomings in the organisational structure, legal changes and lapses in internal controls, fraud or external threats and could negatively impact its business and results of operations.</li> <li>FCE operates a number of pension schemes in various countries and hence has a variety of obligations. FCE's risk arises through its contractual or other obligations to the defined benefit schemes it runs in a number of the markets. These obligations may require FCE to increase its contributions to particular schemes' funding arrangements.</li> <li>New or increased credit, consumer or data protection, or other regulation could result in higher costs and/or additional financing restrictions. As a regulated banking institution FCE is required to comply with the supervisory and regulatory rules of the jurisdictions in which it operates, particularly in the areas of funding, liquidity and capital adequacy. If FCE is required to implement any changes in such rules then its business may be affected. There</li> </ul>

		<p>could also be changes to UK legislation in the event that the UK leaves the EU ("<b>Brexit</b>") following the result of the UK's referendum on 23 June 2016.</p> <ul style="list-style-type: none"> <li>• Counterparty risk is the risk that FCE could incur a loss if the counterparty to an investment, interest rate or foreign currency derivatives with FCE defaults. The failure of one of these counterparties to perform its contractual obligations could negatively impact FCE's results of operations.</li> <li>• Vehicle residual value risk is the possibility that the actual proceeds realised by FCE upon the sale of a returned vehicle at contract termination will be lower than that forecast at contract initiation. Vehicle residual values are set at values equal to or lower than the forecast resale values. Lower than expected resale values, especially when coupled with a higher than expected return rate, could exceed the reserves set aside by FCE.</li> <li>• Credit risk is the possibility of loss from a customer's or dealer's failure to make payments according to contract terms. Although credit risk has a significant impact on FCE's business, it is mitigated by the majority of FCE retail, leasing and wholesale financing having the benefit of a title retention plan or similar security in the financed vehicle. In the case of customer default, the value of the re-possessed collateral provides a source of protection.</li> <li>• Interest rate risk arises when movements in the financial markets cause the interest payable by FCE on its different sources of finance to increase relative to the interest received by FCE by means of income from receivables and other assets. Exchange rate risk arises when movements in the currency markets lead to a reduction in the value of the currency in which FCE receives income from receivables and other assets and/or an increase in the value of the currency in which FCE makes payment on its different sources of finance. FCE's ability to obtain derivatives to manage these risks may be impacted generally by the same factors that impact its ability to manage liquidity risks.</li> </ul>
<b>D.3</b>	<b>Key risks specific to the debt securities</b>	<p>There are also risks associated with the Notes including a range of risks relating to the structure of the Notes, market risks and risks relating to Notes generally. These include that the creditworthiness of FCE, the value of any applicable reference rate, the time remaining to the maturity of the Notes, the outstanding amount of the Notes, any redemption features of the Notes and changes in interest rates (among other things) will affect the market value of the Notes; that there may be no secondary market in the Notes; that the application of the Banking Reform Act (as defined below) may have an adverse effect on the Issuer and on the holders of the Notes; that a Brexit may affect the Issuer's access to the Single Market and may affect economic or market conditions in the UK and thus may have an adverse effect on the Issuer's business and the value of the Notes; that the terms of the Notes may be modified without the consent of the holder in certain circumstances; that investors who purchase the Notes in denominations which are not an integral multiple of the Specified Denomination will be adversely affected if definitive Notes are subsequently required to be issued; that the Notes may be affected by a change to English law (including as a result of a Brexit) or administrative practice; that the market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities; and that the value of an investor's investment may be adversely affected by exchange rate movements where the Notes are not denominated in the investor's own currency.</p>

### Section E – Offer

Element	Disclosure requirement	
<b>E.2b</b>	<b>Reasons for the offer and use of proceeds</b>	The net proceeds of issues of Notes will be used for [general corporate purposes of the Issuer/[ ]].
<b>E.3</b>	<b>Terms and conditions of</b>	[Not Applicable – the Notes are in denominations of at least €100,000 (or its equivalent in any other currency).]

	<b>the offer</b>	<p>[An Investor intending to acquire or acquiring any Notes in a public offer from an Offeror other than the Issuer will do so, and offers and sales of such Notes to an Investor by such Offeror will be made, in accordance with any terms and other arrangements in place between such Offeror and such Investor including as to price, allocations and settlement arrangements.]</p> <p>Offer Price: [Issue Price/Not Applicable/[ ]]</p> <p>Conditions to which the offer is subject: [Not Applicable/[ ]]</p> <p>Description of the application process (including the time period of the offer): [Not Applicable/[ ]]</p> <p>Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: [Not Applicable/[ ]]</p> <p>Details of the minimum and/or maximum amount of the application: [Not Applicable/[ ]]</p> <p>Details of the method and time limits for paying up and delivering the Notes: [Not Applicable/[ ]]</p> <p>Manner in and date on which results of the offer are to be made public: [Not Applicable/[ ]]</p> <p>Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: [Not Applicable/[ ]]</p> <p>Whether tranche(s) have been reserved for certain countries: [Not Applicable/[ ]]</p> <p>Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: [Not Applicable/[ ]]</p> <p>Amount of any expenses and taxes specifically charged to the subscriber or purchaser: [Not Applicable/[ ]]</p> <p>Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place: The Financial Intermediaries identified in or in the manner specified in paragraph 9 above.</p> <p>[Categories of potential investors to which the Notes are offered: [Offers or solicitations may be made by the Dealers and/or [ ] in [ ] during the Offer Period set out above to any person [ ]. No offer or solicitation in respect of the Notes shall be made by the Dealers [and/or the Financial Intermediaries] except pursuant to an exemption from the obligation under the Prospectus Directive as implemented in such countries to publish a prospectus (a) in any other Member State of the European Economic Area or (b) after the Offer Period set out above has ended.]]</p>
<b>E.4</b>	<b>Interest material to the offer</b>	<p>[Not applicable – the Issuer is not aware of any interest(s) material to issues of Notes under the Programme, other than any fees payable to the Dealer(s) acting as underwriter(s) and/or Stabilising Manager(s) of issues of Notes.]</p> <p>[Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and its affiliates in the ordinary course of business.]</p> <p>[ ]</p>
<b>E.7</b>	<b>Estimated expenses charged to the investor</b>	<p>[The estimated expenses charged to investors amount to [ ]/[Not applicable – there are no expenses charged to the investor by the Issuer or the Offeror].</p>

## RISK FACTORS

*The following risk factors are material for the purpose of assessing the market risks associated with Notes issued under the Programme. Risks relating to the Issuer may negatively impact its business and results of operations and consequently its ability to fulfil its obligations under Notes issued under the Programme. All of these factors are contingencies which may or may not occur, and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

*Prospective investors should read the detailed information set out elsewhere in this Base Prospectus prior to making any investment decision.*

### **Risks relating to the Issuer (Not necessarily listed in order of importance or probability of occurrence)**

#### *Creditworthiness of FCE*

The Notes constitute unsubordinated and unsecured obligations of FCE and will rank equally among themselves and with all other unsubordinated and unsecured obligations of FCE. Prospective investors should rely solely on the creditworthiness of FCE.

#### *Credit Rating*

A credit rating reflects an assessment by the rating agency of the credit risk associated with particular securities FCE issues, based on information provided by Ford Motor Company ("**Ford**"), Ford Motor Credit Company LLC ("**FMCC LLC**"), FCE and other sources. Credit ratings are not recommendations to buy, sell or hold securities and are subject to revision or withdrawal at any time by the assigning rating agency. Each rating agency may have different criteria for evaluating company risk and, therefore, ratings should be evaluated independently for each rating agency. Lower credit ratings generally result in higher borrowing costs and reduced access to capital markets.

FCE's credit ratings are closely associated with the credit ratings of Ford and FMCC LLC. The table on page 52 summarises the long-term senior unsecured credit ratings, short-term credit ratings and the outlook assigned to FCE as of the date of this Base Prospectus. FCE's credit ratings may be downgraded at any time.

#### *Support from the Ford Group*

FCE has the benefit of a support agreement from FMCC LLC (see "*Review of Business and Operations — Support Agreement*"). In addition, FCE has the benefit of:

- access to inter-company debt from the Ford group of companies (the "**Ford Group**") from time to time; and
- interest supplements and other support payments from the Ford Group provided for in certain financing transactions.

The elimination, reduction or non-availability of support from FMCC LLC or the Ford Group could negatively impact FCE's business and results of operations.

#### *Liquidity Risks and Capital Resources*

Liquidity risk is the possibility of being unable to meet present and future financial obligations as they become due. To mitigate its liquidity risk and protect funding availability throughout the economic and business cycle, FCE relies on diverse forms of financing, primarily securitisation and unsecured debt. FCE also has, through the Bank of England's Discount Window Facility ("**DWF**"), the ability to borrow highly liquid assets in return for less liquid collateral in a potentially large size and for a variable term, as a means of mitigating a firm-specific or market-wide shock. FCE does not intend to draw on the DWF, however FCE recognises the DWF as a liquidity resource. If the DWF is withdrawn, FCE would seek to replace it with other forms of liquidity. FCE issues debt that on average matures later than assets liquidate. FCE maintains liquidity in the form of cash and highly liquid investments, committed securitisation capacity, and committed credit lines.

Despite FCE's various sources of liquidity, its ability to maintain this liquidity may be affected by the following factors:

- Credit ratings assigned to FCE;
- Prolonged disruption of the debt and/or securitisation markets;
- Market capacity for Ford, FMCC LLC and Ford Credit-sponsored investments;
- General demand for the type of securities FCE offers, including its ability to access central banks and government funding;
- The ability to continue funding through asset-backed financing structures;
- Performance of the underlying assets within existing asset-backed financing structures;

- Regulatory changes;
- Failure of financial institutions to fulfil commitments under various credit facilities;
- Inability to obtain derivatives to manage risk; and
- FCE's ability to maintain credit facilities.

FCE's funding plan is subject to risks and uncertainties, many of which are beyond its control. If credit losses for financed vehicles increase significantly or further reductions occur in the market capacity for the types of asset-backed securities used in FCE's asset-backed funding, there could be an increased risk to its funding plan. Should this occur, FCE accepts the potential requirement to reduce the amount of receivables it originates.

#### *Sales of Ford Group Vehicles*

FCE's business is substantially dependent upon the sale of Ford vehicles in Europe and its ability to offer competitive financing on those vehicles.

Fluctuations in the volume of sales of such vehicles resulting from governmental action or geo-political events, changes in consumer demand, increased competition, changes in the pricing of imported units due to currency fluctuations, or other events, could impact the level of finance operations of the Ford Group, including FCE. The automotive industry is sensitive to factors such as disposable income, interest rates, currency exchange rates, national and international trade, economic growth or decline, environmental and health and safety regulations, vehicle safety and emissions regulation and commodity prices such as oil and steel. Changes to any of these factors may impact the demand for Ford vehicles. Furthermore, the automotive industry is highly competitive and has experienced significant consolidation over the past decade, leading to tighter margins within the industry. Sales of Ford vehicles could decline if Ford is unable to respond to price pressure in the industry.

In addition, constraints on the supply of components or materials to Ford, or work stoppages at Ford, or supplier, facilities could adversely affect the production and sale of Ford vehicles.

#### *Financing Incentives in the Sale of Ford Group Vehicles*

The provision of vehicle finance in Europe is competitive, and FCE must compete effectively with other providers of finance. For many years, Ford has sponsored special rate financing programs available only through FCE. Under these programmes, Ford makes interest supplements or other support payments to FCE. These programmes increase FCE's financing volume and share of financing sales of Ford vehicles. If Ford were to adopt marketing strategies in the future that de-emphasised such programmes in favour of other incentives, FCE's financing volume could be reduced.

#### *Operational Risk*

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems or from external events. FCE is exposed to operational risk that could result from information technology problems, human error and shortcomings in the organisational structure, legal changes and lapses in internal controls, fraud or external threats.

FCE takes a pro-active approach to operational risk management, anticipating risks and minimising exposure through risk identification, assessment, monitoring, control and mitigation. FCE seeks to maintain a strong and open operational risk management culture throughout the organisation, embodied within a sound corporate governance structure and supported by company-wide operational risk management processes, policies, procedures and risk appetite framework.

FCE is indemnified under insurance policies for certain operating risks, such as health and safety. Nevertheless, notwithstanding these control measures and this insurance coverage, FCE remains exposed to operational risk that could negatively impact its business and results of operations.

#### *Pensions Risk*

Pensions risk is defined as the risk to FCE caused by its legal liabilities to, or with respect to, a defined benefit pension scheme (whether established for its employees or those of a related company or otherwise). It also means the risk that FCE will make payments or other contributions to, or with respect to, a pension scheme because of a moral obligation or because the firm considers that it needs to do so for some other reason.

Corporate policy for pensions is that all risk for the pension deficit is borne by Ford, as the major participant in most schemes and the operator of the primary schemes, in the UK and Germany. Consistent with this policy, FCE has legal agreements in place with Ford relating to the UK and two of the three German funds to reflect this intention.

### *Regulatory Risk*

New or increased credit, consumer, data protection, or other regulation could result in higher costs and/or additional financing restrictions. As a regulated banking institution, FCE is required to comply with the supervisory and regulatory rules of the jurisdictions in which it operates, particularly in the areas of funding, liquidity and capital adequacy. Legislation in many of these countries has been enacted or proposed with a view to increasing financial and consumer credit regulations. While the objective of these new measures is to avoid a recurrence of the financial crisis by increasing bank stability and solidity and to provide consumers with increased protection, the impact of the new supervisory and regulatory rules could be to change substantially the environment in which FCE, as a fully regulated bank under English law, operates. If FCE is required to implement any changes as a result of such new rules then its business may be affected. Furthermore, changes in regulation and legislation in a number of areas relevant to FCE's business are currently under consultation or otherwise actively subject to review. FCE therefore faces some uncertainty as to the impact of such potential changes on its operations. Furthermore, the UK held a referendum on 23 June 2016 in which the majority voted for the UK to leave the European Union (the "**Brexit Vote**"). If the negotiations which are expected to commence between the UK and the remaining EU Member States (the "**EU27**") lead to the UK ceasing to be a member of the European Union ("**Brexit**"), the status of EU legislation in the UK, whether that which has direct effect or that which has been implemented in the UK via the enactment of UK legislation, will depend on UK government decisions that are extremely difficult to anticipate. See "*Risks related to the market generally – The Eurozone and Brexit*". As at the date of this Base Prospectus, there can be no assurance as to what the regulatory consequences of a Brexit will be or what impact these may have on FCE's operations in the UK and in the remaining European Union.

Such new financial measures that have been or may be adopted include more stringent capital requirements and the creation of new and strengthened regulatory bodies. In particular, on 1 January 2014, two new EU measures came into force. These were the Capital Requirements Regulation ("**CRR**") and a new Capital Requirements Directive ("**CRD IV**"). Their purpose is to transpose Basel III standards (being the standards promulgated by the Basel Committee on Banking Supervision ("**BCBS**") in the papers entitled "*A global regulatory framework for more resilient banks and banking systems*" dated June 2011 as amended from time to time and "*International framework for liquidity risk measurement, standards and monitoring*" dated January 2013 as amended from time to time) into EU (and national) law and in doing so they replace the existing Capital Requirements Directives (2006/48 and 2006/49). CRR establishes directly applicable prudential requirements to be respected by institutions while CRD IV imposes some additional requirements that Member States (including as at the date of this Base Prospectus the UK) will incorporate into national law. There will be a transition period before the requirements of CRR and CRD IV apply in full. Certain of these requirements are currently under discussion, meaning that the full scope of the requirements remains unclear. Full implementation of CRR and CRD IV is expected to take place as of 1 January 2019. FCE continues to proactively monitor for any further developments in the CRR and the CRD IV regime but there can be no assurance as to the effect on FCE or its operations of any future changes in either the CRR or the CRD IV regime and/or potential implementation thereof in the UK.

On 11 December 2015, the Bank of England published a consultation paper to implement a minimum requirement for own funds and eligible liabilities ("**MREL**"), which will apply to UK banks and certain other institutions. Under the European Bank Recovery and Resolution Directive (2014/59/EU) (the "**BRRD**"), the Bank of England has the power to set and regulate MREL requirements. MREL is a minimum requirement for institutions to maintain sufficient own funds and eligible liabilities that can bear losses before and during resolution. MREL was implemented from 1 January 2016 using a phased approach, and the new framework will apply from 1 January 2020. The effect of the implementation of MREL is difficult to assess, particularly in the light of the Brexit Vote, although it could potentially impact FCE's cost of funding and financial position if the UK government opts to keep the framework. See "*Risks related to the market generally – The Eurozone and Brexit*".

European Regulation 648/2012 of 4 July 2012, known as the European Market Infrastructure Regulation ("**EMIR**") became effective on 16 August 2012. EMIR requires certain over-the-counter ("**OTC**") derivative contracts to be submitted to central clearing and imposes, among other things, margin posting and other risk mitigation techniques, reporting and record keeping requirements. Trade reporting and other risk mitigation techniques such as portfolio reconciliation and timely confirmation under EMIR are now effective. Central clearing of OTC derivatives for category II entities came into force on 21 May 2016 and FCE has started clearing OTC derivatives since bilateral margin posting requirements for non-centrally cleared OTC derivatives may come into force in March 2017. Should FCE at any point be required to implement any significant changes to the way it uses derivatives as a result of the implementation of EMIR, then its operations could be affected. See "*Risks related to the market generally – The Eurozone and Brexit*".

Following a review of banking standards conducted by the Parliamentary Commission, the Prudential Regulation Authority ("**PRA**") and the Financial Conduct Authority ("**FCA**") are introducing the new Senior Managers Regime ("**SMR**") aimed at increasing individual accountability within the banking sector. The SMR was implemented on 7 March 2016 and affects senior management within FCE. The SMR is accompanied by a new certification regime for more junior members of staff as well as mandatory adherence to a new set of conduct rules for all staff. The application of the SMR could negatively affect FCE's ability to attract and retain talent at a senior level.

The revised Deposit Guarantee Schemes Directive ("**DGSD**") seeks to offer depositor protection to more types of customers. The DGSD mandates stricter reporting requirements and quicker payment timescales from participating compensation schemes. The DGSD was expected to be fully implemented in the UK by December 2016, although it is difficult to assess the full impact of these suggested reforms or whether they will continue in their current form in the event of a Brexit. See "*Risks related to the market generally – The Eurozone and Brexit*".

The BCBS has proposed some revisions to the standardized approach to credit risk. The consultation covers a number of proposals that could require firms to hold additional levels of capital. The BCBS published a second consultation document on 10 December 2015, which sets out further proposals for risk weighting. The final revised standardized approach is expected to be published by the end of 2016, and the final implementation dates are to be confirmed. As such, there can be no assurance that the implementation of these amendments will not have an adverse effect on FCE's financial position and operations.

The European Commission proposal for a Regulation that establishes common rules for securitisation and creating a European framework for "simple, transparent and standardised" securitisation may result in increased costs for market participants in adapting to the new regulatory framework.

In November 2015, the Governing Council of the European Central Bank adopted a draft version of the AnaCredit Regulation and the final regulation was published in May 2016. This credit risk reporting regulation aims to establish a central credit register for all European Union member states by the end of 2017, which is based on a variety of granular credit data and significantly low reporting thresholds. Credit institutions and other credit-granting financial institutions are to implement the reporting requirements relating to reporting for customer master data by the end of 2017 and for credit risk data in the final quarter of 2018. There may be costs associated with implementing this regulation and conducting the additional reporting.

#### *Counterparty Credit Risk*

Counterparty risk is the risk that FCE could incur a loss if the counterparty to an investment, interest rate or foreign currency derivatives with FCE defaults. Counterparty exposure limits are established in order to minimise risk and provide counterparty diversification. Exposures to counterparties, including the mark-to-market on derivatives, are monitored on a regular basis.

Nonetheless, the failure of one of these counterparties to perform its contractual obligations could negatively impact FCE's results of operations.

#### *Vehicle Residual Value Risk*

Vehicle residual value risk is the possibility that the actual proceeds realised by FCE upon the sale of a returned vehicle at contract termination will be lower than that forecast at contract initiation. Vehicle residual values are set at values equal to or lower than the forecast resale values. Vehicle residual values are established by reference to various sources of independent and proprietary knowledge. FCE ensures that prudent residual reserves exist for every finance product where FCE takes residual risk. Estimated reserves for residual values use sound assumptions based on re-evaluating the outstanding portfolio on a quarterly basis against current forecast and including both current and historical vehicle disposal performance and forecast vehicle return rate. Although these assumptions and the related reserve are adjusted as market conditions change, lower than expected resale values, especially when coupled with a higher than expected return rate, could exceed the reserves set aside by FCE.

#### *Credit Risk*

Credit risk is the possibility of loss from a customer's or dealer's failure to make payments according to contract terms. Although credit risk has a significant impact on FCE's business, it is mitigated by the majority of FCE retail, leasing and wholesale financing having the benefit of a title retention plan or similar security in the financed vehicle. In the case of customer default, the value of the re-possessed collateral provides a source of protection. FCE actively manages credit risk on retail and commercial portfolios to balance the levels of risk and return.

#### *Interest Rate and Exchange Rate Risk*

Interest rate risk is the risk that arises when movements in the financial markets cause the interest payable by FCE on its different sources of finance to increase relative to the interest received by FCE by means of income from receivables and other assets.

Exchange rate risk is the risk that arises when movements in the currency markets lead to a reduction in the value of the currency in which FCE receives income from receivables and other assets and/or an increase in the value of the currency in which FCE makes payment on its different sources of finance.

FCE monitors and manages its interest rate and currency exposures as an integral part of its overall risk management programme. FCE uses derivatives to manage interest rate and exchange rate risks and, as a matter of policy, does not use derivatives for speculative purposes. To manage interest rate risk, FCE uses interest rate swaps to match the re-pricing characteristics of its receivables to its debt. To manage exchange rate risk, FCE endeavours to fund receivables with debt in the same currency, to minimise exposure to exchange rate movements. When a different currency is used, foreign currency derivatives are executed to convert substantially all of the foreign currency debt obligations to the local country currency of the receivables.

FCE's ability to obtain derivatives to manage market risk could be impacted generally by the same factors that impact its ability to manage liquidity risks.

## **Risks Relating To the Notes**

### *Tax Consequences*

Potential investors should consider the tax consequences of investing in the Notes and consult their own tax advisers in light of their personal situations.

#### *U.S. Foreign Account Tax Compliance Withholding*

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes.

A number of jurisdictions, including the United Kingdom, have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of the IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes.

Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to 1 January 2019.

Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes.

#### *The Proposed Financial Transactions Tax ("**FTT**")*

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

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

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

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

#### *Zero Coupon Notes*



The prices at which Zero Coupon Notes, as well as other Notes issued at a substantial discount from their principal amount payable at maturity, trade in the secondary market tend to fluctuate more in relation to general changes in interest rates than do the prices for conventional interest-bearing securities of comparable maturities.

*Notes issued at a substantial discount or premium*

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

*Optional Redemption*

Any optional redemption feature where FCE is given the right to redeem the Notes early might negatively affect the market value of such Notes. 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, including where there is a perceived increase in the likelihood of redemption of the Notes. Furthermore, since FCE may be expected to redeem the Notes when prevailing interest rates are relatively low, an investor might not be able to reinvest the redemption proceeds at an effective interest rate as high as the return that would have been received on such Notes had they not been redeemed.

*Credit ratings may not reflect all risks*

One or more independent credit rating agencies may assign credit ratings to an issue of Notes. The ratings may not reflect the potential impact of all risks related to the 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. Any downgrade, suspension or withdrawal of a rating could have a material adverse impact on the value of the Notes.

*Notes where denominations involve integral multiples*

In relation to any issue of Notes which have a denomination consisting of the minimum Specified Denomination of €100,000 plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of €100,000 (or its equivalent) that are not integral multiples of €100,000 (or its equivalent). In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination will not receive a Definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations. In relation to any issue of Notes which are expressed to be Temporary Global Notes exchangeable for Definitive Notes, such notes may only be issued in denominations equal to, or greater than €100,000 (or equivalent) and integral multiples thereof.

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

*Liquidity Risks*

The Notes may not have an established trading market when issued. There can be no assurance of a secondary market for the Notes or the continued liquidity of such market if one develops.

The development or continued liquidity of any secondary market for the Notes will be affected by a number of factors such as the creditworthiness of FCE, liquidity available to Brokers or Dealers and the value of any applicable reference rate, as well as other factors such as the complexity and volatility of the reference rate, the method of calculating the return to be paid in respect of such Notes, the time remaining to the maturity of the Notes, the outstanding amount of the Notes, any redemption features of the Notes and the level, direction and volatility of interest rates generally. Such factors also will affect the market value of the Notes. In addition, certain Notes may be designed for specific investment objectives or strategies and therefore may have a more limited secondary market and experience more price volatility than conventional debt securities.

Investors may not be able to sell Notes readily or at prices that will enable investors to realise their anticipated yield. No investor should purchase Notes unless the investor understands and is able to bear the risk that certain Notes will not be readily sellable, that the value of Notes will fluctuate over time and that such fluctuations will be significant.

The Banking Act 2009 (the "**2009 Act**") came into effect on 21 February 2009. It confers on HM Treasury (the "**Treasury**") and the Bank of England, in consultation with the PRA and the FCA, powers to act, pursuant to a special resolution regime, to address situations where all or part of the business of a United Kingdom institution with permission, under the Financial Services and Markets Act 2000 ("**FSMA**"), to accept deposits (a "**UK Deposit-Taker**") such as FCE, has encountered, or is likely to encounter, financial difficulties.

The Treasury and the Bank of England have been given certain wide powers to support the implementation of the stabilisation measures contemplated by the 2009 Act. The Treasury may, in certain circumstances, take a UK Deposit-Taker into temporary public ownership by means of a share transfer order. The Bank of England may also transfer all or part of a UK Deposit-Taker's business to a private sector purchaser or a "bridge bank" wholly owned by the Bank of England. A transfer to a private sector purchaser may be a transfer of securities issued by a UK Deposit-Taker or a transfer of all or part of its property, rights and liabilities. A transfer to a bridge bank may be achieved only by a property transfer. A share transfer may comprise all or some of the securities issued by a UK Deposit-Taker. A share transfer order can extend to a wide range of "securities", including shares and bonds issued by a UK Deposit-Taker or its holding company and warrants for such shares and bonds.

Before the Bank of England or the Treasury are able to exercise these powers, the FCA must be satisfied that the UK Deposit-Taker is failing, or is likely to fail, to meet certain regulatory conditions. The purpose of the powers is to maintain confidence in the banking and financial systems of the United Kingdom and they can only be exercised in circumstances that are consistent with the achievement of this objective.

The powers under the 2009 Act are wide ranging and may entail divesting the authorised UK Deposit-Taker of its assets or transferring ownership of any securities issued by it. Accordingly the enforceability of the rights and obligations of FCE could be affected if the Bank of England or the Treasury exercised such powers in relation to FCE.

A share or property transfer made under the 2009 Act takes effect despite any restriction arising by virtue of contract, legislation or otherwise, and free from any trust, liability or encumbrance (which may be extinguished). A transfer of property, rights or liabilities may occur regardless of whether any of the property, rights and liabilities are foreign property which may not be effectively transferred by the property transfer instrument. The transfer can also be disregarded in determining whether a default event provision in a contract has been triggered.

Where property is held on trust, a property transfer instrument may provide for the terms on which the property is to be held after the instrument takes effect (including the removal or variation of the terms of the trust), and also provide for how powers and liabilities in respect of the property will be exercisable or have effect after the transfer.

The Bank of England may also cancel or vary a contract or other arrangement between the transferor and a group company (or a company which, immediately before the transfer, was a group company), or to confer rights and impose obligations on such a company and the transferor or transferee, where the Bank of England considers this step to be necessary to ensure the provision of services and facilities required to enable the transferee to operate the transferred business effectively.

There is also power for the Treasury to amend the law (save for a provision made by or under the 2009 Act) by order for the purpose of enabling the special resolution regime powers to be used effectively, potentially with retrospective effect.

Safeguards restrict the making of partial property transfers in relation to protected arrangements, such as capital market arrangements, security interests, set-off and netting arrangements. There is a restriction preventing the transfer of some, but not all, of the property, rights and liabilities of a UK Deposit-Taker which are or form part of a capital market arrangement to which it is a party. An arrangement is a "capital market arrangement" if it includes at least one of several specified characteristics, including a grant of security to a trustee for a holder of a capital market investment issued by a party to the arrangement. A "capital market investment" is defined, subject to limited exceptions, to mean a debenture, debenture stock, loan stock, bond, certificate of deposit or other instrument creating or acknowledging indebtedness which is rated for the purposes of investment by an internationally recognised rating agency or designed to be so rated. This safeguard does not apply where the only property, rights and liabilities transferred relate to deposits. There is also a restriction preventing the transfer of property or rights against which a liability is secured from being transferred unless that liability and the benefit of the security for the liability are also transferred. If a share transfer instrument or order or a property transfer instrument(s) is made, the 2009 Act contains provisions for the Treasury to make related compensation arrangements.

There can be no assurance that Holders will not be adversely affected by any action taken under the 2009 Act or that they will be adequately compensated (or at all) for any resulting loss or expense.

### *Banking Reform Act*

The 2009 Act, (as amended by the Financial Services (Banking Reform) Act 2013 (the "**Banking Reform Act**") and the Bank Recovery and Resolution Order 2014 ("**BRRO 2014**"), includes a bail-in option (the "**UK bail-in option**") as well as the other

resolution powers given to the UK resolution authority. The UK bail-in option has been introduced in response to the BRRD which came into effect on 2 July 2014. The BRRD is a minimum harmonisation directive and the 2009 Act may be further amended and/or other legislation may be introduced in the United Kingdom to amend the resolution regime that would apply in the event of a bank failure or to provide regulators with other resolution powers. It is not possible to assess the impact of any future developments in the UK resolution regime on the Issuer and on holders of the Notes.

One of the aims of the BRRD, and consequently the 2009 Act is to reduce the extent to which distressed financial institutions have to be bailed out by public funds, by ensuring financial institutions have liabilities which can be bailed-in. Financial public support for a distressed financial institution should only be used as a last resort after having assessed and exploited, to the maximum extent practicable, the resolution tools available under the 2009 Act, including the UK bail-in option.

The UK bail-in option afforded to the UK resolution authority under the 2009 Act is designed mainly to enable it to recapitalise a failed institution by allocating losses to its shareholders and certain creditors in the order of priority that would apply to their claims on a liquidation. The overarching principle is that no creditor should be worse off than would have been the case had the bailed in institution entered a formal insolvency process.

Under the UK bail-in option, the UK resolution authority has power to cancel, transfer or dilute shares issued by a person that is a bank or investment firm or affiliate of a bank or investment firm; to cancel, reduce, modify or change the form of a liability of such a person or any contract or instrument under which that liability arises; to convert all or part of that liability into shares, securities or obligations of that person or any other person; to provide that any such contract or instrument is to have effect as if a right had been exercised under it; or to suspend any obligation in respect of that liability.

Where a liability is capable of being bailed-in (a "**BRRD Liability**"), the exercise of the UK bail-in option may include and result in any of the following, or some combination thereof (which are separate to the other resolution powers given to the UK resolution authority):

- i. the reduction of all, or a portion, of the BRRD Liability or outstanding amounts due thereon;
- ii. the conversion of all, or a portion, of the BRRD Liability into shares, other securities or other obligations of the affected institution or another person (and the issue to or conferral on the relevant creditor of such shares, securities or obligations);
- iii. the cancellation of the BRRD Liability;
- iv. the amendment or alteration of any interest, if applicable, thereon, the maturity or the dates on which any payments are due, including by suspending payment for a temporary period;
- v. the variation of the terms of any agreement relating to the BRRD Liability, as deemed necessary by the UK resolution authority, to give effect to the exercise of the bail-in powers by the UK resolution authority.

The bail-in provisions of the 2009 Act (as amended by the Banking Reform Act and the BRRO 2014) came into force on 1 January 2015.

The value of Notes may be materially adversely affected where there is an actual or perceived risk of any action being taken against the Issuer under the Banking Reform Act or the BRRD as implemented in the UK. As a result, investors could lose or all or part of their investment. Furthermore, there can be no assurance that Holders will not be adversely affected by any action taken under the Banking Reform Act or the BRRD as implemented in the UK, or that they will be adequately compensated (or at all) for any resulting loss or expense.

For more information on changes in law or the future potential applicability of EU directives and regulations in the UK, see "*Risks related to the Notes generally - Change of law*" and "*Risks related to the market generally - The Eurozone and Brexit.*"

#### *Exchange Rate Risks and Exchange Controls*

The principal of, or any return on, Notes may be payable in, or determined by reference to, one or more specified currencies (including exchange rates and swap indices between currencies or currency units). For investors whose financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the specified currency in which the related Notes are denominated, or where principal or return in respect of Notes is payable by reference to the value of one or more specified currencies other than by reference solely to the Investor's Currency, an investment in such Notes entails significant risks that are not associated with a similar investment in a debt security denominated and payable in such Investor's Currency. Such risks include, without limitation, the possibility of significant fluctuations in the rate of exchange between the applicable specified currency and the Investor's Currency and the possibility of the imposition or modification of exchange

controls by authorities with jurisdiction over such specified currency or the Investor's Currency. Such risks generally depend on a number of factors, including financial, economic and political events over which FCE has no control.

Appreciation in the value of the Investor's Currency relative to the value of the applicable specified currency would result in a decrease in the Investor's Currency-equivalent yield on a Note denominated, or the principal of or return on which is payable, in such specified currency, in the Investor's Currency-equivalent value of the principal of such Note payable at maturity (if any) and generally in the Investor's Currency-equivalent market value of such Note. In addition, depending on the specific terms of a Note denominated in, or the payment of which is determined by reference to the value of, one or more specified currencies (other than solely the Investor's Currency), indices (including exchange rates and swap indices between currencies or currency units) or formulas, fluctuations in exchange rates relating to any of the currencies or currency units involved could result in a decrease in the effective yield on such Note and, in certain circumstances, could result in a loss of all or a substantial portion of the principal of such Note to the investor.

Government and monetary authorities 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 the specified currency in which a Note is payable at the time of payment of the principal or return in respect of such Note.

#### *The Eurozone and Brexit*

Concerns persist regarding the sustainability of the European currency area (the "**Eurozone**") and of the larger European Union, which as at the date of this Base Prospectus still includes the UK.

The UK held a referendum on 23 June 2016 in which a majority voted for the UK to exit the European Union. Negotiations are expected to commence to determine the future terms of the UK's relationship with the European Union, including the terms of trade between the UK and the EU27. The Brexit Vote has led to an unsettling of European and global markets as well as a depreciation of Sterling against other major currencies, including the U.S. Dollar and the euro. In the medium to longer-term, the effects of the Brexit Vote will depend on any agreements the UK makes with the EU27 to retain access to European Union markets either during a transitional period or more permanently.

In particular, FCE is a bank authorised by the PRA and regulated by the FCA and the PRA to carry on a range of regulated activities within the UK and through a branch network in ten other European countries. FCE currently enjoys this unrestricted access to the European single market (the "**Single Market**") through a passporting system, which allows it to establish or provide its services in the EU27 without further authorisation requirements. The Brexit Vote has introduced uncertainty over the future ability of UK-based financial services operators, including FCE, to continue to access the Single Market via this passporting system. If passporting arrangements cease to be effective, to continue to do business in the EU27, FCE could be required to re-consider its structure and enter into as yet unspecified arrangements or authorisations, which may be time-consuming and costly.

Furthermore, the uncertainty created by the Brexit Vote has, and may continue to, affect economic or market conditions in the UK, the EU27 and worldwide, and could contribute to volatility in the value of the euro as well as Sterling. Brexit could lead to potentially divergent national laws and regulations as the UK determines which European Union laws and regulations to replace, which to retain and, in the case of the latter, what amendments to make to such laws. Any of these effects of a Brexit could adversely affect FCE's business, results of operations, financial condition and cash flows, and could negatively impact the value of the Notes.

In addition, the Brexit Vote has raised concerns regarding the overall stability of the European Union, given the diverse economic and political circumstances of individual Member States. If a country within the euro area were to default on its debt or withdraw from the euro currency, the impact on markets could be significant. Such a scenario, or the perception that such developments are imminent, could adversely affect the value of FCE's euro- and Sterling-denominated assets and obligations. In addition, such developments could cause financial and capital markets within and outside Europe to constrict, thereby negatively impacting FCE's ability to finance its business, and also could cause a dip in consumer confidence and spending that could negatively impact sales of vehicles. Any one of these impacts could have an adverse effect on FCE's and/or Ford's financial condition and results of operations.

#### *Risks related to Notes generally*

##### *Modification, Waivers and Substitution*

The conditions of the Notes contain provisions for calling meetings of Holders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Holders, including Holders that did not attend and vote at the relevant meeting and Holders that voted in a manner contrary to the majority.

*Change of Law*

The conditions of the Notes are based on English law in effect as at the date of this Base Prospectus and on the UK's current membership of the European Union. A significant proportion of English law currently derives from or is designed to operate in concert with European Union law. This is especially true of English law relating to financial markets (including derivatives markets), financial services, prudential and conduct regulation of financial institutions, bank recovery and resolution, payment services and systems, settlement finality, market infrastructure. Depending on the timing and terms of any Brexit, there could be significant changes to English law in areas relevant to FCE, the Programme and the Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice, whether as a result of a Brexit or otherwise, after the date of this Base Prospectus.

*The interests of the Calculation Agent may differ from the interests of Holders*

Potential conflicts of interest may exist between the Calculation Agent (if any) and Holders (including where a Dealer acts as a calculation agent), including with respect to certain determinations and judgments that such Calculation Agent may make pursuant to the Conditions that may influence amounts receivable by Holders during the term of the relevant Notes and upon their redemption.

## IMPORTANT INFORMATION

References in this Base Prospectus to Notes being listed in Luxembourg (and all related references) shall mean that such Notes have been admitted to trading on the Luxembourg Stock Exchange's regulated market and have been listed on the official list of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of Directive 2004/39/EC (the "**Markets in Financial Instruments Directive**").

Each Tranche of Notes having an original maturity of more than one year will initially be represented by a temporary Global Note without Coupons (as defined in "*Conditions of the Notes*") and each Tranche of Notes having an original maturity of one year or less will initially be represented by a permanent Global Note. If the Global Notes are stated in the applicable Final Terms to be issued in new global note ("**New Global Note**" or "**NGN**") form, the Global Notes will be delivered on or prior to the original issue date of the relevant Tranche to a common safekeeper (the "**Common Safekeeper**") for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**").

Global Notes which are not issued in NGN form ("**Classic Global Notes**" or "**CGNs**") will be deposited on the issue date of the relevant Tranche with a common depository on behalf of Euroclear and Clearstream, Luxembourg and/or any other relevant clearing system or otherwise delivered as agreed between the Issuer and the relevant Dealer. Interests in temporary Global Notes will be exchangeable for interests in permanent Global Notes or, if so stated in the relevant Final Terms, for Notes in definitive form ("**Definitive Notes**"), in each case after the date falling 40 days after the issue date upon certification as to non-U.S. beneficial ownership and interests in permanent Global Notes will be exchangeable for Definitive Notes, in each case, as described under "*Overview of Provisions Relating to the Notes while in Global Form*". The issue price and the amount of the relevant Notes will be determined by the Issuer and the relevant Dealer at the time of the offering of each Tranche based on then prevailing market conditions, including considerations such as market demand and interest rates of similar securities, and shall be set out in the relevant Final Terms.

The credit ratings included or referred to in this Prospectus will be treated for the purposes of Regulation (EC) No 1060/2009 on credit rating agencies ("**CRAs**"), as amended by Regulation (EU) No 513/2011 (the "**CRA Regulation**") as having been issued by Standard & Poor's Credit Market Services Europe Limited ("**S&P**"), Moody's Investors Services, Inc. ("**Moody's**") and Fitch, Inc. ("**Fitch**"), upon registration pursuant to the CRA Regulation. A list of registered CRAs is published at the European Securities and Markets Authority's ("**ESMA**") website: <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>. S&P is established in the European Union and is registered under the CRA Regulation. Moody's and Fitch are not established in the European Union and have not applied for registration under the CRA Regulation. However, Moody's Investors Service Limited and Fitch Ratings Limited are established in the European Union and are registered under the CRA Regulation. ESMA has confirmed that Moody's Investors Service Limited and Fitch Ratings Limited may endorse the credit ratings of Moody's Investors Services, Inc. and Fitch, Inc. respectively.

Notes issued under the Programme may or may not be rated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the rating assigned to Notes already issued. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration has not been refused.

Moody's credit ratings are on a long-term debt rating scale that ranges from Aaa to C, which represents the range from highest to lowest quality of such securities rated. According to the Moody's rating system, debt securities rated "Baa" are subject to moderate credit risk. They are considered medium-grade and may possess some speculative characteristics. Moody's applies numerical modifiers 1, 2 and 3 in each generic rating classification from Aa through Caa in its corporate bond rating system. The modifier 1 indicates that the issue ranks in the higher end of its generic rating category, the modifier 2 indicates a mid-range ranking and the modifier 3 indicates that the issue ranks in the lower end of its generic rating category.

S&P's credit ratings are on a long-term debt rating scale that ranges from AAA to D, which represents the range from highest to lowest quality of such securities rated. According to the S&P rating system, an obligation rated "BBB" indicates an adequate capacity to meet financial commitments, but more subject to adverse economic conditions than obligations in higher rated categories. The ratings from AA to CCC may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

Fitch's credit ratings are on a long-term debt rating scale that ranges from AAA to D, which represents the range from highest to lowest quality of such securities rated. The "BBB" rating category is the fourth highest used by Fitch, denotes "good credit quality" and is one of the 11 rating categories used by Fitch for long-term debt obligations. In addition, modifiers (+) or minus (-) may be appended to a rating to denote relative status within major rating categories. "BBB" ratings indicate that there are currently expectations of low credit risk. The capacity for payment of financial commitments is considered adequate, but adverse business or economic conditions are more likely to impair this capacity.

Credit ratings are intended to provide investors with an independent assessment of the credit quality of an issue or issuer of securities and do not speak to the suitability of particular securities for any particular investor. The credit ratings assigned to the Notes may not reflect the potential impact of all risks on the value of the Notes. A credit rating is therefore not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the relevant rating agencies. Prospective investors should consult the relevant rating agency with respect to the interpretation and implications of the ratings.

Prospective investors should have regard to the factors described under the section headed "*Risk Factors*" in this 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 or any of the Dealers (as defined in "*Plan of Distribution*" below). 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 or of the Ford Group (as defined herein) 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 situation of the Issuer or the Ford Group 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 offer or sale of Notes may be restricted by law in certain jurisdictions. Neither the Issuer nor any of the Dealers represents that this document may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, unless specifically indicated to the contrary in the applicable Final Terms, no action has been taken by the Issuer or any Dealer which would permit a public offering of the Notes or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations and the Dealers have represented that all offers and sales by them will be made on the same terms. Persons into whose possession this Base Prospectus or any Notes come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United Kingdom, the United States, Japan, France, Italy and Switzerland (see "*Selling and Transfer Restrictions*" below).**

**THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS AND INCLUDE NOTES THAT ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. SUBJECT TO CERTAIN EXCEPTIONS, NOTES MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN EACH OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED, AND REGULATIONS THEREUNDER AND REGULATIONS UNDER THE SECURITIES ACT). FOR A DESCRIPTION OF CERTAIN RESTRICTIONS ON OFFERS AND SALES OF NOTES AND ON DISTRIBUTION OF THIS BASE PROSPECTUS, SEE "*SELLING AND TRANSFER RESTRICTIONS*".**

#### **NOTES MAY NOT BE A SUITABLE INVESTMENT FOR ALL INVESTORS**

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should: have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement; have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio; have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency; understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio. For further details, see the section headed "*Risk Factors*" in this Base Prospectus.

### **REGULATORY RESTRICTIONS**

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

Subject to compliance with all relevant laws, regulations and directives, Notes issued under the Programme may have any maturity from one month to 30 years. Any Notes having a maturity of less than one year from their date of issue must (a) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses or (b) be issued in other circumstances which do not constitute a contravention of Section 19 of the FSMA by the Issuer.



## IMPORTANT INFORMATION RELATING TO PUBLIC OFFERS OF NOTES

### Restrictions on Public Offers of Notes in Relevant Member States

Certain Tranches of Notes with a denomination of less than €100,000 (or its equivalent in any other currency) may be offered in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus. Any such offer is referred to as a "**Non-exempt Offer**". This Base Prospectus has been prepared on a basis that permits Non-exempt Offers of Notes. However, any person making or intending to make a Non-exempt Offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") may only do so if this Base Prospectus 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 published in accordance with the Prospectus Directive, provided that the Issuer has consented to the use of this Base Prospectus in connection with such offer as provided under "*Consent given in accordance with Article 3.2 of the Prospectus Directive (Retail Cascades)*" below and the terms of that consent are complied with by the person (the "**Offeror**") making the Non-exempt Offer of such Notes.

Save as provided above, neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any Non-exempt Offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

### Consent given in accordance with Article 3.2 of the Prospectus Directive (Retail Cascades)

Any person (an "**Investor**") intending to acquire or acquiring any Notes from any Offeror other than the Issuer or a relevant Dealer should be aware that, in the context of a Non-exempt Offer of such Notes, the Issuer will be responsible to the Investor for this Base Prospectus under Article 6 of the Prospectus Directive only if the Issuer has consented to the use of this Base Prospectus by that Offeror to make the Non-exempt Offer to the Investor. Neither the Issuer nor any Dealer makes any representation as to the compliance by that Offeror with any applicable conduct of business rules or other applicable regulatory or securities law requirements in relation to any Non-exempt Offer and neither the Issuer nor any Dealer has any responsibility or liability for the actions of that Offeror. **Save as provided below, neither the Issuer nor any Dealer has authorised the making of any Non-exempt Offer by any Offeror or consented to the use of this Base Prospectus by any other person in connection with any Non-exempt Offer of Notes. Any Non-exempt Offer made without the consent of the Issuer is unauthorised and neither the Issuer nor any Dealer accepts any responsibility or liability for the actions of the persons making any such unauthorised offer.** If the Issuer has not consented to the use of this Base Prospectus by an Offeror, the Investor should check with the Offeror whether anyone is responsible for this Base Prospectus for the purposes of Article 6 of the Prospectus Directive in the context of the Non-exempt Offer and, if so, who that person is. If the Investor is in any doubt about whether it can rely on this Base Prospectus and/or who is responsible for its contents it should take legal advice.

In connection with each Tranche of Notes, and provided that the applicable Final Terms specifies an Offer Period, the Issuer consents to the use of this Base Prospectus in connection with a Non-exempt Offer of such Notes subject to the following conditions:

- (i) the consent is only valid during the Offer Period so specified in the applicable Final Terms;
- (ii) the only Offerors authorised to use this Base Prospectus to make the Non-exempt Offer of the relevant Tranche of Notes are the relevant Dealer and either:
  - (a) (1) if the applicable Final Terms names financial intermediaries authorised to offer the Notes, the financial intermediaries so named and/or (2) if the Issuer appoints additional financial intermediaries after the date of the applicable Final Terms and publishes details of them on its website (<http://www.fcebank.com/>), each financial intermediary whose details are so published; or
  - (b) if specified in the applicable Final Terms, any financial intermediary which is authorised to make such offers under the Markets in Financial Instruments Directive and which has been duly appointed directly or indirectly by the Issuer to make such offers, provided that such financial intermediary states on its website: (1) that it is relying on this Base Prospectus to offer the relevant Tranche of Notes during the Offer Period (provided such financial intermediary has in fact been so appointed); (2) that it is relying on this Base Prospectus for such Non-Exempt Offer with the consent of the Issuer; and (3) the conditions attached to that consent;
- (iii) the consent only extends to the use of this Base Prospectus to make Non-exempt Offers of the relevant Tranche of Notes in Luxembourg (the "**Public Offer Jurisdiction**"); and
- (iv) the consent is subject to any other clear and objective conditions set out in Part B of the applicable Final Terms.

Any Offeror falling within sub-paragraph (ii)(b) above who meets all of the other conditions stated above and wishes to use this Base Prospectus in connection with a Non-exempt Offer is required, for the duration of the relevant Offer Period, to publish on its website (i) that it has been duly appointed as a financial intermediary to offer the relevant Tranche of Notes during the Offer Period (provided such financial intermediary has in fact been so appointed), (ii) that it is relying on this Base Prospectus for such Non-exempt Offer with the consent of the Issuer and (iii) the conditions attached to that consent.

**IN THE EVENT OF AN OFFER BEING MADE BY A FINANCIAL INTERMEDIARY, THE FINANCIAL INTERMEDIARY WILL PROVIDE INFORMATION TO INVESTORS ON THE TERMS AND CONDITIONS OF THE OFFER AT THE TIME THE OFFER IS MADE.**

The Issuer accepts responsibility, in the jurisdictions to which the consent to use this Base Prospectus extends, for the content of this Base Prospectus in relation to any Investor who acquires any Notes in a Non-exempt Offer made, including as part of a subsequent re-sale or final placement of such Notes, by any person to whom consent has been given to use this Base Prospectus in that connection in accordance with the preceding paragraph, provided that such Non-exempt Offer has been made in accordance with all the conditions attached to that consent.

The consent referred to above relates to Offer Periods occurring within 12 months from the date of this Base Prospectus.

**AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY NOTES IN A NON-EXEMPT OFFER FROM AN OFFEROR OTHER THAN THE ISSUER WILL DO SO, AND OFFERS AND SALES OF SUCH NOTES TO AN INVESTOR BY SUCH OFFEROR WILL BE MADE, IN ACCORDANCE WITH ANY TERMS AND OTHER ARRANGEMENTS IN PLACE BETWEEN SUCH OFFEROR AND SUCH INVESTOR INCLUDING AS TO PRICE, ALLOCATIONS AND SETTLEMENT ARRANGEMENTS. THE ISSUER WILL NOT BE A PARTY TO ANY SUCH ARRANGEMENTS WITH SUCH INVESTORS IN CONNECTION WITH THE NON-EXEMPT OFFER OR SALE OF THE NOTES CONCERNED AND, ACCORDINGLY, THIS BASE PROSPECTUS AND ANY FINAL TERMS WILL NOT CONTAIN SUCH INFORMATION. THE INVESTOR MUST LOOK TO THE OFFEROR AT THE TIME OF SUCH OFFER FOR THE PROVISION OF SUCH INFORMATION AND THE OFFEROR WILL BE RESPONSIBLE FOR SUCH INFORMATION. NEITHER THE ISSUER NOR ANY DEALER HAS ANY RESPONSIBILITY OR LIABILITY TO AN INVESTOR IN RESPECT OF SUCH INFORMATION.**

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

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

To the fullest extent permitted by law, none of the Dealers or the Arranger nor any of their directors, affiliates, advisers or agents accept any responsibility for the contents of this Base Prospectus or for any other statement, made or purported to be made by the Arranger or a Dealer or any of their directors, affiliates, advisers or agents, or on their behalf in connection with the Issuer or the issue and offering of the Notes. The Arranger and each Dealer and each of their directors, affiliates, advisers or agents accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Base Prospectus or any such statement. Neither this Base Prospectus nor any related financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer or the Dealers or any of their directors, affiliates, advisers or agents that any recipient of this Base Prospectus or any related financial statements 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. None of the Dealers or any of their directors, affiliates, advisers or agents undertakes to review the financial condition or affairs of the Issuer 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 or any of their directors, affiliates, advisers or agents.

#### **PRESENTATION OF INFORMATION**

In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to "dollars", "U.S. dollars", "U.S. \$" and "\$" are to the lawful currency of the United States, references to "£", "pounds" and "sterling" are to the lawful currency of the United Kingdom and references to "euros", "EUR" and "€" each means the lawful currency of the Member States of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union, as amended. Unless otherwise specified, where financial information in relation to the Issuer or the Ford Group has been translated into U.S. dollars, it has been so translated at rates of exchange prevailing in the relevant periods, or on the relevant dates, shown.

**STABILISATION**

**In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Agent(s) (or persons acting on behalf of any Stabilising Agent(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Agent(s) (or persons acting on behalf of a Stabilising Agent) will undertake any 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 Agent(s) (or person(s) acting on behalf of any Stabilising Agent(s)) in accordance with all applicable laws and rules.**

## **GENERAL DESCRIPTION OF THE PROGRAMME**

Under the Programme, FCE, subject to compliance with all relevant laws, regulations and directives, may from time to time issue the Notes. The aggregate principal amount of Notes outstanding will not at any time exceed €15,000,000,000 (or the equivalent in other currencies). Certain Notes to be issued under the Programme may be Retail Securities, which may be issued from time to time to investors on a continuously available basis pursuant to arrangements entered into with the Retail Securities Arranger and certain Dealers to be identified as Retail Securities Dealers. This Base Prospectus contains information relating to all Notes, including Retail Securities.

## **RESPONSIBILITY**

This Base Prospectus comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive and for the purpose of giving information regarding the Issuer and the Ford Group which, according to the particular nature of the Issuer and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer and the Issuer accepts responsibility accordingly.

The Issuer accepts responsibility for the information contained in this Base Prospectus and, in relation to each Tranche of Notes, in the applicable Final Terms for such Tranche of Notes and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

This section is to be read in conjunction with the section entitled "*Consent given in accordance with Article 3.2 of the Prospectus Directive (Retail Cascades)*" above.

## **ISSUE OF NOTES**

Notes will be issued on a continuous basis in Series, the Notes of each Series having one or more issue dates and identical terms (except in respect of the first payment of interest) and intended to be interchangeable with all other Notes of that Series. Each Series may be issued in Tranches on different issue dates. The specific terms of each Series will be set forth in a set of final terms (the "**Final Terms**") which will contain the information described in paragraph 6 of "*General Information*". Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer(s) and as indicated in the applicable Final Terms save that the minimum denomination of any Notes issued under a Non-exempt Offer will be, if denominated in euro, €1,000, and if denominated in any currency other than euro, an amount in such other currency most nearly equivalent to (but not less than) €1,000 at the time of the issue of the Notes.

This Base Prospectus should be read and construed in conjunction with any relevant Final Terms and all documents incorporated herein by reference.

## DOCUMENTS INCORPORATED BY REFERENCE

The following sections of the following documents, which have previously been published or are published simultaneously with this Base Prospectus and have been filed with the CSSF, are hereby incorporated by reference in, and form part of, this Base Prospectus.

The tables below set out the relevant page references for the information incorporated herein by reference. Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Base Prospectus.

<b>Information incorporated by reference from FCE's Q2 Management Statement relating to the quarter ending 30 June 2016</b>	<b>Page Reference*</b>
Highlights (unaudited) .....	2
Management Statement .....	3-4

<b>Information incorporated by reference from FMCC Q1 Earnings Presentation entitled "Ford Credit 1Q 2016 Earnings dated April 28, 2016"</b>	<b>Page Reference*</b>
Ford Credit Strategy .....	1
1Q 2016 Key Metrics .....	2
1Q 2016 Pre-Tax Results (Mils) .....	3
North America Financing Shares and Contract Placement Volume .....	4-5
U.S. Origination Metrics .....	6
U.S Retail and Lease Credit Loss Drivers .....	7
Worldwide Credit Loss Metrics .....	8
U.S. Lease Origination Metrics .....	9
U.S. Lease Residual Performance .....	10
Funding Structure – Managed Receivables .....	11
Public Term Funding Plan .....	12
Balance Sheet Metrics .....	13
2016 Guidance .....	14
Key Takeaways .....	15
Risk Factors .....	16
Credit Ratings .....	A1
Historical North America Financing Shares and Contract Placement Volume .....	A2
Historical International Financing Shares and Contract Placement Volume .....	A3
Historical U.S. Origination Metrics .....	A4
Historical U.S. Retail and Lease Credit Loss Drivers .....	A5
Historical Worldwide Credit Loss Metrics .....	A6
Historical U.S. Lease Origination Metrics .....	A7
Historical U.S. Lease Residual Performance .....	A8
Managed Receivables Reconciliation to GAAP .....	A9
Managed Leverage Reconciliation to GAAP .....	A10
Liquidity Sources .....	A11

<b>Information incorporated by reference from FCE's Annual Report and Accounts 2015</b>	<b>Page Reference*</b>
2015 Strategic Report - Company Information .....	4
2015 Strategic Report - Chair's Statement .....	5
2015 Strategic Report - Highlights .....	6
2015 Strategic Report - Chief Executive Officer's Statement .....	7
2015 Strategic Report - Description of the Business .....	10-11
2015 Strategic Report - Business Performance Summary .....	13-21
2015 Strategic Report - Regulatory Environment .....	23-26
2015 Strategic Report - Risk and Capital .....	27-32
2015 Strategic Report - Governance .....	33-38
2015 Strategic Report - Risk Committee Report .....	39-41
2015 Strategic Report - Audit Committee Report .....	43-45

2015 Strategic Report - People .....	47-49
2015 The Directors' Report .....	51-56
2015 Financial Statements - Independent Auditors' Report to the Members of FCE Bank plc. ....	58
2015 Financial Statements - Consolidated Statement of Profit and Loss and Other Comprehensive income .....	59
2015 Financial Statements - Statements of Financial Position .....	60
2015 Financial Statements - Statements of Cash Flows .....	61
2015 Financial Statements - Statements of Changes in Equity .....	62
2015 Financial Statements - Notes to the Consolidated Financial Statements for the Year .....	63
ended 31 December 2015 - Index to the Notes to the Financial Statements .....	
2015 Financial Statements - Notes to the Consolidated Financial Statements for the Year .....	64-134
ended 31 December 2015 .....	
Pillar 3 Disclosures (Unaudited) .....	135-160
Other Information - European operating locations .....	162-163
Other Information - Independent Auditors' Report to the Members of FCE Bank plc. – Country by Country .....	164
Glossary of Defined Terms .....	165-166

\* Page references correspond to the actual page number of the PDF version of the Annual Report and Accounts 2015.

<b>Ford's 4Q 2015 and Full Year Fixed Income Review and 2016 Outlook January 28, 2016 (Preliminary Results)</b>	<b>Page Reference*</b>
Ford Credit 4Q 2015 Key Metrics compared with 2014 – Slide 1 .....	2
Ford Credit 4Q 2015 Pre-Tax Results compared with 2014 (mils) – Slide 2 .....	3
Ford Credit FY 2015 Pre-Tax Results compared with 2014 (mils) – Slide 3 .....	4
Ford Credit Historical Credit Loss Metrics – Slide 4 .....	5
Ford Credit Historical U.S. Retail and Lease Credit Loss Drivers – Slide 5 .....	6
Ford Credit Historical U.S. Lease Residual Performance – Slide 6 .....	7
Ford Credit 2015 Full Year Funding Highlights – Slide 7 .....	8
Ford Credit Public Term Funding Plan – Slide 8 .....	9
Ford Credit Funding Structure – Funding of Managed Receivables (bils) – Slide 9 .....	10
Ford Credit Liquidity Sources – Slide 10 .....	11
Automotive Sector Automotive Financial Resources – Slide 11 .....	12
Total Company 2015 Pension Update – Slide 12 .....	13
4Q 2015 and Full Year Summary – Slide 13 .....	14
Risk Factors – Slide 14 .....	15
Appendix Index .....	18
Appendix 1 - Total Company Income From Continuing Operations .....	19
Appendix 2 - Credit Ratings .....	20
Appendix 3 - Automotive Sector Cash Reconciliation to GAAP .....	21
Appendix 4 - Automotive Sector Automotive Debt .....	22
Appendix 5 - Ford Credit 2015 Full Year Metrics compared with 2014 .....	23
Appendix 6 - Ford Credit Operating Highlights .....	24
Appendix 7 - Ford Credit Net Finance Receivables and Operating Leases .....	25
Appendix 8 - Ford Credit Managed Leverage Reconciliation to GAAP .....	26
Appendix 9 - Ford Credit Worldwide Credit Loss Metrics .....	27
Appendix 10 - Ford Credit U.S. Retail and Lease Credit Loss Drivers .....	28
Appendix 11 - Ford Credit U.S. Lease Residual Performance .....	29
Appendix 12 - Ford Credit Liquidity Profile Balance Sheet (bils) .....	30
Appendix 13 – FCE Bank plc Net Loans & Advances to Customers by Market .....	31
Appendix – FCE Bank plc 4Q 2015 Credit Loss Ratio compared with 2014 .....	32
Appendix – FCE Bank plc Public Term Funding Plan .....	33

\*Please note that Ford's Q4 Fixed Income Review is not paginated and page references refer to the page of the Ford's Q4 Fixed Income Review commencing with the cover page as page "1".

<b>FMCC Presentation entitled "Q3 Fixed Income Review dated October 27, 2015"</b>	<b>Page Reference*</b>
Ford Credit 3Q 2015 Operating Highlights – Slide 1 .....	2
Ford Credit 3Q 2015 Pre-Tax Results compared with 2014 (mils) – Slide 2 .....	3
Ford Credit Worldwide Credit Loss Metrics – Slide 3 .....	4
Ford Credit U.S. Retail and Lease Credit Loss Drivers – Slide 4 .....	5

Ford Credit U.S. Lease Residual Performance – Slide 5 .....	6
Ford Credit 3Q 2015 Funding Highlights – Slide 6 .....	7
Ford Credit Public Term Funding Plan – Slide 7 .....	8
Ford Credit Funding Structure – Managed Receivables (bils) - Slide 8 .....	9
Ford Credit Liquidity Programs – Slide 9 .....	10
Automotive Sector Automotive Financial Resources – Slide 10 .....	11
3Q 2015 Summary – Slide 11 .....	12
Risk Factors – Slide 12 .....	13
3Q 2015 Fixed Income - Appendix Index.....	16
Total Company Income from Continuing Operations – Appendix 1 of 10.....	17
Total Company Debt Ratings – Appendix 2 of 10.....	18
Automotive Sector Gross Cash Reconciliations to GAAP – Appendix 3 of 10.....	19
Automotive Sector Automotive Debt – Appendix 4 of 10.....	20
Ford Credit Operating Highlights – Appendix 5 of 10 .....	21
Ford Credit Net Finance Receivables and Operating Leases – Appendix 6 of 10 .....	22
Ford Credit Reconciliation of Managed Leverage to Financial Statement Leverage– Appendix 7 of 10.....	23
FCE Bank plc Net Loans & Advances to Customers by Market – Appendix 8 of 10 .....	24
FCE Bank plc 3Q 2015 Credit Loss Ratio Compared with Q3 2014 – Appendix 9 of 10.....	25
FCE Bank plc Public Term Funding Plan – Appendix 10 of 10.....	26

\*Please note that the FMCC Q3 Fixed Income Review is not paginated and page references refer to the page of the FMCC Q3 Fixed Income Review commencing with the cover page.

<b>FMCC presentation entitled "Q2 Fixed Income Review dated July 28, 2015"</b>	<b>Page Reference*</b>
FCE Bank plc Net Loans & Advances to Customers by Market June 30, 2015 Compared with June 30 2014 (Appendix 8 of 10).....	24
FCE Bank plc 2Q 2015 Credit Loss Ratio Compared 2Q 2014 (Appendix 9 of 10) .....	25
FCE Bank plc Public Term Funding Plan (Appendix 10 of 10) .....	26

\*Page references correspond to the actual page numbers of the PDF version of the FMCC Q2 Fixed Income Presentation.

<b>FCE Pillar 3 Disclosure Document 2014</b>	<b>Page Reference</b>
Definitions and registered office details .....	2
Contents .....	3
Highlights.....	4 - 5
Business Overview: Description of the business .....	6
Business Overview: Risk .....	7 - 12
Business Overview: Capital and funding .....	13
Risk Committee Report.....	14-15
Quantitative information .....	16-35
Other information.....	36-37

<b>FMCC presentation entitled "1Q 2015 Fixed Income Review dated April 28, 2015"</b>	<b>Page Reference*</b>
Ford Credit 1Q 2015 Operating Highlights – Slide 1 .....	2
Ford Credit 1Q 2015 Pre-Tax Results Compared with 2014 (Mils) – Slide 2 .....	3
Ford Credit Worldwide Credit Loss Metrics – Slide 3 .....	4
Ford Credit U.S. Retail and Lease Credit Loss Drivers – Slide 4 .....	5
Ford Credit U.S. Lease Residual Performance – Slide 5 .....	6
Ford Credit 1Q 2015 Funding Highlights – Slide 6 .....	7
Ford Credit Public Term Funding Plan – Slide 7.....	8
Ford Credit Funding Structure – Slide 8.....	9
Ford Credit Liquidity Sources – Slide 9 .....	10
Automotive Sector 2015 Automotive Financial Resources – Slide 10 .....	11
1Q 2015 Summary – Slide 11 .....	12
Risk Factors – Slide 12 .....	13
Total Company 2015 Income from Continuing Operations – Appendix 1 .....	17
Total Company Debt Ratings – Appendix 2 .....	18
Automotive Sector Gross Cash Reconciliation to GAAP – Appendix 3 .....	19
Automotive Sector Automotive Debt – Appendix 4.....	20

Ford Credit Operating Highlights – Appendix 5.....	21
Ford Credit Net Finance Receivables and Operating Leases – Appendix 6 .....	22
Ford Credit Reconciliation of Managed Leverage to Financial Statement Leverage – Appendix 7.....	23
FCE Bank PLC Net Loans & Advances to Customers by Market – Appendix 8 .....	24
FCE Bank PLC 1Q 2015 Credit Loss Ratio Compared with 2014 – Appendix 9.....	25
FCE Bank PLC Public Term Funding Plan – Appendix 10.....	26

\*Please note that the FMCC Q1 Fixed Income Presentation is not paginated and page references refer to the page of the FMCC Q1 Fixed Income Presentation commencing with the cover page.

### **FCE Annual Report and Accounts 2014**

	<b>Page Reference*</b>
Definitions .....	2
FCE Bank plc Directors and Advisors .....	4
Chairman's Statement.....	5
Highlights.....	6
Chief Executive Officer's Statement .....	7
Business overview: Description of the Business.....	8 - 9
Business overview: Regulatory Compliance.....	10
Business overview: Risk .....	11 - 14
Business overview: Governance .....	15 - 19
Business overview: People.....	20 -21
Business performance summary .....	22 - 29
Audit Committee report .....	30 -31
The Directors report.....	32 - 36
Independent auditors' report to the members of FCE Bank plc. ....	37
Consolidated Statement of profit and loss and other comprehensive income .....	38
Statements of financial position.....	39
Statements of cash flows.....	40
Statements of changes in equity .....	41
Index to the Notes to the Financial Statements .....	42
Notes to the consolidated financial statements for the year ended 31 December 2014 .....	43 - 116
Key financial ratios and terms .....	117
European operating locations .....	118 - 119
Independent auditors' report to the members of FCE Bank plc. – country by country .....	120
Glossary of defined terms .....	121

\* Page references correspond to the actual page number of the PDF version of the Annual Report and Accounts 2014.

### **Ford's 2014 Fourth Quarter and Full Year Fixed Income Presentation 29 January 2015 (Preliminary Results) and 2015 Outlook**

	<b>Page Reference*</b>
Ford Credit 2014 Operating Highlights – Slide 1 .....	2
Ford Credit 2014 Fourth Quarter Pre-Tax Results Compared with 2013 – Slide 2 .....	3
Ford Credit 2014 Full Year Pre-Tax Results Compared with 2013– Slide 3 .....	4
Ford Credit Worldwide Credit Loss Metrics – Slide 4 .....	5
Ford Credit U.S. Retail and Lease Credit Loss Drivers – Slide 5.....	6
Ford Credit U.S. Lease Residual Performance – Slide 6 .....	7
Ford Credit - Funding Highlights – Slide 7 .....	8
Ford Credit Public Term Funding Plan – Slide 8 .....	9
Ford Credit Funding Structure – Funding of Managed Receivables (Bils.) – Slide 9 .....	10
Ford Credit Liquidity Programs – Slide 10.....	11
Automotive Sector 2014 Automotive Financial Resources – Slide 11 .....	12
Total Company 2014 Pension Update – Slide 12 .....	13
Risk Factors – Slide 14 .....	15
Appendix and 2014 Fourth Quarter Fixed Income – Appendix Index .....	16 & 17
Appendix - Total Company 2014 Income From Continuing Operations.....	18
Appendix - Total Company Debt Ratings.....	19
Appendix - Automotive Sector Gross Cash Reconciliation to GAAP .....	20
Appendix - Automotive Sector Automotive Debt .....	21
Appendix - Ford Credit Operating Highlights .....	22



Appendix - Ford Credit Net Finance Receivables and Operating Leases .....	23
Appendix - Ford Credit Reconciliation of Managed Leverage to Financial Statement Leverage .....	24
Appendix - Ford Credit Historical Credit Loss Metrics .....	25
Appendix - Ford Credit Historical U.S. Retail and Lease Credit Loss Drivers .....	26
Appendix - Ford Credit Historical U.S. Lease Residual Performance .....	27
Appendix - Ford Credit Liquidity Profile Balance Sheet .....	28
Appendix – FCE Bank plc Percent of Net Loans & Advances to Customers by Market .....	29
Appendix – FCE Bank plc 2014 Fourth Quarter Credit Loss Ratio Compared with 2013 .....	30

\*Please note that Ford's Q4 Fixed Income Presentation is not paginated and page references refer to the page of the Ford's Q4 Fixed Income Presentation commencing with the cover page as page "1".

The section "*Conditions of the Notes*" of the following base prospectuses relating to the Programme:

- (i) Base Prospectus dated 4 December 2008 (pages 16 to 29);
- (ii) Base Prospectus dated 8 January 2010 (pages 17 to 30);
- (iii) Base Prospectus dated 21 January 2011 (pages 19 to 32);
- (iv) Base Prospectus dated 12 January 2012 (pages 20 to 33);
- (v) Base Prospectus dated 31 January 2013 (pages 30 to 42);
- (vi) Base Prospectus dated 31 January 2014 (pages 31 to 44);
- (vii) Base Prospectus dated 22 January 2015 (pages 30 to 43); and
- (viii) Base Prospectus dated 18 January 2016 (pages 32 to 45).

The Issuer will, at the specified offices of the Principal Paying Agents and the Paying Agent in Luxembourg (each as defined herein), make available, free of charge, upon oral or written request, a copy of this Base Prospectus and any document incorporated by reference in this Base Prospectus. Written or oral requests for such documents should be directed to the specified office of any Principal Paying Agent or the specified office of the Paying Agent in Luxembourg. Copies of all documents incorporated by reference are also available in electronic form on the website of the Luxembourg Stock Exchange (at [www.bourse.lu](http://www.bourse.lu)).

Investors who have not previously reviewed the information contained in the above documents should do so in connection with their evaluation of the Notes.

**PROSPECTUS SUPPLEMENTS**

If at any time the Issuer shall be required to prepare a supplement in accordance with Article 13 of the Luxembourg Act dated 10 July 2005 relating to prospectuses for securities, the Issuer will prepare and make available an appropriate supplement to this Base Prospectus (a "**Prospectus Supplement**") which, in respect of any subsequent issue of Notes, shall amend or supplement this Base Prospectus.

## CONDITIONS OF THE NOTES

*The following is the text of the conditions which, subject to the provisions of Part A of the relevant Final Terms (such terms to apply only in relation to the Series of Notes to which the relevant Final Terms relate), will be applicable to any Notes represented by a Note in global form (the "**Global Note(s)**") (subject as provided in "Overview of Provisions Relating to the Notes while in Global Form") and the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series and which, subject further to simplification by deletion of non-applicable provisions, will be endorsed on such Notes, details of the relevant Series being shown on the relevant Notes and in the relevant Final Terms.*

*Capitalised terms which are not defined in these Conditions will have the meanings given to them in the relevant Final Terms.*

The Notes are issued pursuant to an agency agreement (as amended or supplemented from time to time, the "**Agency Agreement**") dated 17 November 1993, as amended and restated on 26 August 2016, between the Issuer and The Bank of New York Mellon, London Branch as fiscal agent, principal paying agent (the "**Principal Paying Agent**") and calculation agent (the "**Calculation Agent**" and, together with the Principal Paying Agent and any additional or other paying agents in respect of the Notes from time to time appointed, the "**Paying Agents**"). The Noteholders (as defined below) and the holders of the interest coupons (the "**Coupons**") appertaining to interest bearing Notes and, where applicable in the case of such Notes, talons for further Coupons (the "**Talons**") (the "**Couponholders**") are deemed to have notice of all of the provisions of the Agency Agreement applicable to them.

Copies of the Agency Agreement are available for inspection at the specified offices of the Paying Agents.

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

The Notes, which are serially numbered, are issued in bearer form in the denomination(s) ("**Specified Denomination(s)**" or "**Denomination(s)**") specified on this Note and in the applicable Final Terms. Notes of one Denomination may not be exchanged for Notes of another Denomination.

The Notes may be Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

The Notes are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Notes which do not bear interest in which case references to interest (other than in relation to interest accruing after the Maturity Date), Coupons and Talons in these Conditions are not applicable.

Title to the Notes, Coupons and Talons, shall pass by delivery. Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Note, 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, 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, "**Notes**" means those notes which form a single series with this Note, "**Noteholder**" means the bearer of any Note, "holder" (in relation to a Note, Coupon or Talon) means the bearer of any Note, Coupon or Talon (as the case may be) and capitalised terms have the meanings given to them on the Notes, the absence of any such meaning indicating that such term is not applicable to the Notes.

### 2. **Status**

The Notes and Coupons constitute direct unconditional, unsubordinated and unsecured obligations of the Issuer, ranking *pari passu*, without any preference among themselves and with all other present and future unsecured and unsubordinated indebtedness for borrowed money of the Issuer (other than that preferred by law).

### 3. **Negative Pledge**

- (a) So long as any Note or Coupon remains outstanding (as defined in the Agency Agreement):
  - (i) the Issuer will not (except as otherwise required by law or a court of competent jurisdiction) create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest ("**Security**") upon the whole or any part of its property or assets present or future to secure any Relevant Debt, or to secure any guarantee of or indemnity in respect of any Relevant Debt; and

- (ii) the Issuer will procure that (except as otherwise required by law or a court of competent jurisdiction) no subsidiary (as defined in Section 1159 of the Companies Act 2006) of the Issuer creates or permits to subsist any Security upon the whole or any part of the property or assets present or future of any such subsidiary to secure any of the Issuer's Relevant Debt, or to secure any guarantee of or indemnity in respect of any of the Issuer's Relevant Debt,

unless, at the same time or prior thereto, the Issuer's obligations under the Notes and the Coupons (aa) are secured equally and rateably therewith or (bb) have the benefit of such other security or other arrangement as shall be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders.

- (b) For the purposes of this Condition, "**Relevant Debt**" means any present or future indebtedness in the form of, or represented by, bonds, notes, debentures, loan stock or other securities which are for the time being, or are intended to be, quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market, having an original maturity of more than one year from its date of issue, other than such for which an offering is directed into a single country to the residents thereof and that is made in accordance with the local laws and customary practices and documentation of such country.

#### 4. Interest and Other Calculations

- (a) *Interest on Fixed Rate Notes:*

Each Fixed Rate Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Interest Rate(s). Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date. The amount of interest payable shall be determined in accordance with Condition 4(f).

- (b) *Interest Rate on Floating Rate Notes:*

Interest Payment Dates: Each Floating Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Interest Rate, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 4(f). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Accrual Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Interest Rate for Floating Rate Notes: The Interest Rate in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

- (i) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Interest Rate is to be determined, the Interest Rate for each Interest Accrual Period will be determined by the Calculation Agent (or any other Agent appointed by the Calculation Agent from time to time to act on its behalf) as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (i), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under an interest rate swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the "**ISDA Definitions**") and under which:

- (x) the Floating Rate Option is as specified in the applicable Final Terms;
- (y) the Designated Maturity is a period specified in the applicable Final Terms; and
- (z) the relevant Reset Date is either (x) if the applicable Floating Rate Option is based on the London inter-bank offered rate ("**LIBOR**") or on the Euro-zone inter-bank offered rate ("**EURIBOR**"), the first day of that Interest Accrual Period or (y) in any other case, as specified in the applicable Final Terms.

For the purposes of this sub-paragraph (i), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**" and "**Reset Date**" have the meanings given to those terms in the ISDA Definitions. Unless otherwise stated in the applicable Final Terms the Minimum Interest Rate shall be deemed to be zero.

(ii) *Screen Rate Determination for Floating Rate Notes*

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Interest Rate is to be determined, the Interest Rate for each Interest Accrual Period will, subject as provided below, be either:

- (x) the offered quotation; or
- (y) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent (or any other Agent appointed by the Calculation Agent from time to time to act on its behalf). If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

- (A) If the Relevant Screen Page is not available or if, sub-paragraph (ii)(x) applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (ii)(y) above applies and fewer than two such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Interest Rate for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent.
- (B) If paragraph (A) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Interest Rate shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Interest Rate cannot be determined in accordance with the foregoing provisions of this paragraph, the Interest Rate shall be determined as at the last preceding Interest

Determination Date (though substituting, where a different Margin or Maximum or Minimum Interest Rate is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Interest Rate relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Interest Rate relating to that last preceding Interest Accrual Period.

(iii) *Linear Interpolation*

Where Linear Interpolation is specified in respect of an Interest Accrual Period in the applicable Final Terms, the Interest Rate for such Interest Accrual Period shall be calculated by the Calculation Agent using straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of the two rates shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Accrual Period and the other of the two rates shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Accrual Period; provided, however, that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

"**Applicable Maturity**" means (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate and (b) in relation to ISDA Determination, the Designated Maturity.

(c) *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 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 (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.

(d) *Interest Rate on Zero Coupon Notes:*

Where a Note the Interest Basis 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 Early 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 5(d)).

(e) *Maximum/Minimum Interest Rates and Redemption Amounts, and Rounding:*

- (i) If any Interest Rate is expressed to be as adjusted by a Margin, such adjustment shall be made by adding (if a positive number) or subtracting the absolute value (if a negative number) of any Margin specified on the Notes, subject always to the next paragraph.
- (ii) If any Maximum or Minimum Interest Rate or Redemption Amount is specified on the Notes, then such Interest Rate or Redemption Amount shall in no event exceed the maximum or be less than the minimum.
- (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 per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Interest Rate, the Calculation Amount specified thereon and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period will equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period will be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period which interest is required to be calculated.

(g) *Determination and Publication of Interest Rates, Interest Amounts, Final Redemption Amount, Optional Redemption Amounts and Early Redemption Amounts:*

The Calculation Agent (or any other Agent appointed by the Calculation Agent from time to time to act on its behalf) shall, as soon as practicable on each Interest Determination Date or after such time on such date as the Calculation Agent may be required to calculate any Final Redemption Amount, Optional Redemption Amount or Early Redemption Amount, obtain any quote or make any determination or calculation, determine the Interest Rate and calculate the Interest Amount, calculate the Final Redemption Amount, Optional Redemption Amount or Early Redemption 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 Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Optional Redemption Amount or any Early Redemption Amount to be notified to the Principal Paying Agent, the Issuer, each of the Paying Agents, the Noteholders and, if the Notes are listed on a stock exchange and such exchange so requires, such exchange as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Accrual Period, if determined prior to such time, in the case of an Interest Rate and Interest Amount, or (ii) in all other cases, 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 9, the accrued interest and the Interest Rate payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Interest Rate or the Interest Amount so calculated need be made. The determination of each Interest Rate, Interest Amount, Final Redemption Amount, Optional Redemption Amount and Early Redemption 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 (from and including the first day of such period to but excluding the last) not comprising a complete year (whether or not constituting an Interest Period or Interest Accrual Period, the "**Calculation Period**"):

- (i) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Interest Accrual 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 applicable 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 an Interest Payment Date falling in a leap year, 366;

- (iv) if "Actual/360" is specified in the applicable 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 applicable 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 12 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 Interest Accrual 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)); and
- (vi) if "30E/360" or "Eurobond Basis" is specified in the applicable 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 12 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 Interest Accrual 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 (ICMA)" is specified in the applicable Final Terms:
  - (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
  - (b) if the Calculation Period is longer than one Determination Period, the sum of:
    - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
    - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year;

where:

**"Determination Period"** means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

**"Determination Date"** means the date specified as such hereon or, if none is so specified, the Interest Payment Date.

**"Euro-zone"** means the region comprised of Member States of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union.

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

**"Interest Amount"** means:

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and
- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.



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

**"Interest Determination Date"** means, with respect to an Interest Rate and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is sterling or (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 2 Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

**"Interest Payment Date"** means the date interest on each Note is payable as specified in the relevant Final Terms.

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

**"Interest Period Date"** means each Interest Payment Date unless otherwise specified hereon.

**"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.

**"Reference Banks"** means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent or as specified hereon.

**"Reference Rate"** means the rate specified as such hereon or any successor or replacement rate.

**"Relevant Business Day"** means:

- (i) in the case of a Specified Currency (other than euros) and/or one or more Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in the Business Centre for that currency and/or each of the financial centres so specified; or
- (ii) in the case of euros, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System (the **"TARGET 2 System"**, as launched on 19 November 2007), or any successor thereto, is operating (a **"TARGET 2 Business Day"**).

**"Relevant Date"** in respect of any Note or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given to the Noteholders in accordance with Condition 13 that, upon further presentation of the Note or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

**"Relevant Screen Page"** means such page, section, caption, column or other part of a particular information service as may be specified hereon (or any successor or replacement page, section, caption, column or other part of a particular information service).

**"Specified Currency"** means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

- (i) *Calculation Agent:*

The Issuer will procure that there shall at all times be one or more Calculation Agents if provision is made for them in the Conditions applicable to this Note and for so long as it is outstanding. Where more than one Calculation Agent is appointed in respect of a Note, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective 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 Interest Accrual Period or to calculate the Interest Amount, Final Redemption Amount, Optional Redemption Amount or Early Redemption Amount to comply with 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.

## 5. Redemption, Purchase and Options

### (a) *Final Redemption:*

Unless previously redeemed, purchased and cancelled as provided below pursuant to a put or call option in accordance with Condition 5(e) or (f), each Note will be redeemed at its Final Redemption Amount (which, unless otherwise provided, is its principal amount) on the Maturity Date specified on each Note.

### (b) *Redemption for taxation reasons:*

If (i) as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of the United Kingdom (or any taxing authority thereof or therein), or any change in the official position regarding the application or interpretation of such laws, regulations or rulings, which change or amendment becomes effective on or after the Issue Date, the Issuer becomes or will become obligated to pay additional amounts as provided in Condition 7 or (ii) any act is taken by a taxing authority of the United Kingdom on or after the Issue Date, whether or not such act is taken with respect to the Issuer or any affiliate of it, that results in a substantial probability that the Issuer will or may be required to pay such additional amounts, then the Issuer may, at its option, on any Interest Payment Date (if this Note is a Floating Rate Note) or, at any time (if this Note is not a Floating Rate Note) redeem the Notes, as a whole but not in part, upon not less than 35 days' nor more than 65 days' irrevocable notice to the Noteholders in accordance with Condition 13, at their Early Redemption Amount (as described in Condition 5(d) below), together with interest accrued thereon to the date fixed for redemption; provided that the Issuer determines, in its business judgment, that the obligation to pay such additional amounts cannot be avoided by the use of reasonable measures available to the Issuer not including substitution of the obligor under the Notes. No redemption pursuant to (ii) above may be made unless the Issuer shall have received an opinion of independent counsel to the effect that an act taken by a taxing authority of the United Kingdom results in a substantial probability that it will or may be required to pay the additional amounts as provided in Condition 7 and the Issuer shall have delivered to the Principal Paying Agent a certificate, signed by a duly authorised officer, stating that based on such opinion the Issuer is entitled to redeem the Notes pursuant to their terms.

### (c) *Purchases:*

The Issuer and any of its subsidiaries, any parent company and any other subsidiary of any such parent company may at any time purchase Notes (provided that, if they are to be cancelled pursuant to paragraph (g) below, all unmatured Coupons and unexchanged Talons appertaining thereto are attached or surrendered therewith) in the open market or otherwise at any price.

### (d) *Early Redemption:*

#### (i) *Zero Coupon Note:*

- (1) The Early Redemption Amount payable in respect of any Note which does not bear interest prior to the Maturity Date upon redemption of such Note pursuant to Condition 5(b) or upon it becoming due and payable as provided in Condition 9 shall be the "**Amortised Face Amount**" (calculated as provided below) of such Note.
- (2) Subject to the provisions of sub-paragraph (3) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted to the date on which the Note becomes due and payable at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, 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 shown hereon.
- (3) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 5(b) or upon it becoming due and payable as provided in Condition 9 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (2) 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 sub-paragraph will continue to be made (both before and after any 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 Final Redemption Amount of such Note together with any interest which may accrue in accordance with Condition 4(d).

(ii) Other Notes:

The Early Redemption Amount payable in respect of any Notes (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 5(b) or upon becoming due and payable as provided in Condition 9, shall be the Final Redemption Amount unless otherwise specified hereon.

(e) *Redemption at the option of the Issuer (Call Option):*

If so provided on the Notes, the Issuer may, on giving irrevocable notice to the Noteholders of not less than 15 days or more than 30 days (or such other notice period as may be specified thereon), redeem all or, if so provided, some of the Notes in the principal amount or integral multiples thereof and on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption. In the case of Notes listed on the official list of the Luxembourg Stock Exchange, notice of such redemption will be given to the Luxembourg Stock Exchange and will be published in a newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort* or the *Tageblatt*).

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

Any such redemption must relate to Notes of a nominal amount at least equal to the Minimum Early Redemption Amount to be redeemed specified hereon and no greater than the Maximum Early Redemption Amount to be redeemed specified hereon. In the case of a partial redemption of Notes, the Notes to be redeemed (the "**Redeemed Notes**") will be selected individually by lot, in the case of Redeemed Notes represented by Definitive Notes, and in accordance with the rules and procedures of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion), in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption.

(f) *Redemption at the option of a Noteholder (Put Option):*

If so provided on this Note, the Issuer shall, at the option of the holder of any such Note upon the holder giving not less than 15 days' or more than 30 days' notice (or such other notice period as may be specified thereon), redeem such Note on the Optional Redemption Date at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option, the holder must deposit such Note (together with all unmatured Coupons and unexchanged Talons), with any Paying Agent at its specified office, together with all unmatured Coupons and unexchanged Talons and a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from any Paying Agent. No Note so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(g) *Cancellation:*

All Notes purchased by or on behalf of the Issuer or any of its subsidiaries, any parent company, or any other subsidiaries of any such parent company may be surrendered to the Principal Paying Agent for cancellation and, if so surrendered, will, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith) may not be reissued or resold and the obligations of the Issuer in respect of any such Notes (together with such Coupons and Talons) shall be discharged.

## 6. Payments and Talons

### (a) *Payments:*

Payments of principal and interest in respect of Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Notes (in the case of all payments of principal and, in the case of interest, as specified in Condition 6(e)(v)) or Coupons (in the case of interest, save as specified in Condition 6(e)(v)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the currency in which such payment is due drawn on, or, at the option of the holders, by transfer to an account denominated in that currency with a bank in the principal financial centre of that currency, provided that in the case of euros, the transfer may be to, or the cheque drawn on, an account with a bank in a city which has access to the TARGET 2 System.

Payments of principal and interests in respect of Notes shall not be made by a transfer of funds into an account maintained by the holder in the United States or mailed to any address in the United States with respect to payments that are not made to (i) persons who may satisfy the requirements of Section 165(j)(3)(A), (B), or (C) of the U.S. Internal Revenue Code of 1986, as amended, and the U.S. Treasury Regulations thereunder or (ii) a financial institution as a step in the clearance of funds and such payment is promptly credited to an account maintained outside the United States for such financial institution or for persons for which the financial institution has collected such payment.

### (b) *Payments in the United States:*

Notwithstanding the foregoing, if any 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 if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States 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, and would not result, in the opinion of the Issuer, in adverse tax consequence to the Issuer.

### (c) *Payments subject to law etc:*

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 7. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

### (d) *Appointment of Agents:*

The Principal Paying Agent, the other Paying Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Principal Paying Agent, the other Paying Agents and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any holder. The Issuer reserves the right at any time to vary or terminate the appointment of the Principal Paying Agent, any other Paying Agent or the Calculation Agent and to appoint additional or other Paying Agents, provided that the Issuer will at all times maintain (i) a Principal Paying Agent, (ii) a Calculation Agent where the Conditions so require one, and (iii) a Paying Agent having a specified office in a continental European city, and so long as Notes are listed on the official list of the Luxembourg Stock Exchange, the Issuer will maintain a Paying Agent in Luxembourg and so long as any Tranche of Notes is listed in any other jurisdiction, and the rules of the stock exchange of such jurisdiction require, an agent appointed to make payments on, and transfer of, the notes will be maintained in that jurisdiction.

In addition, the Issuer 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 (b) above.

Notice of any such change or any change of any specified office will promptly be given to the Noteholders in accordance with Condition 13.

### (e) *Unmatured Coupons and unexchanged Talons:*

(i) Upon the due date for redemption of any Note that is a Fixed Rate Note, the Note 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 unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, 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 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).

- (ii) Upon the due date for redemption of any Note that is a Floating Rate Note, unmatured 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 Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Where any Note which provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (v) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Note. Interest accrued on a Note which only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation thereof.

(f) *Talons:*

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons which may have become void pursuant to Condition 8).

(g) *Non-Business Days:*

If any date for payment in respect of any Note 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 and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as "Financial Centres" on the Note, and:

- (i) in the case of a payment in a currency other than euros and where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; and
- (ii) in the case of a payment in euros, which is a TARGET 2 Business Day.

## 7. **Taxation**

All payments of principal and interest in respect of the Notes and the Coupons by the Issuer or any Paying Agent will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the United Kingdom or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the amounts received by the Noteholders and the Couponholders or their agents after such withholding or deduction shall equal the respective amounts of principal and interest which would have been receivable in respect of the Notes or (as the case may be) Coupons, in the absence of such withholding or deduction; except that no additional amounts shall be payable with respect to any payment in respect of any Note or Coupon:

- (a) to, or to a third party on behalf of, a holder who is subject to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having some connection with the United Kingdom otherwise than merely by holding the Note or Coupon; or
- (b) to, or to a third party on behalf of, a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party acting on their behalf complies with any statutory requirements or by making or procuring that any such third party makes a declaration of non-residence or other claim for exemption to any tax authority; or
- (c) presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amount on presenting the same for payment on the thirtieth such day.

References in these Conditions to (i) "principal" shall be deemed to include any premium payable in respect of the Notes, all Final Redemption Amounts, Optional Redemption Amounts, Early Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to these Conditions, (ii) "interest" shall be deemed to include all Interest Amounts and all other amounts in the nature of interest payable pursuant to these Conditions and (iii) "principal" and/or "interest" shall be deemed to include any additional amounts which may be payable under this Condition 7.

For the purposes of this Condition 7, the Relevant Date in relation to such payment means: (i) the date on which such payment first becomes due; or (ii) (if the full amount of the moneys payable on such date has not been received by the Principal Paying Agent or any other Paying Agent on or prior to such date) such later date on which notice is given to the Noteholders in accordance with Condition 13 that payment shall be made.

## 8. Prescription

Claims against the Issuer for payment in respect of the Notes 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.

## 9. Events of Default

If any of the following events ("**Events of Default**") occurs and is continuing, the holder of any Note may give written notice to the Principal Paying Agent at its specified office that such Note is immediately repayable, whereupon the Early Redemption Amount of such Note together with accrued interest to the date of payment shall become immediately due and payable unless prior to the time when the Principal Paying Agent receives such notice all Events of Default in respect of the Notes shall have been cured:

- (a) *Non-Payment*: default is made for more than 30 days (in the case of interest) or 5 days (in the case of principal) in the payment on the due date of interest or principal in respect of any of the Notes; or
- (b) *Breach of Other Obligations*: the Issuer does not perform or comply with any one or more of its other obligations (other than immaterial obligations) in the Notes which default is incapable of remedy or is not remedied within 90 days after notice of such default shall have been given to the Principal Paying Agent at its specified office by a Noteholder; or
- (c) *Enforcement Proceedings*: a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of the Issuer and is not discharged or stayed within 90 days of its having been so levied, enforced or sued out; or
- (d) *Security Enforced*: any encumbrancer takes possession or a receiver, manager or other similar officer is appointed of the whole or a material part of the undertaking, property, assets or revenues of the Issuer; or
- (e) *Insolvency*: the Issuer is insolvent or is unable to pay its debts (within the meaning of Section 123(1) of the Insolvency Act 1986) or makes a general assignment or an arrangement or composition with or for the benefit of creditors in respect of, or affecting all or any material part of, the debts of the Issuer, except in connection with a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by an Extraordinary Resolution of Noteholders; or
- (f) *Winding-up*: an order is made by a court of competent jurisdiction or an effective resolution passed for the winding-up or dissolution or administration of the Issuer, or the Issuer shall apply or petition for a winding-up or

administration order in respect of itself or the Issuer ceases or through an official action of its board of directors threatens to cease to carry on all or a substantial part of its business or operations, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by an Extraordinary Resolution of the Noteholders.

Any such notice by a Noteholder to the Principal Paying Agent shall specify the serial number(s) of the Note(s) concerned.

## 10. Meetings of Noteholders, Modifications, Waivers, Authorisations etc

### (a) *Meetings of Noteholders:*

The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interest, including the sanctioning by Extraordinary Resolution of any modification of the Notes (including these Conditions). An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders, 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 or any date for payment of interest thereon, (ii) to reduce or cancel the principal 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 the respect thereof, (iv) if there is shown on the face of the Notes a Minimum Interest Rate and/or a Maximum Interest Rate, to reduce such Minimum Interest Rate and/or such Maximum Interest Rate, (v) to change any method of calculating the Final Redemption Amount, Early Redemption Amount or the Optional Redemption Amount, including the method of calculation of Amortised Face Amounts (vi) to change the currency or currencies of payment of the Notes, or (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, will only be binding if passed at a meeting of the Noteholders (or at any adjournment thereof) at which a special quorum (provided for in the Agency Agreement) is present.

### (b) *Modification, Waiver and Authorisation of Agency Agreement:*

The Issuer 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 Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders. Any modification, waiver or authorisation shall be binding on the Noteholders and Couponholders.

## 11. Replacement of Notes, Coupons and Talons

If a Note, 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 Paying Agent in London or the Paying Agent in Luxembourg upon 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, 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, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

## 12. Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes 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.

*In the event that further notes are issued, the 40-day Restricted Period (as defined in "Overview of Provisions Relating to the Notes while in Global Form") applicable to the Notes, as described under "Selling and Transfer Restrictions", may be extended.*

## 13. Notices

Notices to Noteholders will be valid if published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort* or the *Tageblatt*). If publication in any of such newspapers shall not be practicable, notice will be validly given if published in an English language newspaper of general circulation in Europe.

Notices can also be published on the Luxembourg Stock Exchange website ([www.bourse.lu](http://www.bourse.lu)). Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the first date on which publication is made. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this Condition.

#### 14. **Governing Law and Third Party Rights**

The Notes, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law. No person shall have any right to enforce any term or condition of the Notes by virtue of the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from the Act.

#### 15. **Redenomination into euros**

Subject to applicable legislation and if so provided on the Notes, the Issuer may, without the consent of the holders of the Notes, by giving notice as described below, with effect from a date to be determined by it (the "**Redenomination Date**"), redenominate the aggregate principal amount of the Notes, but not part thereof only, into euros at the rate for conversion of such currency into euros established by the Council of the European Union pursuant to the Treaty establishing the European Community, as amended by the Treaty on European Union, as amended, (the "**Conversion Rate**") and, after such redenomination, shall pay principal of and interest on the Notes in euros. In connection with the redenomination, the Issuer may (i) alter the tradable nominal amounts of the Notes and (ii) adjust the provisions of the Notes to European market practice regarding the accrual basis in respect of interest payments for less than a year and regarding the business day definitions.

Such redenomination and any additional measures which may be taken pursuant to the preceding paragraph may be taken by unilateral declaration by the Issuer. Any alteration of the tradable nominal amounts of the Notes shall be made in accordance with existing or anticipated market practice and, if consistent therewith, may be made by altering the tradable nominal amounts of the redenominated Notes to €0.01, with a principal amount for each redenominated Note equal to the principal amount of that redenominated Note in the currency of its original denomination converted at the Conversion Rate.

Notice of any such redenomination shall be published in accordance with Condition 13 at least one month prior to the Redenomination Date with a copy to the Principal Paying Agent. Such notice shall:

- (a) designate the issue;
- (b) specify the Redenomination Date;
- (c) set forth the text of the amended provisions before and after the amendment of the Global Notes; and
- (d) specify the Conversion Rate fixed by the Council of the European Union.



## OVERVIEW OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Each Tranche of Notes will initially be represented by either a temporary Global Note or by a permanent Global Note as specified in the relevant Final Terms, in each case in bearer form without Coupons or a Talon attached which will be deposited on behalf of the subscribers of the relevant Notes either:

- (a) if the temporary Global Note is issued in NGN form, as stated in the applicable Final Terms, on or prior to the original issue date of the Tranche, with a Common Safekeeper. Depositing the Global Notes with the Common Safekeeper does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of Eurosystem eligible criteria; and
- (b) if the temporary Global Note is issued in CGN form, with a Common Depositary or otherwise as agreed between the Issuer and the relevant Dealer, on or about the issue date of the relevant Notes.

No interest will be payable in respect of a temporary Global Note, except as provided below. If the Global Note is a CGN, upon deposit of the temporary Global Note(s) with a Common Depositary, Euroclear or Clearstream, Luxembourg, as applicable, will credit each subscriber with a principal amount of Notes equal to the principal amount thereof for which it has subscribed and paid.

If the Global Note is an NGN, the principal amount of the Notes shall be the aggregate amount from time to time entered into the records of Euroclear or Clearstream, Luxembourg. The records of such clearing system shall be conclusive evidence of the principal amount of Notes represented by the Global Notes and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a Note represented by a Global Note must look solely to Euroclear or Clearstream, Luxembourg (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note and in relation to all other rights arising under the Global Notes, 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 in respect of payments due on the Notes for so long as the Notes are represented by such Global Note and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note in respect of each amount so paid.

In relation to any issue of Notes which are expressed to be temporary Global Notes exchangeable for Definitive Notes, such notes may only be issued in denominations equal to, or greater than €100,000 (or equivalent) and integral multiples thereof.

The temporary Global Notes and the permanent Global Notes contain provisions which apply to the Notes while they are in global form, some of which modify the effect of the terms and conditions of the Notes set out in this Base Prospectus. The following is a summary of those provisions which modify the effect of the terms and conditions:

### 1. **Exchange.**

#### *Temporary Global Notes*

Each temporary Global Note will be exchangeable if so provided in the relevant Final Terms and on such notice as so provided (free of charge to the holder) on or after the Exchange Date if the applicable Final Terms indicates that such Global Note is issued in compliance with U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(D)) (or any substantially identical provisions that are applicable for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**")) ("**TEFRA D**") or in a transaction to which TEFRA is not applicable, in whole, but not in part, for Definitive Notes otherwise, each temporary Global Note will be exchanged (free of charge to the Noteholder) within a reasonable period of time (not to exceed 180 days) after the Restricted Period (as defined below) in whole or in part, upon certification as to non-U.S. beneficial ownership (in a form to be provided) for interests in a permanent Global Note or, if so provided in the applicable Final Terms, for Definitive Notes.

"**Restricted Period**" means a day falling not less than 40 days following the closing date (or date the Issuer receives the proceeds from the issuance of the temporary Global Note, if there is no closing date).

#### *Permanent Global Notes*

Each permanent Global Note will be exchangeable (free of charge to the holder) on or after the Exchange Date in whole but not, except as provided under "Partial Exchange of permanent Global Notes" below, in part for Definitive Notes with, where applicable, Coupons and Talons attached, upon the occurrence of an Exchange Event; for these purposes,

**"Exchange Event"** means that (x) an Event of Default (as defined in Condition 9) has occurred and is continuing or (y) if the permanent Global Note is held on behalf of Euroclear and Clearstream, Luxembourg, the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available. The Issuer will promptly give notice to Noteholders in accordance with Condition 13 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such permanent Global Note) may give notice to the Principal Paying Agent requesting exchange.

On or after any Exchange Date (as defined below) 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 Principal Paying 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 Notes (if appropriate, having attached to them all Coupons in respect of interest 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 Agency Agreement. 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 Notes.

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

In each case, a Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a Definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denomination.

#### *Partial Exchange of permanent Global Notes*

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, the permanent Global Note will be exchangeable (free of charge to the holder) on or after the Exchange Date in part on one or more occasions for Definitive Notes if so provided in, and in accordance with, the Conditions.

## 2. **Payments.**

No payment falling due during the Restricted Period will be made on a temporary Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes is improperly withheld or refused. Payments on any temporary Global Note form during the Restricted Period will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement (or such other form as the Issuer may approve). All payments in respect of Notes represented by a Global Note in CGN form will be made against presentation for endorsement and, if no further payment will be made in respect of the Notes, surrender of that Global Note to or to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. If the Global Note is a CGN, 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. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of "business day" set out in Condition 6(g).

If the Global Note is an NGN, the Issuer shall procure that details of such payment shall be entered pro rata in the records of the relevant clearing system and in the case of payments of principal, the principal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Note will be reduced accordingly. Payments under the NGN will be made to its holder. Each payment so made will discharge the Issuer's obligation in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge.

## 3. **Notices.**

So long as any Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to Noteholders 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. For so long as any Notes are listed on the official list of the Luxembourg Stock Exchange and the rules of such stock exchange shall so require, such notices shall be published

in the manner prescribed by such exchange in a newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort* or the *Tageblatt*).

4. **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 4).

5. **Meetings.**

The holder of a permanent Global Note will (unless such permanent Global Note represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, as having one vote in respect of each integral currency unit of the Specified Currency of the Notes.

6. **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.

7. **Default.**

Each permanent Global Note provides that the holder may cause such permanent Global Note, or a portion of it, to become due and repayable in the circumstances described in Condition 9 by stating in the notice to the Principal Paying Agent the principal amount of such permanent Global Note which is becoming due and repayable. Following the giving of a notice of an event of default, the holder of a permanent Global Note may elect that the permanent Global Note becomes void as to a specified portion and that the persons entitled to such portion as accountholders with a clearing system acquire direct enforcement rights against the Issuer under the terms of a Deed of Covenant executed as a deed by the Issuer on 26 August 2016 (the "**Deed of Covenant**").

8. **Call Option.**

No drawing of Notes will be required under Condition 5(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. 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 (as the case may be) in respect of the Notes will be governed by the standard procedures of Euroclear or Clearstream, Luxembourg (as the case may be) (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

9. **Put Option.**

Any put option may be exercised by the holder of a permanent Global Note giving notice to the Principal Paying Agent of the principal amount of Notes in respect of which the option is exercised and where the permanent Global Note is a CGN presenting such permanent Global Note for endorsement of exercise within the time limits specified in the Conditions. Where the Global Note is an NGN, the Issuer shall procure that details of such exercise shall be entered *pro rata* in the records of the relevant clearing system and the principal amount of the Notes recorded in those records will be reduced accordingly.

10. **NGN Principal Amount.**

Where the Global Note is an NGN, the Issuer shall procure that any exchange, payment, cancellation, exercise of any option or any right under the Notes, as the case may be, in addition to the circumstances set out above shall be entered in the records of the relevant clearing systems and upon any such entry being made, in respect of payments of principal, the principal amount of the Notes represented by such Global Note shall be adjusted accordingly.

11. **Redenomination.**

If the Issuer redenominates any Notes into euros pursuant to Condition 15, it shall not be obliged to exchange any Global Notes for new Global Notes denominated in euros.

**USE OF PROCEEDS**

The net proceeds of issues of Notes will be used for general corporate purposes of the Issuer. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

## REVIEW OF BUSINESS AND OPERATIONS

### General

FCE Bank plc ("**FCE**") was incorporated in England and Wales under the Companies Act 1948 on 3 September 1963 with number 772784 as a private limited company. Its original name, Ford Motor Credit Company Limited, was changed to Ford Credit plc when it reregistered as a public limited company on 1 May 1991. On 1 June 1993 it changed its name to Ford Credit Europe plc and then on 1 June 1998 it changed its name to FCE Bank plc. FCE's registered office is at Eagle Way, Brentwood, Essex, CM13 3AR, telephone number +44 1277 692720.

FCE is an indirect wholly owned subsidiary of Ford Motor Company ("**Ford**"), a company incorporated under the laws of the State of Delaware, United States of America. FCE is authorised by the Prudential Regulation Authority ("**PRA**") and regulated by the Financial Conduct Authority ("**FCA**") and the PRA to carry on a range of regulated activities within the UK and through a branch network in ten other European countries. FCE is subject to consolidated supervision by the FCA and the PRA, both of which are FCE's home state regulators for all of its branch operations.

### Principal Markets

FCE operates directly in 15 European countries. It has subsidiaries in Switzerland, the Czech Republic, Hungary, Poland and Sweden, the latter being a holding company (Saracen Holdco AB) that has a 50 per cent. less one share interest in Forso Nordic AB, a joint venture that provides automotive financial services in Denmark, Finland, Sweden and Norway. FCE also provides financing to distributors and importers in approximately 60 countries through its Worldwide Trade Financing division.

### Principal Activities

FCE's primary business is to provide financial products and services to support the sale of Ford vehicles in Europe through the relevant dealer networks. A variety of retail, leasing and wholesale finance plans are provided in countries in which FCE and its subsidiaries operate. Retail financing is primarily provided by means of a number of title retention plans, including conditional sale, hire purchase and instalment credit. Operating and finance leases are provided to individual, corporate and other institutional customers, covering single vehicles as well as large and small fleets. In addition, FCE has various alternative business arrangements for some products and markets that reduce its funding requirements while allowing FCE to support Ford. FCE provides loans to dealers for a variety of vehicle wholesale (floorplan) finance plans.

FCE also offers branded and non-branded fee income-generating insurance products, backed by local insurance providers who assume 100 per cent. of the risk. It distributes these products primarily through Ford dealerships in many European markets. FCE's Insurance product and service offerings are brand-enforcing that deliver value to customers and dealers.

### Ownership

Since 26 November 2013 all but one of the 614,384,050 Ordinary £1 shares of FCE have been owned by FCSH GmbH ("**FCSH**") and since 9 October 2000 one share of FCE has been held by Ford Motor Credit Company LLC ("**FMCC LLC**") on trust for Ford Credit International, Inc. ("**FCI**"). FCI owns 221,039 shares of FCSH and FMCC LLC owns 200 shares of FCSH, in aggregate constituting the entire issued share capital of FCSH. FCI is a wholly owned direct subsidiary of FMCC LLC. Each of FCSH, FMCC LLC and FCI are indirect wholly owned subsidiaries of Ford. FCE remains a consolidated subsidiary of FMCC LLC. FMCC LLC has entered into an agreement with FCE that it will maintain a minimum ownership interest in FCE and that it (or, if its interest in FCE is held through an affiliate, such affiliate) will maintain its net worth at, or above, a specified level. (See "*Support Agreement*" below).

### Support Agreement

Pursuant to a support agreement between FMCC LLC and FCE dated 20 September 2004 (the "**Support Agreement**"), FMCC LLC has agreed to maintain, directly or indirectly, a controlling interest of not less than 75 per cent. of the issued share capital of FCE and to maintain or procure the maintenance of FCE's net worth at not less than U.S. \$500 million. The Support Agreement originally established an effective termination date of 31 January 2010 (the "**Termination Date**") but provided that such Termination Date would be extended automatically on 1 February of each year (the "**Annual Extension Date**") following the entry into of the Support Agreement for an additional one year period. Either party can give notice (a "**Termination Notice**") one month before the Annual Extension Date in any given year of their wish to prevent the automatic extension of the Termination Date and terminate the Support Agreement with effect from the Termination Date set on the last preceding Annual Extension Date. However, as at the date of this Base Prospectus, neither party has ever provided a Termination Notice and therefore the Termination Date has been automatically extended each year by one year and as at the date of this Base Prospectus, the Termination Date stands at 31 January 2022.

## Relationship between FCE and FMCC LLC

As highlighted in the "Ownership" section above, the immediate parent undertaking of the Issuer is FCSH. FCSH does not produce consolidated accounts as it is wholly owned by, and consolidated into the accounts of, FMCC LLC. The ultimate parent undertaking and controlling party of both FCE and FMCC LLC is Ford.

Further information relating to FMCC LLC's and Ford's worldwide financial services and automotive operations can be found in FMCC LLC's and Ford's most recent annual report on Form 10-K and quarterly reports on Form 10-Q filings. These filings include the following reports prepared by PricewaterhouseCoopers LLP in the United States: (i) Report of Independent Registered Public Accounting Firm included in the 10-K filings; and (ii) Report of Independent Registered Public Accounting Firm included in the 10-Q filings of FMCC LLC and Ford in the form and context in which they are included by reference in such filings. The FMCC LLC financial statements are relevant to the Issuer in as much as FMCC LLC owns FCI, which in turn is the beneficial owner of 221,039 shares of FCSH and FMCC LLC owns 200 shares of FCSH which in aggregate constitute the entire issued share capital of FCSH. FCSH is the beneficial owner of the entire issued share capital less one share of the Issuer. However, for the avoidance of doubt, neither FCSH nor FMCC LLC is a guarantor of, or in any way obligated in connection with, Notes issued by FCE.

## Funding and Capital Resources

FCE's funding strategy is to have sufficient liquidity to profitably support Ford, its dealers and customers through economic cycles. FCE maintains a substantial cash balance, committed funding capacity, and access to diverse funding sources.

So far in 2016, and consistent with its funding plan, FCE raised £2.6 billion of new public term funding, including £2.0 billion public unsecured debt issuances under the Programme and a £0.5 billion public securitization transaction. FCE also issued £0.1 billion of unsecured debt through the Programme in private placement transactions. In the first half of 2016 FCE replaced and upsized a 3.5-year £830 million syndicated credit facility to a 3.5-year £990 million syndicated credit facility expiring in October 2019.

FCE did not pay a dividend in 2015. Any dividend payments this year will consider future receivable growth, profits and currency movements while maintaining a capital ratio that exceeds regulatory requirements and internal targets.

## FCE Credit Rating

The following table summarises changes in the long-term senior unsecured credit ratings, the short-term credit ratings and the outlook assigned to FCE since July 2013 to the date of this Base Prospectus.

Date	Fitch			Moody's			S&P		
	Long Term	Short Term	Outlook	Long Term	Short Term	Outlook	Long Term	Short Term	Outlook
Apr-14	BBB-	F3	Positive	Baa3	P-3	Stable	BBB	NR	Negative
May-14	BBB-	F3	Positive	Baa3	P-3	Stable	BBB	NR	Stable
Apr-15	BBB-	F3	Positive	Baa3	P-3	Stable	BBB	NR	Stable
July-15	BBB-	F3	Positive	Baa3	P-3	Stable	BBB	NR	Stable
Oct-15	BBB-	F3	Positive	Baa3	P-3	Stable	BBB	NR	Stable
Feb-16	BBB-	F3	Positive	Baa2	P-2	Stable	BBB	NR	Stable
May-16	BBB	F2	Stable	Baa2	P-2	Stable	BBB	NR	Stable

## Recent Developments

For the six months to 30 June 2016 FCE continued to deliver its plan of controlled growth demonstrated by strong profits, continued growth in receivables and low credit losses. FCE recorded profit before tax of £61 million in Q2 2016 which is consistent with Q2 2015.

FCE's net loans and advances to customers as at 30 June were higher than at 30 June 2015 due to increased Ford sales.

FCE's annualised net losses as a percentage of average net loans and advances continues to run near historical lows reflecting strong performance of FCE's wholesale and retail portfolios.

## Material Contracts

Other than the following contracts, there are no contracts (not being contracts entered into in the ordinary course of business) which could result in any member of the Ford Group being under an obligation or entitlement that is material to FCE's ability to meet its obligations to Noteholders.

FCE obtains debt financing through a variety of funding methods, including the issuance of bonds under its EMTN Programme, lending arrangements with other companies in the Ford Group, bilateral bank loans and sales of receivables.

As at 31 December 2015, FCE had approximately £0.9 billion due to other entities in the Ford Group consisting of:

- (i) subordinated loans from FCI and FMCC LLC to support regulatory capital requirements of approximately £0.2 billion;
- (ii) approximately £0.5 billion of loans from FCSH GmbH; and
- (iv) other items totalling approximately £0.2 billion.

Additionally, as at 31 December 2015, FCE had a facility allowing it to borrow up to €1.5 billion from FMCC LLC and as at the date of this Base Prospectus no amounts were drawn under this facility. The facility matures on 1 December 2016 or earlier upon 45 days' notice from FMCC LLC. However, both FMCC LLC and FCE may agree to renew this or enter into an equivalent facility.

FCE continues to meet a portion of its funding requirements through sales of receivables reflecting the more stable and generally lower costs compared to unsecured debt and the greater diversity of funding sources that this provides. As at 30 June 2016, approximately £5.4 billion of receivables had been securitised or sold.

#### **Alternative Performance Measures**

This Base Prospectus includes, on page 55, a reference to "profit from operating activities", which constitutes an Alternative Performance Measure ("APM"). Profit from operating activities consists of profit before tax adjusted to remove the impact of fair value adjustments to financial instruments and the gain or loss from the revaluation of foreign currency assets and liabilities at balance sheet exchange rates. FCE uses this APM to exclude impacts on profit from market movements and so assess the profit that is attributable to operating activities. This APM is directly identifiable from FCE's Annual Report and Accounts 2015 incorporated by reference herein, and therefore no reconciliation is required.

## ANNUAL FINANCIAL STATEMENTS OVERVIEW

The financial overview set out below has been extracted without material adjustment from the audited consolidated annual accounts of FCE Bank plc for the year ended 31 December 2015. FCE's 2015 Annual Report and FCE's 2014 Annual Report have been audited by PricewaterhouseCoopers LLP, Chartered Accountants and Registered Auditors, London.

**Consolidated statements of profit and loss and other comprehensive income for the years ended 31 December 2015 and 31 December 2014**

	<b>2015</b>	<b>2014</b>
	<b>£ mil</b>	<b>£ mil</b>
Interest income	564	587
Interest expense	(176)	(192)
<b>NET INTEREST INCOME</b>	<b>388</b>	<b>395</b>
Fees and commissions income	40	43
Fees and commissions expense	(5)	(10)
<b>NET FEES AND COMMISSIONS INCOME</b>	<b>35</b>	<b>33</b>
Other operating income	175	181
<b>TOTAL INCOME</b>	<b>598</b>	<b>609</b>
Impairment losses on loans and advances	(11)	(9)
Operating expenses	(200)	(204)
Depreciation of property and equipment	(164)	(175)
Fair value adjustments to financial instruments	(23)	(24)
Gain / (loss) on foreign exchange	13	(3)
Share of profit of a joint venture	4	3
<b>PROFIT BEFORE TAX</b>	<b>217</b>	<b>197</b>
Income tax expense	(57)	(50)
<b>PROFIT AFTER TAX AND PROFIT FOR THE FINANCIAL YEAR</b>	<b>160</b>	<b>147</b>
Translation differences on foreign currency net investments	(44)	(70)
Translation differences on foreign currency investments in a joint venture	(5)	-
<b>ITEMS THAT CAN BE RECYCLED THROUGH PROFIT AND LOSS</b>	<b>(49)</b>	<b>(70)</b>
Available for sale gains from changes in fair value	-	-
<b>ITEMS THAT CANNOT BE RECYCLED THROUGH PROFIT AND LOSS</b>	<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDING 31 DECEMBER</b>	<b>111</b>	<b>77</b>



## Consolidated statements of financial position as at 31 December 2015 and 31 December 2014

As at 31 December	Group	
	2015 £ mil	2014 £ mil
<b>ASSETS</b>		
Cash and cash equivalents	1,669	1,628
Derivative financial instruments	162	163
Other assets	285	288
Net loans and advances not subject to securitisation	6,907	5,519
Net loans and advances subject to securitisation	5,532	5,029
<b>Total loans and advances to customers</b>	<b>12,439</b>	<b>10,548</b>
Property and equipment	176	207
Income taxes receivable	16	93
Deferred tax assets	58	66
Goodwill and other intangible assets	11	10
Investment in a joint venture	44	43
Investment in other entities	3	3
<b>TOTAL ASSETS</b>	<b>14,863</b>	<b>13,049</b>
<b>LIABILITIES</b>		
Due to banks and other financial institutions not in respect of securitisation	707	407
Due to banks and other financial institutions in respect of securitisation	2,878	2,505
<b>Total due to banks and other financial institutions</b>	<b>3585</b>	<b>2,912</b>
Deposits	56	51
Due to parent and related undertakings	716	1,231
Derivative financial instruments	106	61
Debt securities in issue not in respect of securitisation	6,915	5,121
Debt securities in issue in respect of securitisation	1,092	1,272
<b>Total Debt securities in issue</b>	<b>8,007</b>	<b>6,393</b>
Provisions	11	35
Other liabilities	210	245
Income taxes payable	34	101
Deferred tax liabilities	19	15
Subordinated loans	217	214
<b>TOTAL LIABILITIES</b>	<b>12,961</b>	<b>11,258</b>
<b>SHAREHOLDERS' EQUITY</b>		
Ordinary shares	614	614
Share premium	352	352
Retained earnings	936	825
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>1,902</b>	<b>1,791</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>14,863</b>	<b>13,049</b>

## Comment on FCE's 2015 Results

Total profit before tax for 2015 was £217 million, increased by £20 million compared with the previous year. Profit before tax ("PBT") includes a number of exceptional items and fair value adjustments to financial instruments and foreign exchange adjustments. Excluding exceptional items, fair value adjustments to financial instruments and foreign exchange adjustments, FCE's profit from operating activities for 2015 was £227 million in 2015, increased by £3 million compared to the previous year (see "Review of Business Operations – Alternative Performance Measures").

FCE's net loans and advances increased in 2015 due primarily to the increase in contract sales and higher dealer stocks across all markets, which is partially offset by the impact of the relative strength of sterling on the value of Euro-denominated loans.

## THE DIRECTORS

The names of the directors of FCE as at the date of this Base Prospectus, their functions including, where relevant, principal activities outside the Ford Group, and business addresses, are given below.

There are no conflicts (nor potential conflicts) of interest between the duties of the directors to the Issuer and their private interests.

Name	Function and Principal Outside Activity	Business Address
Charles Alan Bilyeu	Executive Director, Sales & Marketing	FCE Bank plc Central Office Eagle Way, Brentwood Essex CM13 3AR
John Dalrymple Callender	Non-Executive Director Non-Executive Director of Motability Operations Group plc Non- Executive Chairman of ANZ Bank (Europe) Ltd	FCE Bank plc Central Office Eagle Way, Brentwood Essex CM13 3AR
John Coffey	Executive Director, Chief Risk Officer	FCE Bank plc Central Office Eagle Way, Brentwood Essex CM13 3AR
Paul Roger Kiernan	Executive Director, Finance	FCE Bank plc Central Office Eagle Way, Brentwood Essex CM13 3AR
Charlotte Elisabeth Diana Morgan	Non-Executive Director	FCE Bank plc Central Office Eagle Way, Brentwood Essex CM13 3AR
Joy Falotico	Chairman	Ford Motor Credit Company LLC The American Road Dearborn, Michigan 48121-1732
John Reed	Non-Executive Director Non-Executive Director, Bank of Philippine Islands (Europe) Plc Chairman, EFG Private Bank Ltd Chairman, Innovation Finance Ltd	FCE Bank plc Central Office Eagle Way, Brentwood Essex CM13 3AR
Ralph Nicolaus Rothwell	Chief Executive Officer	FCE Bank plc Central Office Eagle Way, Brentwood Essex CM13 3AR
Thomas Charles Schneider	Non-Executive Director	Ford Motor Credit Company LLC The American Road Dearborn, Michigan 48121-1732
Suzanna Taverne	Non-Executive Director Trustee, BBC Trust Trustee, Step Change Debt Charity	FCE Bank plc Central Office Eagle Way, Brentwood Essex CM13 3AR

## UNITED KINGDOM TAXATION

The comments below are of a general nature based on current United Kingdom law and HM Revenue & Customs practice (which may not be binding on HM Revenue & Customs) and are not intended to be exhaustive. They relate only to the position of persons who are the absolute beneficial owners of their Notes and any associated Coupons and may not apply to certain classes of persons such as dealers, certain professional investors or persons connected with the Issuer. They do not necessarily apply where the income is deemed for tax purposes to be the income of any person other than the absolute beneficial owner.

Reference in this part to "interest" shall mean amounts that are treated as interest for the purposes of United Kingdom taxation.

**Noteholders who are in any doubt as to their tax position, or who may be subject to tax in a jurisdiction other than the United Kingdom, should consult their professional advisers.**

### **Notes issued by the Issuer**

The Notes will constitute "quoted Eurobonds" within the meaning of Section 987 Income Tax Act 2007 provided that they carry a right to interest and are and continue to be listed on a "recognised stock exchange" within the meaning of Section 1005 Income Tax Act 2007 (the Luxembourg Stock Exchange is so recognised). Securities will be treated as listed on the Luxembourg Stock Exchange if they are both admitted to trading on the Luxembourg Stock Exchange and are officially listed in Luxembourg in accordance with provisions corresponding to those generally applicable in countries in the European Economic Area.

Accordingly, if Notes which carry a right to interest are issued, whether in global or definitive form, and are and continue to be listed on a recognised stock exchange, then payments of interest on the Notes (including payments of interest made through paying or collecting agents) may be made without withholding or deduction for or on account of United Kingdom income tax.

Interest on Notes having a maturity of less than one year from the date of issue and which are not issued under arrangements the intention or effect of which is to render such Notes part of a borrowing with a total term of a year or more may also be paid without withholding or deduction for or on account of United Kingdom income tax.

Where interest on Notes is paid to a company which is beneficially entitled to the interest and is within the charge to United Kingdom corporation tax as regards that interest (or a partnership each member of which is such a company) and the Issuer at the time of the payment of interest in question reasonably believes that this is the case, no withholding or deduction for or on account of United Kingdom income tax need be made, provided that HM Revenue & Customs has not given a direction to the contrary under Section 931 of the Income Tax Act 2007.

Where interest on Notes is paid by the Issuer in the ordinary course of its business as a bank (as defined in Section 991 Income Tax Act 2007) pursuant to Section 878 Income Tax Act 2007 payments of interest may be made without withholding or deduction for or on account of United Kingdom income tax.

In all other cases, interest on the Notes will generally be paid under deduction of United Kingdom income tax at the basic rate (currently 20 per cent.) subject to the availability of other exemptions or reliefs or to any direction to the contrary from HM Revenue & Customs in respect of such relief as may be available under the provisions of any applicable double taxation treaty.

### **Information Reporting**

HM Revenue & Customs has powers to obtain information relating to securities in certain circumstances. This may include details of the beneficial owners of the Notes (or the persons for whom the Notes are held), details of the persons to whom payments derived from the Notes are or may be paid and information and documents in connection with transactions relating to the Notes. Information may be required to be provided by, amongst others, the holders of the Notes, persons by (or via) whom payments derived from the Notes are made or who receive (or would be entitled to receive) such payments, persons who effect or are a party to transactions relating to the Notes on behalf of others and certain registrars or administrators. In certain circumstances, the information obtained by HM Revenue & Customs may be provided to tax authorities in other countries.

### **Discount Notes**

United Kingdom withholding tax may also apply to any premium or discount on Notes issued at a discount or redeemable at a premium. Whether or not this is the case will depend on whether the payment of such premium or discount is treated as a payment of interest for United Kingdom tax purposes, in which case payments thereof will be treated as described above.

**Direct Assessment (including issues relevant to non-United Kingdom resident Noteholders)**

Interest on the Notes will have a United Kingdom source and, accordingly, subject to what is said below, may be chargeable to United Kingdom tax by direct assessment. However, interest received without deduction or withholding is not chargeable to United Kingdom tax in the hands of a Noteholder (other than certain trustees) who is not resident for tax purposes in the United Kingdom unless the Noteholder carries on a trade through a permanent establishment (in the case of a Noteholder which is a company) in the United Kingdom in connection with which interest is received or to which the Notes are attributable or the Noteholder carries on a trade, profession or vocation through a branch or agency in the United Kingdom where the Notes are used by, or held by or for, that branch or agency. In this case, United Kingdom tax may be levied on the permanent establishment or branch or agency (as appropriate), although there are certain exceptions for income received by specified categories of agent (such as some brokers and investment managers).

Where interest on the Notes has been paid under deduction of United Kingdom income tax, Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in an applicable double taxation treaty.

The provisions relating to the payment of additional amounts in Condition 7 of "*Conditions of the Notes*" would not apply if HM Revenue & Customs sought to assess the person entitled to the relevant interest directly to United Kingdom tax. However, exemption from or reduction of such United Kingdom tax liability might be available under an applicable double taxation treaty.

## LUXEMBOURG TAXATION

The comments below do not relate to any form of Luxembourg taxation other than taxation withheld at source. They do not purport to be a comprehensive description of all the tax considerations that may be relevant to any particular noteholder and are not intended, nor should they be construed to be, legal or tax advice. These comments are based on the Luxembourg law as it is on the date of this Base Prospectus. They are subject to changes that may occur in the law with effect after such date. Noteholders who are in doubt as to their tax position should consult their professional advisers.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a similar tax, or to any other concepts, refers to Luxembourg tax law and/or concepts only.

### **Withholding tax**

Under Luxembourg tax law currently in effect and with the possible exception of interest paid to Luxembourg resident individual Noteholders, there is no Luxembourg withholding tax on payments of interest (including accrued but unpaid interest) or upon repayment of principal or premium in case of reimbursement, redemption, repurchase or exchange of the Notes.

### **Non-resident Noteholders**

Under Luxembourg tax laws currently in effect, there is no Luxembourg withholding tax under the Notes on payments of interest (including accrued but unpaid interest) made to non-resident Noteholders, nor is any Luxembourg withholding tax payable upon repayment of principal or premium in case of reimbursement, redemption, repurchase or exchange of the Notes.

### **Luxembourg resident Noteholders**

Subject to the Luxembourg law of 23 December 2005, as amended (the "**Relibi Law**"), there is, under Luxembourg tax laws currently in effect, no withholding tax under the Notes on payments of interest (including accrued but unpaid interest) made to resident Noteholders, nor is any withholding tax payable upon repayment of principal or premium in case of reimbursement, redemption, repurchase or exchange of the Notes.

Under the Relibi Law, payments of certain interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner who is resident of Luxembourg are subject to a withholding tax of 10 per cent. The withholding tax is levied in full discharge of income tax if the beneficial owner is an individual acting in the course of the management or his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent.

Further, a Luxembourg resident individual who acts in the course of the management of his/her private wealth and who is the beneficial owner of an interest payment made by a paying agent established outside Luxembourg but in a Member State of the EU or of the European Economic Area, may also, in accordance with the Relibi Law, opt for a final 10 per cent. levy (the "**10 per cent. Levy**"). In such case, the 10 per cent. Levy is calculated on the same amounts as for the payments made by Luxembourg resident paying agents. The option for the 10 per cent. Levy must cover all interest payments made by the paying agent to the Luxembourg resident beneficial owner during the entire calendar year. Tax reporting duties and payment of the 10 per cent. Levy will be incumbent upon the beneficial owner (i.e. the Luxembourg resident individual).

## GERMANY TAXATION

The following is a general discussion of certain German tax consequences of the acquisition, holding and disposal of Notes. It does not purport to be a comprehensive description of all tax considerations that may be relevant to a decision to purchase Notes, and, in particular, does not consider any specific facts or circumstances that may apply to a particular purchaser. This summary is based on the laws of Germany currently in force and as applied on the date of this Base Prospectus, which are subject to change, possibly with retroactive or retrospective effect.

As each series of Notes may be subject to a different tax treatment due to the specific terms of such Series as set out in the respective Final Terms, the following section only provides some very general information on the possible tax treatment of a generic Note.

**Prospective Noteholders are advised to consult their own tax advisors as to the tax consequences of the purchase, ownership and disposal of Notes, including the effect of any state, local or church taxes, under the tax laws of Germany and each country of which they are residents.**

### Tax Resident Noteholders

If the Notes are held in a custodial account which is maintained with a German bank or financial services institution, with a German branch of a non-German bank or financial services institution, with a German Notes trading business (*Wertpapierhandelsunternehmen*) or with a German Notes trading bank (*Wertpapierhandelsbank*) (a "**German Paying Agent**") by a German tax resident (i.e. a person or entity whose residence, habitual abode, statutory seat or place of effective management and control is located in Germany), a 25 per cent withholding tax (plus solidarity surcharge (*Solidaritätszuschlag*) at a rate of 5.5 per cent. thereon) will be levied on interest payments and capital gains, resulting in a total tax charge of 26.38 per cent. Additionally, on application, church tax will be levied automatically as a surcharge on the withholding tax unless the Noteholder has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office. In the case of interest and accrued interest withholding tax will be levied on the interest / accrued interest amount. In the case of capital gains from the sale, transfer, redemption or cancellation of Notes, withholding tax will be levied on an amount equal to the difference between the issue or purchase price of the Notes and the redemption amount or sales proceeds less any directly related expenses provided that the Noteholder has kept it in a custodial account since the time of issuance or acquisition respectively or has proven the acquisition facts. Otherwise, withholding tax is generally applied to 30 per cent. of the amounts paid in partial or final redemption or cancellation of the Notes or the proceeds from the sale or transfer of the Notes.

In computing the tax to be withheld the German Paying Agent may deduct from the basis of the withholding tax any accrued interest previously paid by the Noteholder to the German Paying Agent during the same calendar year. If, in case of physical delivery, no cash payment is made upon redemption, the German Paying Agent will request that the Noteholder pays the withholding tax to it. If the Noteholder does not pay the amount to be withheld to the German Paying Agent the latter must notify the tax authorities of such failure which will then collect the tax from the Noteholder.

In general, no withholding tax will be levied for a tax resident individual holding the Notes as private assets who has filed a withholding exemption certificate (*Freistellungsauftrag*) with the German Paying Agent but only to the extent the interest income derived from the Note together with other investment income does not exceed the maximum exemption amount shown on the withholding exemption certificate. Similarly, no withholding tax will be levied if such Noteholder has submitted to the German Paying Agent a certificate of non-assessment (*Nichtveranlagungsbescheinigung*) issued by the relevant local tax office.

If the Noteholder is a German resident corporation then generally no withholding tax will be levied on capital gains from the sale, transfer, redemption or cancellation of a Note provided that in the case of corporations of certain legal forms the status of corporation has been evidenced by certificate of the competent tax office. The same is true if the Notes are held as assets of a German trade or business and the Noteholder declares this by way of an official form vis-à-vis the German Paying Agent.

For tax resident individuals holding the Notes as private assets the withholding tax (plus solidarity surcharge and, on application, church tax, if any, thereon) is, in principle, a final tax (*Abgeltungsteuer*) and shall replace the investor's personal income taxation by way of assessment. Any expenses related to such income (*Werbungskosten*) such as financing or administration costs actually incurred are not tax deductible. Only a lump sum of €801 (€1,602 for spouses) can be deducted. Upon formal application by the taxpayer, the lower personal income tax rate, if any, will be applied (*Günstigerprüfung*). A taxpayer can also formally apply for a tax assessment to make specific allowances. If no tax is withheld, tax resident individuals holding the Notes as private assets are still obliged to file tax returns.

Where Notes form part of a trade or business the withholding tax will not settle the personal or corporate income tax liability. The German Noteholder will have to report income and related expenses on his tax return and the balance will be taxed at the German Noteholders' applicable tax rate. Withholding tax levied, if any, will be credited against the personal or corporate

income tax of the German Noteholder. Amounts overwithheld will entitle the Noteholder to a refund, based on an assessment to tax.

### **Non-resident Noteholders**

Interest, including accrued interest and capital gains are not subject to German taxation in the case of non-resident Noteholders, i.e. persons having neither their residence nor their habitual abode nor seat nor place of effective management in Germany, unless (i) the Notes form part of the assets of a permanent establishment, including a permanent representative or a fixed base maintained in Germany by the Noteholder or (ii) the interest income otherwise constitutes German source income, such as income from certain capital investments directly or indirectly secured by real estate located in Germany. If the non-resident of Germany is subject to German taxation with income from the Notes, a tax regime similar to that explained above under "Tax Resident Noteholders" applies; capital gains from the sale, transfer, redemption or cancellation of Notes are, however, only taxable in the case of (i).

Non-residents of Germany are, in general, exempt from German withholding tax (plus solidarity surcharge thereon) on interest and capital gains. However, where the interest or the capital gains are subject to German taxation as set forth in the preceding paragraph and the Notes are held in a custodial account with a German Paying Agent withholding tax is levied as explained above at "*Tax Resident Noteholders*". For non-residents of Germany such withholding tax is in general a final taxation. The withholding tax may be refunded based on an assessment to tax or under an applicable tax treaty.

## PLAN OF DISTRIBUTION

Subject to the terms and conditions contained in a Distribution Agreement dated 17 November 1993 as amended and restated on 26 August 2016 (the "**Distribution Agreement**") between the Issuer, Australia and New Zealand Banking Group Limited, Banca IMI S.p.A., Banco Bradesco BBI S.A., Barclays Bank PLC, BB Securities Limited, BNP Paribas, Citigroup Global Markets Limited, Commerzbank Aktiengesellschaft, Crédit Agricole Corporate and Investment Bank, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch, Goldman Sachs International, HSBC Bank plc, J.P. Morgan Securities plc, Lloyds Bank plc, Merrill Lynch International, Mizuho International plc, Morgan Stanley & Co. International plc, RBC Europe Limited, Société Générale Corporate and Investment Banking, SMBC Nikko Capital Markets Limited, The Royal Bank of Scotland plc and UniCredit Bank AG (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 purchasers which are not Permanent Dealers (together with the Permanent Dealers, "**Dealers**"), provided that such sales are upon the terms of the Distribution Agreement. 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. Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Distribution Agreement further provides for Notes to be issued in 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 Distribution Agreement may be terminated in relation to all of 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. In addition, the Distribution Agreement entitles the Dealer subscribing for each Tranche of Notes to terminate their obligation to subscribe for such Notes in certain circumstances prior to payment being made to the Issuer.

## SELLING AND TRANSFER RESTRICTIONS

### Public Offer Selling Restriction under the Prospectus Directive

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

- (a) if the Final Terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the Final Terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or Final Terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive;

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

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



## United Kingdom

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

- (a) in relation to any Notes which have a maturity of less than one year from the date of their issue: (a) 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 (b) 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 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 or sale 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 would not, if the Issuer was not an authorised person, apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

## United States

### *U.S. Tax Selling Restrictions*

The Notes have not been issued in registered form for U.S. federal income tax purposes and may not be offered, sold or delivered within the United States or its possessions or to a United States person except (i) as permitted by U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(D) (or any substantially identical rules that are applicable for purposes of Section 4701 of the Code) ("**TEFRA D**"), (ii) in compliance with U.S. Treasury Regulations Sections 1.163-5(c)(2)(i)(C) (or any substantially identical rules that are applicable for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**")) ("**TEFRA C**"), or (iii) in circumstances in which the Notes will not constitute "registration required obligations" (as defined in Section 4701(b)(1) of the Code), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

With respect to Notes issued in compliance with TEFRA D, the Issuer and each Dealer has represented and agreed, (and each additional dealer named in a set of Final Terms will be required to represent and agree), that in addition to the relevant U.S. Securities Selling Restrictions set forth below:

- (a) except to the extent permitted under TEFRA D, (x) it has not offered or sold, and during the Restricted Period it will not offer or sell, Notes in bearer form to a person who is within the United States or its possessions or to a United States person and (y) it has not delivered and will not deliver within the United States or its possessions definitive Notes in bearer form that are sold during the Restricted Period;
- (b) it has and throughout the Restricted Period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes are aware that such Notes may not be offered or sold during the Restricted Period to a person who is within the United States or its possessions or to a United States person (except to the extent permitted under TEFRA D);
- (c) if it is a United States person, it is acquiring the Notes in bearer form for purposes of resale in connection with their original issuance, and if it retains Notes for its own account, it will do so in accordance with the requirements of TEFRA D;
- (d) with respect to each affiliate or distributor that acquires Notes in bearer form from the Issuer or Dealer for the purpose of offering or selling such Notes during the Restricted Period, the Issuer or Dealer either repeats and confirms the representations and agreements contained in subclauses (a), (b) and (c) above on such affiliate's or distributor's behalf or agrees that it will obtain from such affiliate or distributor for the benefit of the Issuer the representations and agreements contained in such subclauses; and
- (e) it has not and agrees that it will not enter into any written contract (other than a confirmation or other notice of the transaction) pursuant to which any other party to the contract (other than one of its affiliates or another Dealer) has offered or sold, or during the Restricted Period will offer or sell, any Notes, except where pursuant to the contract the

Dealer has obtained or will obtain from that party, for the benefit of the Issuer and the Dealer, the representations contained in, and that party's agreement to comply with, the provisions of subclauses (a), (b), (c) and (d) above.

With respect to Notes issued in compliance with TEFRA C, the Issuer and each Dealer has each represented and agreed that:

- (i) it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, such Notes within the United States or its possessions in connection with their original issuance; and
- (ii) it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if it is within the United States or its possessions or otherwise involve its US office, if any, in the offer or sale of such Notes.

The Hiring Incentives to Restore Employment Act of 2010 (the "**HIRE Act**") repealed TEFRA C and TEFRA D for Notes issued after 18 March 2012. However, in Notice 2012-20, the U.S. Department of Treasury and the US Internal Revenue Service indicated that they intend to provide in regulations that rules identical to TEFRA C and TEFRA D will apply to non-U.S. issuers of bearer obligations for purposes of establishing an exemption from the excise tax imposed by Section 4701 of the Code. (The amount of the excise tax is one per cent. of the principal amount of the obligation, multiplied by the number of calendar years until the obligation reaches maturity). Consequently, Notes issued in bearer form in accordance with TEFRA C or TEFRA D should continue to be treated as "foreign targeted obligations" that are exempt from the excise tax.

Terms used in this section shall have the meanings given to them by the Code, and the U.S. Treasury Regulations thereunder, including TEFRA D and TEFRA C.

Notes that have a term of more than 365 days will include a legend indicating that U.S. persons who hold the Notes will be subject to limitations under the Code, including the inability to deduct losses and ordinary income treatment of any gain on the sale or disposition of the Notes.

#### *U.S. Securities Selling Restrictions*

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (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 (as defined in Regulation S under the Securities Act, "**Regulation S**") except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable U.S. state securities laws. Terms used in this paragraph have the meanings given to them by Regulation S. There will be no public offer of the Notes in the United States.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will not offer, sell or deliver the Notes of any identifiable Tranche (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of such Tranche (a "**Distribution Compliance Period**") as determined, and certified to the Issuer and each relevant Dealer, by the Fiscal Agent or, in the case of a Syndicated Issue, the Lead Manager, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has also agreed, and each further Dealer appointed under the Programme will be required to agree, that, at or prior to confirmation of sale of any Notes to any distributor, dealer or other person receiving a selling concession, fee or other remuneration during such Distribution Compliance Period each Dealer will send 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 of, U.S. persons. Accordingly, the Dealer, its affiliates or any person acting on its or their behalf has not and will not engage in any directed selling efforts with respect to the Notes, and it and they have complied and will comply with the offering restrictions requirements of Regulation S. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of any identifiable Tranche of Notes, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering of such Notes) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

#### **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No 25 of 1948, as amended) (the "**FIEA**"). Accordingly each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and other relevant laws and regulations of Japan. As used in this paragraph, "resident of Japan" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

## France

This Base Prospectus has not been prepared in the context of a public offering of securities in France within the meaning of Article L.411-1 of the French *Code monétaire et financier* and has therefore not been submitted to the *Autorité des marchés financiers* (the "AMF") for prior approval or otherwise.

Each of the Dealers and the Issuer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that (a) it has only made and will only make an offer of Notes to the public (*offre au public*) in France during the period beginning (when a prospectus has been approved by the competent authority of another Member State of the European Economic Area which has implemented the Prospectus Directive) from the date of notification of such approval to the AMF, and ending at the latest on the date which is 12 months after the date of approval of such prospectus, all in accordance with Articles L.412-1 and L.621-8 of the French *Code monétaire et financier* and the *Règlement général* of the AMF; and (b) it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France and neither this Base Prospectus nor any other offering material relating to the Notes has been distributed or caused to be distributed or will be distributed or caused to be distributed to the public in France, and that such offers, sales and distributions have been and will only be made in France to (x) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*) and/or (y) qualified investors (*investisseurs qualifiés*) acting for their own account, other than individuals, all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*.

## The Republic of Italy

The offering of the Notes has not been registered and will not be registered with the Italian Financial Regulator (*Commissione Nazionale per le Società e la Borsa* or "CONSOB") pursuant to Italian securities legislation and, accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that no Notes may be offered, sold, promoted, advertised or delivered, directly or indirectly, to the public in the Republic of Italy, nor may copies of this Base Prospectus, any Final Terms or any other document relating to the Notes be distributed, made available or advertised in the Republic of Italy, except:

- (1) to "**Qualified Investors**" (*Investitori Qualificati*) as defined pursuant to article 100, paragraph 1(a) of the Italian Legislative Decree No. 58 of 24 February, 1998 as amended from time to time (the "**Italian Consolidated Financial Act**"), and in article 34-ter, paragraph 1(b) of CONSOB Regulation No. 11971 as amended from time to time ("**CONSOB Regulation No. 11971**"); or
- (2) if it is specified within the relevant Final Terms that a non-exempt offer may be made in the Republic of Italy, that each Dealer may offer, sell or deliver Notes or distribute copies of any prospectus relating to such Notes, provided that such prospectus has been (i) approved in another Relevant Member State and notified to CONSOB, and (ii) completed by final terms (if applicable) expressly contemplating such non-exempt offer, in an offer of financial products to the public in the period commencing on the date of approval of such prospectus, in accordance with the Prospectus Directive, as implemented in the Republic of Italy under the **Italian Consolidated Financial Act** and CONSOB Regulation No. 11971, until 12 months after the date of approval of such prospectus; or
- (3) in any other circumstances where an express applicable exemption from compliance with the restrictions on the "**offer of financial products to the public**" applies, as provided under article 100 of the Italian Consolidated Financial Act and/or article 34-ter of CONSOB Regulation No. 11971.

In any event, any such offer, sale, promotion, advertisement or delivery of the Notes or distribution of copies of this Base Prospectus, any Final Terms or any other document relating to the Notes in the Republic of Italy under paragraphs (1), (2) or (3) above must be:

- (a) made by an investment firm, bank or financial intermediary - an "**authorised entity**" (*soggetto abilitato*) - permitted to conduct such activities in the Republic of Italy in accordance with the Italian Consolidated Financial Act, the Italian Legislative Decree No. 385 of 1 September, 1993 as amended from time to time (the "**Italian Consolidated Banking Act**") and CONSOB Regulation No. 16190 of 29 October, 2007 (as amended from time to time);
- (b) in compliance with article 129 of the Italian Consolidated Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request post-offering information on the issue or the offer of securities in the Republic of Italy; and

- (c) in compliance with any other applicable laws and regulations or requirement which may be imposed from time to time by CONSOB or the Bank of Italy or any other Italian competent authority.

***Provisions relating to the secondary market in the Republic of Italy***

Investors should also note that, in accordance with article 100-*bis* of the Italian Consolidated Financial Act:

- (a) where no exemption from the rules on public offerings applies under paragraphs (1) and (3) above, the subsequent distribution on the secondary market in Italy of the Notes initially placed pursuant to an exemption to publish a prospectus must be made in compliance with the rules on offer of securities to the public provided under the Italian Consolidated Financial Act and the CONSOB Regulation No. 11971;
- (b) where no exemption from the rules on public offerings applies under paragraph (3) above, if any of the Notes which have been initially placed with Qualified Investors in Italy or abroad are then systematically resold to non-Qualified Investors at any time in the 12 months following such placing, such resale would qualify as an offer of securities to the public. Where this occurs, if a prospectus compliant with the Prospectus Directive has not been published, purchasers of such Notes (who are acting outside the course of their business or profession) may be entitled to obtain that the resale is declared null and void and the authorised entities transferring the Notes may be held liable for any damages suffered by the purchasers; and
- (c) any intermediary subsequently reselling the Notes is entitled to rely upon the prospectus published by the issuer or the person responsible for drawing up a prospectus as long as this is valid, duly supplemented in accordance with the Italian Consolidated Financial Act and CONSOB Regulation No. 11971, and provided that the issuer or the person responsible for drawing up a prospectus gives its written consent to its use.

**Switzerland**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that: (a) it has not publicly offered, sold or advertised and will not publicly offer, sell or advertise the Notes in Switzerland, as such term is defined or interpreted under the Swiss Code of Obligations ("**CO**"); (b) neither this Base Prospectus nor any documents related to the Notes constitute a prospectus within the meaning of art. 652a or art. 1156 CO; and it will not distribute the Notes in or from Switzerland, as such term is defined or interpreted under the Swiss Collective Investments Schemes Act ("**CISA**").

The Issuer has not applied for a listing of the Notes on the SIX Swiss Exchange or any other regulated securities market in Switzerland, and consequently, the information presented in this Base Prospectus does not necessarily comply with the information standards set out in the listing rules of the SIX Swiss Exchange.

In addition, the Notes do not constitute a participation in a collective investment scheme in the meaning of CISA and they are neither subject to approval nor supervision by the Swiss Financial Markets Supervisory Authority FINMA ("**FINMA**"). Therefore, investors in the Notes do not benefit from protection under CISA or supervision by FINMA or any other regulatory authority in Switzerland.

**General**

These selling restrictions may be modified by the agreement of the Issuer and the relevant Dealers, including following a change in a relevant law, regulation or directive.

Other than in Luxembourg, no action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Base Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will obtain any consent, approval or permission which is, to the best of its knowledge and belief required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and it will, to the best of its knowledge and belief, comply with all such laws and regulations. Neither the Issuer nor any Dealer shall have any responsibility therefor.

## GENERAL INFORMATION

1. The original listing of the Programme was granted on 19 November 1993. Application has been made to the CSSF to approve this Base Prospectus as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to the Official List of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's regulated market, *Bourse de Luxembourg*. Prior to official listing, however, dealings will be permitted by the Luxembourg Stock Exchange in accordance with its rules. However, Notes may be issued pursuant to the Programme which will not be listed on the official list of the Luxembourg Stock Exchange or any other stock exchange. This Base Prospectus, the documents incorporated by reference and the Final Terms in respect of Tranches listed on the official list of the Luxembourg Stock Exchange will be published on the website of the Luxembourg Stock Exchange (at [www.bourse.lu](http://www.bourse.lu)).
2. The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes. The creation of the Programme and the issue of Notes was authorised by a meeting of the Board of Directors of the Issuer on 15 November 1993. The Board of Directors of the Issuer authorised the contents of this Base Prospectus on 19 August 2016.
3. For each offering of Notes with a term of more than 365 days, other than a temporary Global Note, each Note, 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". The temporary Global Note will bear the following legend:
 

"This temporary Global Note has not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"). Neither this Global Note nor any portion hereof may be offered or sold within the United States or to any US person unless an exemption from the registration requirements of the Securities Act is available."
4. Neither the Issuer nor any of its subsidiaries is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending a threatened action of which the Issuer is aware) during the twelve months preceding the date of this Base Prospectus which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer and its subsidiaries, nor is the Issuer aware that any such proceedings are pending or threatened.
5. There has been no significant change in the trading or financial position of the Issuer or its subsidiaries since 31 December 2015 (being the date of the latest published consolidated annual audited financial statements of the Issuer) and no material adverse change in the prospects of the Issuer or its subsidiaries since 31 December 2015 (being the date of the latest published consolidated audited annual financial statements of the Issuer).
6. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The International Securities Identification Number (the "**ISIN**") and Common Code (and, where applicable, the WKN) for each Series of Notes will be set out in the relevant Final Terms.
 

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of any alternative clearing system will be specified in the applicable Final Terms.
7. In relation to any Tranche of Fixed Rate Notes, an indication of the yield in respect of such Notes will be specified in the applicable Final Terms. The yield is calculated at the Issue Date of the Notes on the basis of the relevant Issue Price. The yield indicated will be calculated as the yield to maturity as at the Issue Date of the Notes and will not be an indication of future yield.
8. The selected financial information relating to the Issuer and its subsidiaries contained in this document does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006 (the "**Act**"). Audited consolidated accounts for each of the two years ended 31 December 2014 and 31 December 2015, on which the auditors have given unqualified reports under Section 495 of the Act and which did not contain a statement under Section 498(2) or (3) of the Act, have been delivered to the Registrar of Companies in the United Kingdom.

9. For so long as the Programme remains in effect or any Notes remain outstanding, the following documents will be available, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) for inspection at the registered office of the Issuer and the specified office in Luxembourg of the Paying Agent:
- (i) the Amended and Restated Agency Agreement (which includes the forms of the Global Notes, Definitive Notes, Coupons and Talons);
  - (ii) the Amended and Restated Distribution Agreement;
  - (iii) the Deed of Covenant;
  - (iv) the Support Agreement;
  - (v) the Articles of Association of the Issuer;
  - (vi) the published annual report and audited consolidated accounts of the Issuer and its subsidiaries for the two years ended 31 December 2014 and 31 December 2015 (available free of charge). The Issuer does not publish non-consolidated accounts;
  - (vii) the consolidated annual and interim financial statements of FMCC LLC which are lodged with the Luxembourg Stock Exchange (available free of charge). FMCC LLC does not publish non-consolidated accounts;
  - (viii) each set of Final Terms for Notes which are listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's regulated market or any other stock exchange (available free of charge);
  - (ix) a copy of this Base Prospectus together with any Supplement to this Base Prospectus or further Base Prospectus or document constituting a prospectus supplement (available free of charge);
  - (x) all future annual audited consolidated accounts of the Issuer and all future annual audited consolidated and interim quarterly unaudited consolidated financial statements of FMCC LLC (available free of charge); and
  - (xi) a copy of the 2006 ISDA Definitions.
10. PricewaterhouseCoopers LLP a member of the Institute of Chartered Accountants of England and Wales, has audited, and rendered unqualified audit reports on, the consolidated accounts of the Issuer for the two years ended 31 December 2014 and 31 December 2015.
11. Certain of the Dealers and their affiliates have engaged, and may in the future engage, in lending, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and its affiliates in the ordinary course of business. Certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial

instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. For the purpose of this paragraph, the term "affiliates" also includes parent companies.

#### **Additional Luxembourg Listing Information**

1. The Issuer will notify the Luxembourg Stock Exchange if the maximum aggregate principal amount of the Programme is increased and will produce a supplement to this Base Prospectus or, as the case may be, publish a new Base Prospectus, for use in connection with any subsequent issue of Notes to be listed on the official list of the Luxembourg Stock Exchange.
2. As long as any Notes are listed on the official list of the Luxembourg Stock Exchange, any financial statements of the Issuer which are published will be made available at the offices of the Paying Agent in Luxembourg as soon as they are published.

The Issuer has appointed The Bank of New York Mellon (Luxembourg) S.A. as its listing agent in Luxembourg. So long as the notes are listed on the official list of the Luxembourg Stock Exchange and the rules of such stock exchange shall so require, copies of the statutory documents of the Issuer, the audited consolidated annual and current reports, or any reports issued on a more current basis, and all documents mentioned in this Base Prospectus that have been prepared in connection with the issuance of the Notes may be inspected and copied (free of charge) at the specified offices of the Paying Agent in Luxembourg during normal business hours, so long as any of the Notes are outstanding. Copies may be obtained free of charge. The Issuer will not make available to Noteholders any post-issuance information relating to any benchmark or exchange rate by reference to which any amount payable under any Notes may be calculated.

3. The principal objects of the Issuer are set out in clause 4 of its Memorandum of Association. The objects include, among other things, to borrow, raise or take up money and to purchase, subscribe for or otherwise acquire and deal in stocks, shares, debentures, bonds, notes, loans and other securities and investments of whatsoever nature or description in any part of the world.
4. The Issuer has undertaken, in connection with the listing of the Notes on the official list of the Luxembourg Stock Exchange, that if there shall occur any adverse change in the business or financial position of the Issuer or any change in the information set out under "*Conditions of the Notes*", that is material in the context of issuance under the Programme, the Issuer will prepare or procure the preparation of a supplement to this Base Prospectus or, as the case may be, publish a new Base Prospectus, for use in connection with any subsequent issue by the Issuer of Notes to be listed on the official list of the Luxembourg Stock Exchange.

## FORM OF FINAL TERMS

### NOTES WITH A DENOMINATION OF AT LEAST €100,000 (OR ITS EQUIVALENT IN ANY OTHER CURRENCY)

Final Terms dated [    ]

FCE Bank plc

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
under the €15,000,000,000 Euro Medium Term Note Programme

#### PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the conditions of the Notes (the "**Conditions**") set forth in the Base Prospectus dated 26 August 2016 [and the Prospectus Supplement[s] dated [    ]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the "**Base Prospectus**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. A summary of the issue of the Notes (which comprises the summary in the Base Prospectus as completed to reflect the provisions of these Final Terms) may be annexed to these Final Terms on a voluntary basis. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus has been published on the Luxembourg Stock Exchange's website ([www.bourse.lu](http://www.bourse.lu)).]

*(The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.)*

[Terms used herein shall be deemed to be defined as such for the purposes of the conditions of the Notes (the "**Conditions**") set forth in the base prospectus dated [[4 December 2008] / [8 January 2010] / [21 January 2011] / [12 January 2012] / [31 January 2013] / [31 January 2014] / [22 January 2015] / [18 January 2016]] (the "**Original Base Prospectus**") which are incorporated by reference in the base prospectus dated 26 August 2016 (the "**Base Prospectus**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus [and the Prospectus Supplement[s] dated [    ], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, including the Conditions incorporated by reference in the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms, the Original Base Prospectus and the Base Prospectus [and the Prospectus Supplement[s] dated [    ] and [    ]]. A summary of the issue of the Notes (which comprises the summary in the Base Prospectus as completed to reflect the provisions of these Final Terms) may be annexed to these Final Terms on a voluntary basis. Copies of the Original Base Prospectus, the Base Prospectus [, the Prospectus Supplement[s]] [and these Final Terms] are available for viewing on the Luxembourg Stock Exchange's website ([www.bourse.lu](http://www.bourse.lu)).]

1. [(i)] Series Number: [    ]  
 [(ii)] Tranche Number: [    ]  
 [(iii)] Date on which the Notes become fungible [Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [[*insert currency*][*insert amount*][*insert rate*] Notes due [*insert date*]] on [*insert date*/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 20 below [which is expected to occur on or about [*insert date*]]]
2. Specified Currency or Currencies: [    ]
3. Aggregate Nominal Amount: [    ]  
 [(i)] Series: [    ]  
 [(ii)] Tranche: [    ]
4. Issue Price: [    ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*if applicable*)]
5. (i) Specified Denominations: [[    ]/[€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000. No Notes in definitive form will be issued with a denomination above €199,000.]]



- (ii) Calculation Amount: [ ]
6. (i) Issue Date: [ ]
- (ii) Interest Commencement Date [[ ]/Issue Date/Not Applicable: the Notes will not bear interest]
7. Maturity Date: [ ]
8. Interest Basis: [[ ] per cent. Fixed Rate]  
[[LIBOR/EURIBOR] +/- [ ] per cent. Floating Rate]  
[Zero Coupon]
9. Redemption Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [[100] / [specify fixed amount in excess of 100 only where dealing with Zero Coupon Notes]] per cent. of their nominal amount
10. Put/Call Options: [Investor Put]  
[Issuer Call]
11. [Date [Board] approval for issuance of Notes obtained: [ ]]

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

12. **Fixed Rate Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Interest Rate[(s)]: [ ] per cent. per annum [payable in arrear on each Interest Payment Date]
- (ii) Interest Payment Date(s): [ ] in each year
- (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: [Actual/Actual] [Actual/Actual (ISDA)]  
[Actual/365 (Fixed)]  
[Actual/365 (Sterling)]  
[Actual/360]  
[30/360] [360/360] [Bond Basis]  
[30E/360] [Eurobond Basis]  
[Actual/Actual (ICMA)]
- (vi) [Determination Dates: [[ ] in each year/Not Applicable]
13. **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: [[ ] in each year, subject to adjustment in accordance with the Business Day Convention set out in (v) below]
- (iii) First Interest Payment Date: [ ]
- (iv) Interest Period Date: [ ]
- (v) Business Day Convention: [Floating Rate Business Day Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention]

- (vi) Business Centre(s): [ ]
- (vii) Manner in which the Interest Rate(s) is/are to be determined: [Screen Rate Determination/ISDA Determination]
- (viii) Party responsible for calculating the Interest Rate(s) and Interest Amount(s) (if not the Calculation Agent): [ ]
- (ix) Screen Rate Determination: [Applicable/Not Applicable]  
 – Reference Rate: [ ] month  
 [LIBOR/EURIBOR]  
 Relevant Financial Centre: [ ]  
 – Interest Determination Date(s): [ ]  
 – Relevant Screen Page: [ ]
- (x) ISDA Determination: [Applicable/Not Applicable]  
 – Floating Rate Option: [ ]  
 – Designated Maturity: [ ]  
 – Reset Date: [ ]
- (xi) Linear Interpolation: [Not Applicable/Applicable - the Interest Rate for the long/short] [first/last] Interest Accrual Period shall be calculated using Linear Interpolation (specify for each short or long interest period)]
- (xii) Margin(s): [+/-][ ] per cent. per annum [Not Applicable]
- (xiii) Minimum Interest Rate: [ ] per cent. per annum [Not Applicable]
- (xiv) Maximum Interest Rate: [ ] per cent. per annum [Not Applicable]
- (xv) Day Count Fraction: [Actual/Actual] [Actual/Actual (ISDA)]  
 [Actual/365 (Fixed)]  
 [Actual/365 (Sterling)]  
 [Actual/360]  
 [30/360] [360/360] [Bond Basis]  
 [30E/360] [Eurobond Basis]  
 [Actual/Actual (ICMA)]

**14. Zero Coupon Note Provisions**

[Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Amortisation Yield: [ ] per cent. per annum
- (ii) Reference Price: [ ]
- (iii) Day Count Fraction in relation to Optional Redemption Amounts: [Actual/Actual] [Actual/Actual (ISDA)]  
 [Actual/365 (Fixed)]  
 [Actual/365 (Sterling)]  
 [Actual/360]  
 [30/360] [360/360] [Bond Basis]  
 [30E/360] [Eurobond Basis]  
 [Actual/Actual (ICMA)]

**PROVISIONS RELATING TO REDEMPTION****15. Call Option**

[Applicable/Not Applicable]

- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount(s) of each Note [ ] 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: [ ]

**16. Put Option** [Applicable/Not Applicable]

- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount(s) of each Note [ ] per Calculation Amount
- (iii) Notice period: [ ]

**17. Final Redemption Amount** [ ] per Calculation Amount

**18. Early Redemption Amount**

Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default or other early redemption): [ ] per Calculation Amount

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

- 19. Form of Notes:** [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on 60 days' notice upon the occurrence of an Exchange Event]  
 [Temporary Global Note exchangeable for Definitive Notes on 60 days' notice]  
 [Permanent Global Note exchangeable for Definitive Notes on 60 days' notice upon the occurrence of an Exchange Event]
- 20. New Global Note:** [Yes] [No]
- 21. Financial Centre(s):** [Not Applicable/[ ]]
- 22. Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):** [Yes/No]
- 23. Redenomination, renominatisation and reconventioning provisions:** [Not Applicable/The provisions in Condition 15 apply]
- 24. Consolidation provisions** [Not Applicable/The provisions in Condition 12 apply]

Signed on behalf of the Issuer:

By: .....

Duly authorised

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

(i) Listing and Admission to trading: [Application [has been/is expected to be] made by the Issuer (or on its behalf) for the Notes to be listed on [the official list of the Luxembourg Stock Exchange/[ ]] [and admitted to trading on [the Regulated Market of the Luxembourg Stock Exchange/[ ]]] with effect from [ ].] [Not Applicable. The Notes are unlisted Notes.]

(ii) Estimate of total expenses related to listing and admission to trading: [ ]

### 2. RATINGS

Ratings: [Not Applicable – the Notes have not been rated.]

[[The Notes to be issued [have been/are expected to be] rated:] / [The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally:]

[S&P: [ ] [meaning of rating]]

[Moody's: [ ] [meaning of rating]]

[Fitch: [ ] [meaning of rating]]

### 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

The Issuer is not aware of any interest(s) material to issues of the Notes, other than any fees payable to [ ] as Dealer[s] acting as underwriter[s] [and [ ] as Stabilising Manager[s] of issues of the Notes.]/[ ]].

### 4. YIELD

Indication of yield: [ ] [Not Applicable] [Fixed Rate Notes only]

### 5. OPERATIONAL INFORMATION

ISIN: [ ]

Common Code: [ ]

Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, *société anonyme* and the relevant identification number(s): [Not Applicable/[ ]]

Delivery: Delivery [against/free of] payment

Names and addresses of additional Paying Agent(s) (if any): [Not Applicable/[ ]]

Description of any market disruption or settlement disruption events that affect [EURIBOR][LIBOR]: [Not Applicable][Please see Condition 4(b)][Floating Rate Notes only]

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 recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

[No. Whilst the designation is specified as "no" at the date of these

Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper . Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

## 6. DISTRIBUTION

- (i) Method of distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated:
  - (A) Names of Managers: [Not Applicable/[        ]]
  - (B) Stabilising Manager(s) (if any): [Not Applicable/[        ]]
- (iii) If non-syndicated, name of Dealer: [Not Applicable/[        ]]
- (iv) U.S. Selling Restrictions: [Reg. S Compliance Category; TEFRA C/ TEFRA D/ TEFRA not applicable/HIRE Act Rules]

**FORM OF FINAL TERMS****NOTES WITH A DENOMINATION OF LESS THAN €100,000 (OR ITS EQUIVALENT IN ANY OTHER CURRENCY)****Final Terms dated [ ]****FCE Bank plc**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
under the €15,000,000,000 Euro Medium Term Note Programme**PART A – CONTRACTUAL TERMS**

[Terms used herein shall be deemed to be defined as such for the purposes of the conditions of the Notes (the "**Conditions**") set forth in the base prospectus dated 26 August 2016 [and the Prospectus Supplement(s) dated [ ]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the "**Base Prospectus**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. A summary of the issue of the Notes (which comprises the summary in the Base Prospectus as completed to reflect the provisions of these Final Terms) is annexed to these Final Terms. The Base Prospectus has been published on the Luxembourg Stock Exchange's website ([www.bourse.lu](http://www.bourse.lu)).]

*(The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.)*

[Terms used herein shall be deemed to be defined as such for the purposes of the conditions of the Notes (the "**Conditions**") set forth in the base prospectus dated [[4 December 2008] / [8 January 2010] / [21 January 2011] / [12 January 2012] / [31 January 2013] / [31 January 2014] / [22 January 2015] / [18 January 2016]] (the "**Original Base Prospectus**") which are incorporated by reference in the base prospectus dated 26 August 2016 (the "**Base Prospectus**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus [and the Prospectus Supplement(s) dated [ ], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, including the Conditions incorporated by reference in the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms, the Original Base Prospectus and the Base Prospectus [and the Prospectus Supplement(s) dated [ ] and [ ]]. A summary of the issue of the Notes (which comprises the summary in the Base Prospectus as completed to reflect the provisions of these Final Terms) is annexed to these Final Terms. Copies of the Original Base Prospectus, the Base Prospectus [, the Prospectus Supplement(s)] [and these Final Terms] are available for viewing on the Luxembourg Stock Exchange's website ([www.bourse.lu](http://www.bourse.lu)).]

*[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 (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote guidance for completing the Final Terms.]*

1. [(i)] Series Number: [ ]  
 [(ii)] Tranche Number: [ ]  
 [(iii)] Date on which the Notes become fungible [Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the *[[insert currency]][insert amount][insert rate]* Notes due *[insert date]*] on *[insert date/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 20 below [which is expected to occur on or about [insert date]]]*]
2. Specified Currency or Currencies: [ ]
3. Aggregate Nominal Amount: [ ]  
 [(i)] Series: [ ]  
 [(ii)] Tranche: [ ]
4. Issue Price: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* ( *if applicable*)]

5. (i) Specified Denominations: [ ]
- (ii) Calculation Amount: [ ]
6. (i) Issue Date: [ ]
- (ii) Interest Commencement Date: [[ ]/Issue Date/Not Applicable: the Notes will not bear interest]
7. Maturity Date: [ ]
8. Interest Basis: [[ ] per cent. Fixed Rate]  
[[LIBOR/EURIBOR] +/- [ ] per cent. Floating Rate]  
[Zero Coupon]
9. Redemption Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [[100] / [specify fixed amount in excess of 100]] per cent. of their nominal amount
10. Put/Call Options: [Investor Put]  
[Issuer Call]
11. [Date [Board] approval for issuance of Notes obtained: [ ]]

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

12. **Fixed Rate Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Interest Rate(s): [ ] per cent. per annum [payable in arrear on each Interest Payment Date]
- (ii) Interest Payment Date(s): [ ] in each year
- (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: [Actual/Actual] [Actual/Actual (ISDA)]  
[Actual/365 (Fixed)]  
[Actual/365 (Sterling)]  
[Actual/360]  
[30/360] [360/360] [Bond Basis]  
[30E/360] [Eurobond Basis]  
[Actual/Actual (ICMA)]
- (vi) [Determination Dates: [[ ] in each year/Not Applicable]
13. **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: [[ ] in each year, subject to adjustment in accordance with the Business Day Convention set out in (v) below]
- (iii) First Interest Payment Date: [ ]
- (iv) Interest Period Date: [ ]
- (v) Business Day Convention: [Floating Rate Business Day Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention]

- (vi) Business Centre(s): [ ]
- (vii) Manner in which the Interest Rate(s) is/are to be determined: [Screen Rate Determination/ISDA Determination]
- (viii) Party responsible for calculating the Interest Rate(s) and Interest Amount(s) (if not the Calculation Agent): [ ]
- (ix) Screen Rate Determination: [Applicable/Not Applicable]  
 – Reference Rate: [ ] month [LIBOR/EURIBOR] Relevant Financial Centre: [ ]  
 – Interest Determination Date(s): [ ]  
 – Relevant Screen Page: [ ]
- (x) ISDA Determination: [Applicable/Not Applicable]  
 – Floating Rate Option: [ ]  
 – Designated Maturity: [ ]  
 – Reset Date: [ ]
- (xi) Linear Interpolation: [Not Applicable/Applicable - the Interest Rate for the long/short] [first/last] Interest Accrual Period shall be calculated using Linear Interpolation (specify for each short or long interest period)]
- (xii) Margin(s): [+/-][ ] per cent. per annum [Not Applicable]
- (xiii) Minimum Interest Rate: [ ] per cent. per annum [Not Applicable]
- (xiv) Maximum Interest Rate: [ ] per cent. per annum [Not Applicable]
- (xv) Day Count Fraction: [Actual/Actual] [Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [Actual/Actual (ICMA)]

**14. Zero Coupon Note Provisions**

[Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Amortisation Yield: [ ] per cent. per annum
- (ii) Reference Price: [ ]
- (iii) Day Count Fraction in relation to Optional Redemption Amounts: [Actual/Actual] [Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [Actual/Actual (ICMA)]

**PROVISIONS RELATING TO REDEMPTION****15. Call Option**

[Applicable/Not Applicable]



- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount(s) of each Note: [ ] 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: [ ]

**16. Put Option** [Applicable/Not Applicable]

- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount(s) of each Note: [ ] per Calculation Amount
- (iii) Notice period: [ ]

**17. Final Redemption Amount** [ ] per Calculation Amount

**18. Early Redemption Amount**

- Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default or other early redemption: [ ] per Calculation Amount

**GENERAL PROVISIONS  
APPLICABLE TO THE NOTES**

- 19. Form of Notes:** [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on 60 days' notice/upon the occurrence of an Exchange Event]  
[Temporary Global Note exchangeable for Definitive Notes on 60 days' notice]  
[Permanent Global Note exchangeable for Definitive Notes on 60 days' notice/upon the occurrence of an Exchange Event]
- 20. New Global Note:** [Yes] [No]
- 21. Financial Centre(s):** [Not Applicable/[ ]]
- 22. Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):** [Yes/No]
- 23. Redenomination, renominatisation and reconventioning provisions:** [Not Applicable/The provisions [in Condition 15] apply]
- 24. Consolidation provisions:** [Not Applicable/The provisions [in Condition 12] apply]

Signed on behalf of the Issuer:

By: .....  
Duly authorised

**PART B – OTHER INFORMATION****1. LISTING AND ADMISSION TO TRADING**

Listing and Admission to trading: [Application [has been/is expected to be] made by the Issuer (or on its behalf) for the Notes to be listed on [the official list of the Luxembourg Stock Exchange/[ ]] [and admitted to trading on [the Regulated Market of the Luxembourg Stock Exchange/[ ]]] with effect from [ ].] [Not Applicable. The Notes are unlisted Notes.]

**2. RATINGS**

Ratings: [Not Applicable – the Notes have not been rated.]  
 [[The Notes to be issued [have been/are expected to be] rated:] / [The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally:]  
 [S&P: [ ] [meaning of rating]]  
 [Moody's: [ ] [meaning of rating]]  
 [Fitch: [ ] [meaning of rating]]]

**3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER**

The Issuer is not aware of any interest(s) material to issues of the Notes, other than any fees payable to [ ] as Dealer[s] acting as underwriter[s] [and [ ] as Stabilising Manager[s] of issues of the Notes.]/[ ].

**4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

(i) Reasons for the offer [ ]

(ii) Estimated net proceeds: [ ]

(iii) Estimated total expenses: [ ]

**5. YIELD**

Indication of yield: [ ] [Not Applicable] [Fixed Rate Notes only]

**6. HISTORIC INTEREST RATES**

Details of historic [LIBOR/EURIBOR] rates can be obtained from [Reuters]. [Not Applicable] [Floating Rate Notes only]

**7. OPERATIONAL INFORMATION**

ISIN: [ ]

Common Code: [ ]

Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, *société anonyme* and the relevant identification number(s): [Not Applicable/[ ]]

Delivery: Delivery [against/free of] payment

Names and addresses of additional Paying Agent(s) (if any): [Not Applicable/[ ]]

Description of any market disruption or settlement disruption events that effect [Not Applicable] [Please see Condition 4(b)] [Floating Rate Notes only]  
 [EURIBOR][LIBOR]:

Intended to be held in a manner [Yes][No]

which would allow Eurosystem eligibility:

[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 recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper . Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

## 8. DISTRIBUTION

- (i) Method of distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated:
- (A) Names of Managers: [Not Applicable/[ ]]
- (B) Stabilising Manager(s) (if any): [Not Applicable/[ ]]
- (iii) If non-syndicated, name of Dealer: [Not Applicable/[ ]]
- (iv) Total commission and concession: [ ] per cent. of the Aggregate Nominal Amount
- (v) U.S. Selling Restrictions: [Reg. S Compliance Category; TEFRA C/ TEFRA D/ TEFRA not applicable/HIRE Act Rules]
- (vi) Non-exempt Offer: [Not Applicable] [An offer of the Notes may be made by the Dealer[(s)] and the following financial intermediaries/placers: [ ] [and/or if the Issuer appoints additional financial intermediaries/placers after the date of these Final Terms and publishes details of them on its website, each financial intermediary/placer whose details are so published.]/ [An offer of the Notes may be made by the Dealer[(s)] and any financial intermediary which is authorised to make such offers under Directive 2004/39/EC (the Markets in Financial Instruments Directive) which states on its website that it has been duly appointed as a financial intermediary to offer the Notes and states that it is relying on this Base Prospectus to offer the relevant Tranche of Notes during the Offer Period (as defined below)] (together with the Dealer[(s)], the "**Financial Intermediaries**") other than pursuant to Article 3(2) of the Prospectus Directive in Luxembourg (the "**Public Offer Jurisdiction**") during the period from [ ] until [ ]/[the Issue Date] (the "**Offer Period**"). The above consent is subject to the following other clear and objective conditions: [ ].] See further paragraph 9 of Part B below.

## 9. TERMS AND CONDITIONS OF THE OFFER

- Offer Price: [Issue Price/Not Applicable/[ ]]
- Conditions to which the offer is subject: [Not Applicable/[ ]]
- Description of the application process (including the time period: [Not Applicable/[ ]]

of the offer):

Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: [Not Applicable/[ ]]

Details of the minimum and/or maximum amount of the application: [Not Applicable/[ ]]

Details of the method and time limits for paying up and delivering the Notes: [Not Applicable/[ ]]

Manner in and date on which results of the offer are to be made public: [Not Applicable/[ ]]

Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: [Not Applicable/[ ]]

Whether tranche(s) have been reserved for certain countries: [Not Applicable/[ ]]

Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: [Not Applicable/[ ]]

Amount of any expenses and taxes specifically charged to the subscriber or purchaser: [Not Applicable/[ ]]

Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place: The Financial Intermediaries identified in or in the manner specified in paragraph 8 above.

**ANNEX**

**ISSUE SPECIFIC SUMMARY**

**REGISTERED AND HEAD OFFICE OF THE ISSUER**

Central Office  
 Eagle Way  
 Brentwood  
 Essex CM13 3AR  
 United Kingdom  
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