



J.P. Morgan International Derivatives Ltd.
(incorporated with limited liability in Jersey)
as Issuer

JPMorgan Chase Bank, N.A.
(a National Banking Association organised pursuant to the laws of the United States of America)
as Issuer and as Guarantor

in respect of Notes issued by J.P. Morgan International Derivatives Ltd.

U.S.\$ 25,000,000,000
Euro Medium Term Note Programme
(including Notes with a denomination of less than EUR 50,000)

This document (this "**Base Prospectus**") constitutes two base prospectuses for the purposes of Directive 2003/71/EC (the "**Prospectus Directive**"): (i) a base prospectus relating to issues of non-equity securities under the Euro Medium Term Note Programme described herein (the "**Programme**") issued by J.P. Morgan International Derivatives Ltd. ("**JPMIDL**") and (ii) a base prospectus relating to issues of non-equity securities by JPMorgan Chase Bank, N.A., in each case including debt securities with a denomination of less than EUR 50,000. For the purposes of this Base Prospectus "non-equity securities" has the meaning given to it in Article 22 no. 6(4) of the Commission Regulation (EC) no. 809/2004 of 29 April 2004. Under the Programme, JPMIDL and JPMorgan Chase Bank, N.A., including through one or more of its non-U.S. branches ("**JPMCB**") (each, in its capacity as an issuer, an "**Issuer**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue debt securities, including Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes, Index Linked Interest Notes, Index Linked Redemption Notes, Equity Linked Interest Notes, Equity Linked Redemption Notes, Credit Linked Notes, Instalment Notes, Dual Currency Notes, Partly Paid Notes, Inflation Linked Notes, Commodity Linked Notes, Foreign Exchange Linked Notes, Fund Linked Notes, Dutch Notes, Norwegian Notes, Polish Notes, Swedish Notes, Finnish Notes, Participation Notes, a combination of any of the foregoing or any other kind of Note (as specified in the relevant Final Terms) (each as defined herein) (the "**Notes**"). Notes issued by JPMIDL will be guaranteed (the "**Guarantee**") by JPMCB, acting in its capacity as guarantor (the "**Guarantor**"). Notes issued by JPMCB are not the subject of a guarantee. The aggregate nominal amount of Notes outstanding (whether issued by JPMIDL or JPMCB) will not at any time exceed U.S.\$25,000,000,000 (or the equivalent in other currencies).

Application has been made for Notes issued within the period of 12 months from the date of this Base Prospectus to be admitted to the Official List and traded on the Regulated Market of the Luxembourg Stock Exchange and/or to be admitted to listing on the Channel Islands Stock Exchange, LBG. Application may also be made for the Notes to be admitted to listing and/or trading on regulated markets (as from time to time determined for the purposes of Article 16 of the Investment Services Directive 93/22) in any member state of the European Economic Area or on any other listing authority, stock exchange or quotation system. Notes which are not so admitted may be issued pursuant to the Programme. The applicable Final Terms (as such term is defined in "Summary Note - Method of Issue") in respect of the issue of any Notes will specify whether or not an application for admission to the Official List and trading on the Regulated Market of the Luxembourg Stock Exchange or by or on any other listing authority, stock exchange or quotation system will be made.

Each of JPMIDL, in relation to Notes issued by JPMIDL, and JPMCB accepts responsibility for the information given in this Base Prospectus and confirms 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 does not omit anything likely to affect its import.

The Notes and, in relation to Notes issued by JPMIDL, the Guarantee have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or any state securities laws, and trading in the Notes has not been approved by the U.S. Commodity Futures

Trading Commission (the "CFTC") under the U.S. Commodity Exchange Act, as amended (the "CEA"). The Notes include Notes in bearer form that are subject to certain U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold, pledged, assigned, delivered, transferred or redeemed at any time within the United States or to, or for the account or benefit of, any U.S. Person. The term "U.S. Person" has the meaning ascribed to it in either Regulation S under the Securities Act ("Regulation S") or the U.S. Internal Revenue Code of 1986, as amended (the "Code"). The Notes are being offered and sold outside the United States to non-U.S. Persons pursuant to the registration exemptions contained in Regulation S and Section 3(a)(2) of the Securities Act and may not be legally or beneficially owned at any time by any U.S. Person.

Each Series (as such term is defined in "Summary Note - Method of Issue") of Notes in bearer form will be represented on issue by a temporary global note in bearer form (each a "**temporary Global Note**") exchangeable for a permanent global note in bearer form (each a "**permanent Global Note**") and together with each temporary Global Note, a "**Global Note**") or, if so provided in the relevant Final Terms, notes in definitive form ("**Definitive Notes**"). Notes in registered form will be represented on issue by a temporary global certificate in registered form (each a "**temporary Global Certificate**") exchangeable for a permanent global certificate in registered form (each a "**permanent Global Certificate**") and together with each temporary Global Certificate, a "**Global Certificate**") or, if so provided in the relevant Final Terms, for Registered Notes in definitive form ("**Definitive Certificates**"). Global Notes may be deposited on the issue date with a common depository on behalf of Euroclear Bank S.A./N.V. as operator of Euroclear ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") or with, or with a depository for, such other clearing system as specified in the relevant Final Terms. Global Certificates may be deposited on the issue date with a common depository for Euroclear or Clearstream, Luxembourg or with a depository for such other clearing system as specified in the relevant Final Terms, and registered in the name of a nominee for such common depository for Euroclear or Clearstream, Luxembourg or for such depository for such other clearing system. Beneficial interests in the Global Notes and Global Certificates will be shown on, and transfers thereof will be effected through, records maintained by the relevant clearing system(s) and their respective participants. The provisions governing the exchange of interests in Global Notes and Global Certificates for other Global Notes and Global Certificates and Definitive Notes and Definitive Certificates are described in "Summary of Provisions Relating to the Notes While in Global Form".

The *Commission de Surveillance du Secteur Financier* of Luxembourg has been requested to provide the competent authorities of The Netherlands, the Republic of Ireland and the United Kingdom for the purposes of the Prospectus Directive with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive. Further requests may be made in the future.

Arranger and Dealer for the Programme

JPMorgan

The Guarantee irrevocably and unconditionally guarantees the due and punctual settlement of all obligations of JPMIDL under Notes issued by JPMIDL under the Agency Agreement (as defined in the Conditions). The Guarantee and Notes issued by JPMCB are each not a deposit insured or guaranteed by the United States Federal Deposit Insurance Corporation ("FDIC") or any other government authority. The Guarantee and Notes issued by JPMCB are each an unsecured and unsubordinated debt obligation of the Guarantor and not of its parent, JPMorgan Chase & Co. ("JPMorgan Chase"), or any of its affiliates, and will rank *pari passu* with all other unsecured and unsubordinated indebtedness of the Guarantor, subject to a preference in favour of certain deposit liabilities of the Guarantor or JPMCB, as the case may be, or other obligations that are subject to any priorities or preferences.

An investment in Notes is subject to a very high degree of complex risks which may arise without warning, may at times be volatile and losses may occur quickly and in unanticipated magnitude. Notes are extremely speculative and investors bear the risk that they could lose all of their investment. No person should acquire any Notes unless that person understands the nature of the relevant transaction and the extent of that person's exposure to potential loss and has a valid business purpose for acquiring such Notes and any investment in such Notes is consistent with such person's overall investment strategy. Each prospective purchaser of the Notes should

consider carefully whether the Notes it considers acquiring are suitable for it in the light of such prospective purchaser's investment objectives, financial capabilities and expertise. Prospective purchasers of the Notes should consult their own business, financial, investment, legal, accounting, regulatory, tax and other professional advisers to assist them in determining the suitability of the Notes for them as an investment. See "Risk Factors".

The amount of payment, if any, that investors in Notes will receive on the relevant Interest Payment Date or Redemption Date with respect to the Interest Amount, Final Redemption Amount or any other amount, as the case may be, of such Notes may be entirely dependent on the performance of the one or more Shares or Indices or any other type of instrument or asset (together the "Reference Assets" and each, a "Reference Asset" and/or entities (together, "Reference Entities" and each, a "Reference Entity")) to which such Notes are linked between the relevant Closing Date and the relevant Interest Payment Date or the relevant Redemption Date, as the case may be, as well as on exchange rate fluctuations between the currency of the Reference Assets and the currency of the relevant Notes and the ability of the Hedging Entity to realize on its investment in such Reference Assets at the relevant Interest Payment Date or the relevant Redemption Date, as the case may be. See the specific terms of each Tranche set out in the relevant Final Terms.

Unless otherwise expressly stated in the applicable Final Terms, any information contained therein relating to the Reference Assets and/or Reference Entities and their obligations will only consist of extracts from, or summaries of, information contained in financial and other information released publicly by the issuer, owner, guarantor or sponsor, as the case may be, of the Reference Assets and/or Reference Entities. Unless otherwise expressly stated in the applicable Final Terms, the relevant Issuer and, in relation to Notes issued by JPMIDL, the Guarantor accept responsibility for accurately reproducing such extracts or summaries (insofar as it is applicable) and confirm that as far as they are aware and are able to ascertain from such information, no facts have been omitted which would render the reproduced information inaccurate or misleading but do not accept any further or other responsibility in respect of such information. Unless otherwise stated in the applicable Final Terms, the Issuer and, in relation to Notes issued by JPMIDL, the Guarantor does not intend to provide post-issuance information in relation to the Reference Assets and/or the Reference Entities and their obligations.

None of the Issuers, the Guarantor (in relation to Notes issued by JPMIDL), the Arranger, the Dealer or any of their affiliates has participated in the preparation of such information or made any due diligence inquiry with respect to the Reference Assets and/or Reference Entities and their obligations or any issuer, owner, guarantor or sponsor thereof in connection with the offering of the relevant Notes. None of the Issuers, the Guarantor (in relation to Notes issued by JPMIDL), the Arranger, the Dealer or any of their affiliates has made or is making any representation that such information is accurate, complete or timely. None of the Issuers, the Guarantor (in relation to Notes issued by JPMIDL), the Arranger, the Dealer or any of their affiliates has made or is making any representation with respect to the past or future performance of the Reference Assets and/or Reference Entities and their obligations or any issuer, owner, guarantor or sponsor thereof.

Although the relevant Issuer, the Guarantor (in relation to Notes issued by JPMIDL), the Arranger, the Dealer or their affiliates may from time to time have an investment in, or a banking or other commercial relationship with, one or more issuers, owners, guarantors or sponsors of the Reference Assets and, in the course of such relationships, the Issuers, the Guarantor, the Arranger, the Dealer or any of their affiliates may come into possession of material, non-public information regarding such entity, none of the relevant Issuer, the Guarantor (in relation to Notes issued by JPMIDL), the Arranger, the Dealer or their affiliates has been acting at any time during an offering of any Notes as an underwriter, distributor or other similar agent for any issuer, owner, guarantor or sponsor of the Reference Assets for such Notes or is under any obligation to inform prospective purchasers or legal or beneficial owners either of the nature of or the fact that they were in possession of such information.

The relevant Issuer, the Guarantor in respect of Notes issued by JPMIDL and their affiliates may, for their own account and for the account of investors, engage in any kind of transactions and other business directly or indirectly involving a Reference Entity and may act with respect to such business in the same manner as it would if the Notes had not been issued, regardless of

whether any such action might have an adverse effect directly or indirectly on a Reference Entity. The Issuers and their affiliates may on the issue date of the Notes or at any time thereafter be in possession of information in relation to a Reference Entity that is or may be material in the context of the issue of Notes and that may not be publicly available or known to the purchasers. There is no obligation on the part of the Issuers, the Guarantor in respect of the Notes issued by JPMIDL or their affiliates to disclose to the Noteholders any such relationship or information.

In making an investment decision with respect to Notes, an investor should make an investment decision with respect to the Reference Assets and/or Reference Entities and their obligations underlying such Notes, and, accordingly, an investor should conduct an independent investigation of the relevant Reference Assets and/or Reference Entities and their obligations and the risks related to an investment in such Notes; in such investigation, it should (i) obtain copies of all the documents that are publicly available to the potential and actual investors in such Reference Assets and/or Reference Entities and their obligations and review all such documents carefully, (ii) ask questions of the respective managements of the issuers, owners, guarantors or sponsors of such Reference Assets and/or Reference Entities in respect of such documentation and in respect of such other matters as such an investor deems necessary or appropriate to making an informed investment decision with respect to such Reference Assets and/or Reference Entities and their obligations, (iii) request from the issuers, owners, guarantors or sponsors of the Reference Assets and/or Reference Entities all additional information considered by such an investor necessary or appropriate to verify the accuracy of, or to supplement the information contained in, the relevant Final Terms or in the documents otherwise obtained by such an investor, (iv) consult such investor's own legal counsel and business, investment, financial, accounting, regulatory and tax advisors to determine the consequences of the investment in such Notes and (v) not rely on the relevant Issuer, the Guarantor (in relation to Notes issued by JPMIDL), the Arranger, the Dealer or any of their affiliates in connection with such investor's investigation of the accuracy of such information or such investor's investment decision.

None of the Issuers, the Guarantor (in relation to Notes issued by JPMIDL), the Arranger, the Dealer or any of their respective affiliates, representatives or agents is acting as a fiduciary for or an advisor to any prospective purchaser of the Notes with respect to the acquisition of such Notes. The relevant Issuer, the Guarantor (in relation to Notes issued by JPMIDL), the Arranger, the Dealer and their affiliates are not responsible for determining the legality or suitability of an investment by any prospective purchaser in Notes.

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 relevant Issuer, the Guarantor (in relation to Notes issued by JPMIDL) or any of the Dealers or the Arranger (as defined in "Summary Note"). Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the relevant Issuer or the Guarantor (in relation to Notes issued by JPMIDL) since the date hereof or the date upon which this Base Prospectus has been most recently supplemented or that there has been no adverse change in the financial position of the relevant Issuer or the Guarantor (in relation to Notes issued by JPMIDL), since the date hereof or the date upon which this Base Prospectus has been most recently supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Base Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by the Issuers, the Guarantor (in relation to Notes issued by JPMIDL), the Dealers and the Arranger to inform themselves about and to observe any such restriction. The publication of this Base Prospectus is not intended as an offer or solicitation for the purchase or sale of any financial instrument in any jurisdiction where such offer or solicitation would violate the laws of such jurisdiction. The Notes and, in relation to Notes issued by JPMIDL, the Guarantee have not been and will not be registered under the Securities Act and include Notes in bearer form that are subject to U.S. tax law requirements. Notes may not be offered, sold, transferred, pledged, assigned, delivered or redeemed within the United States or to or for the

account or benefit of any U.S. Person. The Notes are being offered and sold outside the United States to non-U.S. Persons in reliance on the registration exemptions contained in Regulation S and Section 3(a)(2) under the Securities Act. For a description of certain restrictions on offers and sales of Notes and on distribution of this Base Prospectus, see "Subscription and Sale".

The Notes have not been approved or disapproved by the U.S. Securities and Exchange Commission (the "SEC"), any state securities commission in the United States, the CFTC, any U.S. federal or state banking authority or any other U.S. regulatory authority nor has any of the foregoing authorities passed upon or endorsed the merits of the offering of Notes or the accuracy or the adequacy of this Base Prospectus. Any representation to the contrary is a criminal offence in the United States. This Base Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuers, the Guarantor (in relation to Notes issued by JPMIDL) or the Dealers to subscribe for, or purchase, any Notes.

Bearer Notes and Exchangeable Bearer Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the "D Rules") unless the Notes are issued in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("TEFRA"), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

Each prospective purchaser of Notes and such purchaser's employees, representatives, or other agents may disclose to any and all persons, without limitation of any kind, the U.S. federal income tax treatment and tax structure of the offering of Notes pursuant to this Base Prospectus and all materials of any kind (including any opinions or other tax analyses provided) relating to such U.S. federal income tax treatment and tax structure.

The Arranger and the Dealers have not separately verified the information contained in this Base Prospectus. None of the Dealers or the Arranger makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Base Prospectus. This Base Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuers, the Guarantor, the Arranger or the Dealers that any recipient of this Base Prospectus should purchase the Notes. Each potential purchaser of Notes should determine for himself the relevance of the information contained in this Base Prospectus and any purchase of Notes should be based upon such investigation as such potential purchaser deems necessary. None of the Dealers or the Arranger undertakes to review the financial condition or affairs of either of the Issuers or the Guarantor during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.

In connection with any Tranche (as defined in "Summary Note"), one or more of the Dealers may act as a stabilising manager (the "Stabilising Manager(s)"). The identity of the Stabilising Manager(s) will be disclosed in the relevant Final Terms. References in the next paragraph to "this issue" are to each Tranche in relation to which a Stabilisation Manager is appointed.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes (provided that, in the case of any Tranche of Notes to be admitted to the Official List and traded on the Regulated Market of the Luxembourg Stock Exchange, the aggregate principal amount of the Notes allotted does not exceed 105 per cent. of the aggregate principal amount of the relevant Tranche) 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 Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes.

Each prospective purchaser of Notes must ensure that the complexity and risks inherent in the Notes are suitable for such prospective purchaser's objectives and, if applicable, the size, nature and condition of such purchaser's business.

The Jersey Financial Services Commission (the "Commission") has given, and has not withdrawn, its consent under Article 4 of the Control of Borrowing (Jersey) Order 1958, as amended (the "Control of Borrowing Order") to the issue of Notes by JPMIDL and has given, and has not withdrawn, its consent under Article 8 of the Control of Borrowing Order to the circulation in Jersey of an offer for subscription, sale or exchange of Notes by JPMCB. The Commission is protected by the Control of Borrowing (Jersey) Law 1947, as amended, against liability arising from the discharge of its functions under that law.

A copy of this document has been delivered to the Jersey Registrar of Companies in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002. The Registrar has given, and has not withdrawn, his consent to its circulation.

It must be distinctly understood that, in giving these consents, neither the Jersey Registrar of Companies nor the Commission takes any responsibility for the financial soundness of the Issuers or for the correctness of any statements made, or opinions expressed, with regard to them.

The publication of this Base Prospectus does not affect any Notes issued prior to the date hereof.

Capitalised terms used herein shall be as defined in "Terms and Conditions of the Notes" unless otherwise specified.

An index of defined terms is set out on pages 238 to 254 of this Base Prospectus.

In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to "U.S.\$", "USD", "\$" and "U.S. Dollars" are to United States dollars, to "euro" and "€" are to the currency introduced at the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended, and to "Sterling" and "£" are to the currency of the United Kingdom.

GENERAL DESCRIPTION OF THE PROGRAMME

Under the Programme, JPMIDL and JPMCB, subject to compliance with all relevant laws, regulations and directives, may from time to time issue debt securities, including Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes, Index Linked Interest Notes, Index Linked Redemption Notes, Equity Linked Interest Notes, Equity Linked Redemption Notes, Credit Linked Notes, Instalment Notes, Dual Currency Notes, Partly Paid Notes, Inflation Linked Notes, Commodity Linked Notes, Foreign Exchange Linked Notes, Fund Linked Notes, Dutch Notes, Norwegian Notes, Polish Notes, Swedish Notes, Finnish Notes, Participation Notes, a combination of any of the foregoing or any other kind of Note. Notes issued by JPMIDL will be guaranteed by JPMCB. Notes issued by JPMCB are not the subject of a guarantee.

Subject to compliance with all applicable laws, regulations and directives, Notes may have any maturity between one month and 30 years and may be denominated in any currency. The aggregate nominal amount of Notes outstanding at any one time is subject to a maximum amount of U.S.\$25,000,000,000 (or the equivalent in other currencies at the date of issue).

JPMorgan Chase Bank, N.A., London Branch (or as otherwise specified in the applicable Final Terms) will act as Fiscal Agent, Paying Agent and Transfer Agent, and J.P. Morgan Bank Luxembourg S.A. will act as Paying Agent and Transfer Agent, with respect to the Notes.

DOCUMENTS INCORPORATED BY REFERENCE

The information contained in the following documents shall be deemed to be incorporated in, and form a part of, this Base Prospectus:

The Registration Document dated 18 August 2006 of JPMIDL (the "**JPMIDL Registration Document**") and the Registration Document dated 18 August 2006 of JPMCB (the "**JPMCB Registration Document**") and together, with the JPMIDL Registration Document, the "**Registration Documents**"), each of which is to be approved for the purposes of the Prospectus Directive simultaneously with this Base Prospectus.

The table below sets out the relevant page references for the information incorporated herein by reference. Any information not listed below but included in the documents incorporated by reference is included for information purposes only:

Information incorporated by reference	Page reference
<i>From JPMIDL Registration Document</i>	
Risk factors relating to JPMIDL	Page 4
Selected financial information	Page 8
Information relating to JPMIDL	Pages 9 to 11
General Information	Page 12
<i>From the JPMCB Registration Document</i>	
Risk factors relating to JPMCB	Page 1
Information relating to JPMCB	Pages 4 to 8
General Information	Page 9

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

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SUMMARY NOTE

This summary must be read as an introduction to this Prospectus and any decision to invest in the Notes should be based on a consideration of this Prospectus as a whole, including the documents incorporated by reference. Following implementation of the relevant provisions of the Prospectus Directive (Directive 2003/71/EC) in each Member State of the European Economic Area, no civil liability will attach to the Issuer or the Guarantor in any such Member State solely on the basis of this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. Where a claim relating to the information contained in this Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating this Prospectus before the legal proceedings are initiated.

Information and risk factors in respect of JPMCB and JPMIDL

JPMCB

History and Development of JPMCB

JPMorgan Chase Bank, N.A. ("**JPMCB**") is a wholly owned bank subsidiary of JPMorgan Chase & Co. ("**JPMorgan Chase**"). JPMCB is supervised by the U.S. Office of the Comptroller of the Currency ("**OCC**") and its registered office is located at 1111 Polaris Parkway, Columbus, Ohio 43240, United States of America. JPMCB's principal place of business is located at 270 Park Avenue, New York, NY 10017, United States of America (telephone number +1 212 270 6000). JPMCB is a commercial bank offering a wide range of banking services to its customers both domestically and internationally.

JPMCB was organised in the legal form of a banking corporation under the laws of the State of New York on 25 November 1968 for an unlimited duration. On 13 November 2004:

- (a) JPMCB converted from a banking corporation organised under the laws of the State of New York into a national banking association organised under the laws of the United States of America (U.S.) for an unlimited duration;
- (b) JPMCB's name was changed to JPMorgan Chase Bank, National Association; and
- (c) Bank One, National Association (Chicago, Illinois) and Bank One, National Association (Columbus, Ohio) merged into JPMCB, with JPMCB being the surviving legal entity.

In connection with becoming a U.S. national banking association, JPMCB is regulated and examined primarily by the OCC, which is the supervisory and regulatory authority of national banks in the U.S.

JPMCB is a member of the Federal Reserve System and its deposits are insured by the Federal Deposit Insurance Corporation. Its Federal Reserve Bank Identification Number is 852218.

As of 30 June 2006 JPMCB had total assets of U.S.\$ 1,144,680,000,000, total net loans of U.S.\$ 396,431,000,000, and total stockholder's equity of U.S.\$ 89,362,000,000. These figures are extracted from the unaudited Consolidated Reports of Condition and Income as at June 30, 2006, which are filed with the Federal Deposit Insurance Corporation ("**FDIC**").

Principal Business Activities

JPMCB's business activities are, for management reporting purposes, organised and integrated with the businesses of JPMorgan Chase and its affiliates into business segments for each line of business as well as a Corporate segment. The wholesale businesses are comprised of the Investment Bank, Commercial Banking, Treasury & Securities Services, and Asset & Wealth Management. The consumer business is comprised of Retail Financial Services.

Organisational Structure

JPMCB is one of the principal, wholly-owned bank subsidiaries of JPMorgan Chase, a company incorporated in the State of Delaware in the U.S.. The ordinary shares of JPMorgan Chase are listed on

the New York Stock Exchange with ticker "JPM" and they are also listed on the London and Tokyo Stock Exchanges. The ordinary shares of JPMorgan Chase form part of the Dow Jones Industrial Average Index of the New York Stock Exchange. Financial and legal information on JPMorgan Chase, including the most recent Form 10-K for the year ended 31 December 2005 of JPMorgan Chase, the 2005 Annual Report of JPMorgan Chase and additional annual, quarterly and current reports filed with the U.S. Securities and Exchange Commission ("SEC") by JPMorgan Chase, as they become available, may be obtained by any interested party from the SEC website (<http://www.sec.gov>). Further information on JPMorgan Chase and its group can be obtained from its website (<http://www.jpmorganchase.com>).

Set forth below are certain risks and uncertainties that JPMCB believes could adversely affect JPMCB's results:

- JPMCB's results of operations could be adversely affected by U.S. and international markets and economic conditions.
- There is increasing competition in the financial services industry which may adversely affect JPMCB's results of operations.
- JPMCB's acquisitions and integration of acquired businesses may not result in all of the benefits anticipated.
- JPMCB relies on its systems, employees and certain counterparties, and certain failures could materially adversely affect JPMCB's operations.
- JPMCB's non-U.S. trading activities and operations are subject to risk of loss, particularly in emerging markets.
- If JPMCB does not successfully handle issues that may arise in the conduct of its business and operations its reputation could be damaged, which could in turn negatively affect its business.
- JPMCB operates within a highly regulated industry and its business and results are significantly affected by the regulations to which it is subject.
- JPMCB faces significant legal risks, both from regulatory investigations and proceedings and from private actions brought against JPMCB.
- JPMCB's ability to attract and retain qualified employees is critical to the success of its business and failure to do so may materially adversely affect its performance.
- Government monetary policies and economic controls may have a significant adverse affect on JPMCB's businesses and results of operations.
- JPMCB's framework for managing its risks may not be effective in mitigating risk and loss to JPMCB.
- If JPMCB does not effectively manage its liquidity, its business could be negatively impacted.
- Future events may be different than those anticipated by JPMCB's management assumptions and estimates, which may cause unexpected losses in the future.

JPMIDL

History and Development of JPMIDL

JPMIDL was incorporated as a limited liability company under the laws of Jersey in Jersey, Channel Islands, on 20th June, 1990 to exist for an unlimited duration. JPMIDL was registered at the Royal Court of Jersey under registered number 47659 and has its registered offices at Oak Walk, St. Peter, Jersey, Channel Islands (telephone number +44 1534 495555). By special resolution of the shareholders of JPMIDL passed on 23rd June, 2000, the name of JPMIDL was changed from "J.P. Morgan Jersey Limited" to "J.P. Morgan Investor Derivatives Ltd." effective 26th June, 2000, and then from "J.P. Morgan Investor Derivatives Ltd." to "J.P. Morgan International Derivatives Ltd." by special

resolution of its shareholders passed on 15 May 2001 effective 15 May 2001. By special resolution of the shareholders of JPMIDL passed on 9 October 2000, JPMIDL became a public company.

The registered office of JPMIDL is at Oak Walk, St. Peter, Jersey, Channel Islands.

Principal Activities

JPMIDL's business principally consists of the issuance of securitised derivatives comprising notes, warrants and certificates, including equity-linked, reverse convertible and market participation notes and the subsequent hedging of those risk positions. All issues which have been closed to date are subject to hedging arrangements. The proceeds of the sale of the securities are used to enter into hedging arrangements with other J.P. Morgan Chase Group companies. The principal purpose of the hedging arrangements entered into between JPMIDL and the relevant JPMorgan Chase Group company is to transfer the market risk associated with the securities issuance activity so that no profit or loss accrues to JPMIDL as a result of market risk positions. JPMIDL also has receipts from and makes payments to other JPMorgan Chase Group companies on a cost-recharge basis.

Organisational Structure

J.P. Morgan International Derivatives Ltd. is a wholly-owned subsidiary of J.P. Morgan International Finance Limited, which is in turn an indirect, wholly-owned subsidiary of JPMorgan Chase Bank, N.A.. JPMorgan Chase Bank, N.A. is one of the principal, wholly-owned bank subsidiaries of JPMorgan Chase & Co., a company incorporated in the State of Delaware in the United States of America. The ordinary shares of JPMorgan Chase & Co. are listed on the New York Stock Exchange with ticker "JPM" and they are also listed on the London and Tokyo Stock Exchanges. The ordinary shares of JPMorgan Chase & Co. form part of the Dow Jones Industrial Average index of the New York Stock Exchange.

Financial and legal information on JPMorgan Chase & Co., including the most recent Form 10-K for the year ended 31 December 2005 of JPMorgan Chase & Co., the 2005 Annual Report of JPMorgan Chase & Co. and additional annual, quarterly and current reports filed with the U.S. Securities and Exchange Commission ("SEC") by JPMorgan Chase & Co., as they become available, may be obtained by any interested party from the SEC website (<http://www.sec.gov>). Further information of JPMorgan Chase & Co. and its group can be obtained from its website (<http://www.jpmorganchase.com>).

Financial information concerning JPMIDL

Historical financial information

The audited financial statements of JPMIDL have been audited in accordance with auditing standards issued by the United Kingdom's Auditing Practices Board and are prepared in accordance with Jersey company law and generally accepted accounting principles applied in the United Kingdom.

The audited financial statements of JPMIDL for the financial years ending 31 December 2004 and 31 December 2005 are incorporated by reference into the JPMIDL Registration Document. PricewaterhouseCoopers LLP and their predecessor PricewaterhouseCoopers, Chartered Accountants and Registered Auditors, of Southwark Towers, 32 London Bridge Street, London SE1 9SY have audited without qualification the financial statements of JPMIDL for the years ended 31 December 2004 and 31 December 2005. A copy of the auditor's report appears at page 3 of the JPMIDL 2004 Annual Report and at page 5 of the JPMIDL 2005 Annual Report and are incorporated by reference into the JPMIDL Registration Document.

In respect of such financial statements, no other information included in this Registration Document or any document incorporated by reference herein has been audited.

JPMIDL does not publish interim financial statements.

Capital Structure

The authorised share capital of JPMIDL is U.S.\$ 140,000, divided into 140,000 ordinary shares of U.S.\$ 1.00 each. All of the shares are fully paid. Each share entitles its holder to one vote at the Annual

General Meetings and Extraordinary General Meetings of JPMIDL. JPMIDL does not hold any of its own shares.

Information and risk factors with respect to the Notes

Issuers	J.P. Morgan International Derivatives Ltd. and JPMorgan Chase Bank, N.A.
Guarantor (in relation to Notes issued by JPMIDL only)	JPMorgan Chase Bank, N.A.
Description	Euro Medium Term Note Programme
Size	Up to U.S.\$25,000,000,000 (or currency equivalent)
Arranger	J.P. Morgan Securities Ltd.
Dealer	J.P. Morgan Securities Ltd. or as otherwise specified in the Final Terms
Fiscal Agent	JPMorgan Chase Bank, N.A., London branch or as otherwise specified in the Final Terms
Paying Agents	JPMorgan Chase Bank, N.A., London branch, J.P. Morgan Bank Luxembourg S.A. and/or as specified in the Final Terms
Registrar	J.P. Morgan Bank Luxembourg S.A.
Transfer Agent	J.P. Morgan Bank Luxembourg S.A. and JPMorgan Chase Bank, N.A., London Branch or as otherwise specified in the Final Terms
Calculation Agent and Delivery Agent	J.P. Morgan Securities Ltd., unless otherwise specified in the Final Terms
Method of Issue	The Notes will be issued in series (each a " Series "). Each Series may be issued in tranches (each a " Tranche ") on terms set out in the Final Terms relating to such Tranche (the " Final Terms ")
Issue Price	Notes may be issued at their nominal amount or at a discount or premium

Form of Notes

Notes may be bearer ("**Bearer Notes**"), bearer exchangeable for Registered Notes ("**Exchangeable Bearer Notes**") or in registered form ("**Registered Notes**"). Bearer Notes and Exchangeable Bearer Notes will be represented on issue by a temporary Global Note, exchangeable upon certification of non-U.S. beneficial ownership for interests in a permanent Global Note or, if so provided, in accordance with the provisions of the Conditions, as may be provided by the relevant Final Terms, for definitive Notes. Registered Notes will be represented by Certificates, (one Certificate per Noteholder of one Series). Certificates representing Registered Notes registered in the name of a nominee of a common depository or depository for a clearing system are "**Global Certificates**". Registered Notes will be represented on issue by a temporary Global Certificate, exchangeable after the expiry of 40 days after their issue date upon certification as to beneficial ownership of the Notes by a non-U.S. Person for interests in a permanent Global Certificate or, if so provided in the relevant Final Terms, for Definitive Certificates

Clearing Systems

Euroclear and Clearstream Luxembourg or such other Clearing System(s) as may be specified in the Final Terms

Currencies

Notes may be denominated in any currency or currencies agreed between the Issuer and the Dealer(s) and as set out in the applicable Final Terms, subject to compliance with all applicable legal and/or regulatory restrictions. Payments in respect of Notes may, subject to compliance as aforesaid, be made in and/or linked to, any currency or currencies in addition to or other than the currency in which such Notes are denominated, as set out in the applicable Final Terms.

Maturities

One month to 30 years

Denomination

Such denominations as specified in the Final Terms, provided that any Notes issued by JPMIDL and which have a maturity of less than one year in respect of which the issue proceeds are to be accepted by JPMIDL in the United Kingdom must have a minimum denomination of £100,000 (or its equivalent in other currencies)

Interest

The Final Terms shall specify whether the Notes are non-interest bearing or bear interest at fixed rates, floating rates, rates linked to the performance of any index or share, or basket of indices or shares, or to the credit of an entity or to any other asset, obligation, formula or other variable

Redemption

The Final Terms shall specify the date of redemption of Notes and the amount payable or asset(s) deliverable on redemption, which may be linked to the performance of any index or share, or basket of indices or shares, or the credit of an entity or to any other asset, obligation, formula or other variable

Early Redemption

Notes linked to one or more shares or indices will be subject to early redemption at the option of the Issuer in certain circumstances following a merger event, tender offer or extraordinary event

Notes may be redeemed early upon certain Termination Events as set out in Condition 5(n). Notes will be redeemable at the option of the Issuer prior to maturity for tax reasons and, if so specified in the Final Terms, in other circumstances as so specified

Fixed Rate Notes

Fixed rate interest will be payable on such day(s) as specified in the applicable Final Terms and on redemption

Interest will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer(s) and specified in the applicable Final Terms or will be such Fixed Coupon Amount as specified in the applicable Final Terms

Floating Rate Notes

Floating Rate Notes will bear interest calculated

- (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement in the form of an agreement incorporating the 2000 ISDA Definitions (as published by the International Swaps and Derivatives Association Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series);
- (b) on the basis of a reference rate appearing on an agreed screen page of a commercial quotation service; or
- (c) on such other basis as may be set out in the applicable Final Terms.

Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both

Interest on Floating Rate Notes will be payable, and will be calculated as specified prior to issue in the applicable Final Terms

Interest will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer(s) and as specified in the applicable Final Terms

Dual Currency Notes

Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies and based upon such rates of exchange as are agreed between the Issuer and the relevant Dealer(s) set out in the applicable Final Terms

Index Linked Notes

Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Index Linked Notes will be calculated by reference to one or more Indices and/or a formula as are agreed between the Issuer and the relevant Dealer(s) set out in the applicable Final Terms

Equity Linked Notes

Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Equity Linked Notes will be calculated by reference to a Share and/or Share Basket and/or a formula as agreed between the Issuer and the relevant Dealer(s) set out in the applicable Final Terms

Inflation Linked Notes

Payments (whether in respect of principal and/or interest and whether at maturity or otherwise) in respect of Notes linked to consumer price indices ("**Inflation Linked Notes**") will be calculated by reference to one or more published consumer price Indices and/or a formula as agreed between the Issuer and the relevant Dealer(s) set out in the applicable Final Terms

Commodity Linked Notes

Payments (whether in respect of principal and/or interest and whether at maturity or otherwise) in respect of Notes linked to commodities ("**Commodity Linked Notes**") will be calculated by reference to one or more commodities and/or a formula as agreed between the Issuer and the relevant Dealer(s) set out in the applicable Final Terms

Foreign Exchange Linked Notes

Payments (whether in respect of principal and/or interest and whether at maturity or otherwise) in respect of Notes linked to foreign exchange rates ("**Foreign Exchange Linked Notes**") will be calculated by reference to one or more foreign exchange rates and/or a formula as agreed between the Issuer and the relevant Dealer(s) set out in the applicable Final Terms

Fund Linked Notes	Payments (whether in respect of principal and/or interest and whether at maturity or otherwise) in respect of Notes linked to funds (" Fund Linked Notes ") will be calculated by reference to one or more funds and/or a formula as agreed between the Issuer and the relevant Dealer(s) set out in the applicable Final Terms
Combination Notes	Payments (whether in respect of principal and/or interest and whether at maturity or otherwise) in respect of Notes combining a basket of Reference Assets will be calculated by reference to any combination of Reference Assets and/or a formula as agreed between the Issuer and the relevant Dealer(s) as set out in the applicable Final Terms
Physical Delivery Notes	Payments (whether in respect of principal and/or interest and whether at maturity or otherwise) in respect of Physical Delivery Notes and any delivery of any Relevant Asset(s) in respect of Physical Delivery Notes will be made in accordance with the terms of the applicable Final Terms
Zero Coupon Notes	Payments of interest in respect of Zero Coupon Notes shall be payable where any principal is overdue. The rate of interest shall be equal to the Amortisation Yield
Partly Paid Notes	Payments in respect of Partly Paid Notes will be made in accordance with the applicable Final Terms. Interest will accrue on the paid-up nominal amount of such Notes
Participation Notes	The return on participation notes will be linked to the performance of shares in specified underlying companies listed on a local stock exchange and investment in which may somehow be restricted, as more specifically set out in the relevant Final Terms
Dutch Notes, Norwegian Notes, Polish Notes, Swedish Notes and Finnish Notes	Notes may be cleared through the domestic clearing system in The Netherlands (" Dutch Notes "), Norway (" Norwegian Notes "), Poland (" Polish Notes "), Sweden (" Swedish Notes ") and Finland (" Finnish Notes ")
Other Notes	Payments (whether in respect of principal and/or interest) and whether at maturity or otherwise) in respect of all other Notes issued under the Programme will be made in accordance with the applicable Final Terms

Market Disruption Events

In respect of Equity Linked Notes, Index Linked Notes, Commodity Linked Notes and certain other types of Notes, if the Calculation Agent determines that a Market Disruption Event has occurred or exists on an Initial Valuation Date, Valuation Date, Interest Valuation Date, Initial Averaging Date, Averaging Date, Observation Date or other relevant date, such date may be postponed and, in such circumstance, alternative provisions in respect of the relevant Reference Asset may apply

Adjustments to Equity Linked Notes for Potential Adjustment Events and Extraordinary Events

In respect of Equity Linked Notes, the occurrence of a Potential Adjustment Event or certain Extraordinary Events (including a Merger Event, Tender Offer, Index Adjustment Event, Nationalisation, Insolvency or Delisting), may (if "Calculation Agent Adjustment" is specified to be applicable in the relevant Final Terms) result in the Calculation Agent making adjustments to the terms of the Notes and calculations as described in the Conditions and could lead to the Notes being redeemed early

Adjustments to Index Linked Notes for certain events

In respect of Index Linked Notes, the occurrence of certain events in relation to an underlying Index (such as, for example, the replacement of the Index Sponsor, modification cancellations or disruptions to the Index and subsequent correction of relevant Index Levels) may lead to the Calculation Agent making changes in the terms of the Notes and/or adjustments to relevant Index Levels

Settlement Disruption Events

In the case of Equity Linked Notes which are physically settled, if a Settlement Disruption Event (essentially, an event beyond the control of the Issuer or other Hedging Entity as a result of which, in the opinion of the Calculation Agent, delivery of the Reference Asset Amount by or on behalf of the Issuer, in accordance with the Conditions is not practicable, or as a result of which the relevant Clearing System cannot clear the transfer of the relevant Reference Assets) occurs or exists on the Settlement Date, settlement may be postponed until the next day on which Settlement may occur and on which no Settlement Disruption Event occurs. The relevant Issuer in these circumstances may also have the right to pay the Disruption Cash Settlement Price in lieu of delivering the Reference Asset

Payment Disruption Events	If "Payment Disruption Event" is stated to be applicable in the relevant Final Terms, and the Calculation Agent determines that a Payment Disruption Event (essentially, the occurrence of an event beyond the control of the Hedging Entity (being the Issuer or an affiliate acting on its behalf) as a result of which the Hedging Entity is not able or would not be able to sell or otherwise realise or receive the proceeds from the sale or other disposal of all or any part of the Reference Assets or other financial products held by the Hedging Entity, to hedge the Issuer's obligations in respect of the Notes) prior to or on any date on which payments in respect of such Notes shall fall due, then the Maturity Date or any relevant payment date (as applicable) may be postponed and potentially the Issuer's payment obligations under the Notes may be reduced
Other Adjustments	Adjustments other than those described above may be made to Notes issued under the Programme as set forth in the Conditions, and as may be set forth in the applicable Final Terms (for example, "Lock-in Events" in relation to Fund Linked Notes and inconvertibility events in relation to Foreign Exchange Linked Notes)
Status	Notes will constitute unsubordinated and unsecured obligations of the relevant Issuer
Guarantee	Notes issued by JPMIDL will be guaranteed by the Guarantor. Notes issued by JPMCB will not be the subject of a guarantee
Negative Pledge/Cross Default	The Notes will not contain a negative pledge or a cross default provision
Rating	Notes may be rated or unrated. A security rating is not a recommendation to buy, sell or hold Notes and may be subject to suspension, change or withdrawal at any time by the assigning rating agency
Withholding Tax	Payments of principal and interest in respect of Notes issued to a United States Alien (as defined in the Terms and Conditions of the Notes) will be free of withholding taxes of Jersey or the United States, subject to customary exceptions
Governing Law	The Notes are governed by English law. The Guarantee is governed by New York law
Listing	The Official List of the Regulated Market of the Luxembourg Stock Exchange or as otherwise specified in the relevant Final Terms. A Series of Notes may be unlisted

No Ownership by U.S. Persons

Notes may not be legally or beneficially owned by U.S. Persons at any time. Each holder and each beneficial owner of a Note, (a) as a condition to purchasing such Note or any beneficial interest therein, will be deemed to represent that neither it nor any person for whose account or benefit the Notes are being purchased is (i) located in the USA, (ii) is a U.S. Person or (iii) was solicited to purchase the Notes while present in the USA and (b) will be deemed on purchase to agree not to offer, sell, deliver, pledge or otherwise transfer any Notes at any time, directly or indirectly in the USA or to any U.S. Person

No Ownership of Indian Participation Notes by Indian Residents

Notes that are Participation Notes for which a Reference Asset is an equity security listed on an Indian stock exchange (an "**Indian Participation Note**") may not be legally or beneficially owned by a resident of the Republic of India within the meaning of Indian Exchange Control Laws (an "**Indian Resident**") at any time. Any pledge, sale or other transfer of Indian Participation Notes to an Indian Resident shall, at the option of the relevant Issuer, (x) be voidable or (y) give the relevant Issuer the right to compel the transferee to redeem any notes held by such transferee

Selling Restrictions

Restrictions apply to offers, sales or transfers of the Notes in various jurisdictions. In all jurisdictions offers, sales or transfers may only be effected to the extent lawful in the relevant jurisdiction

Risk factors

JPMIDL and JPMCB may issue Notes with principal and/or interest determined by reference to the credit of one or more entities not affiliated with JPMIDL and JPMCB, to currency prices, commodity prices or to single securities, baskets of securities or indices or other assets or instruments. Any such Notes may entail significant risks not associated with a similar investment in fixed or floating rate debt securities, including a return that may be significantly less than the return available on an investment in fixed or floating rate debt securities. In some cases, such Notes may also carry the risk of a total or partial loss of principal.

Neither the Guarantee nor any Securities issued by JPMCB are a deposit insured or guaranteed by any government authority.

The following is a summary of certain risk factors in relation to any purchase of Notes:

Risks relating to the Notes generally

- the Notes may not be a suitable investment for all investors
- the market value of the Notes may be volatile, and may be adversely affected by a number of factors, and the price at which a Noteholder will be able to sell Notes prior to maturity may be at a substantial discount to the market value of such Notes on the Issue Date
- an active trading market for the Notes may not develop
- the Issue Price of the Notes may be more than the market value of such Notes as at the Issue Date, and the price of the Notes in secondary market transactions
- the Notes may be redeemed prior to maturity
- JPMorgan Chase and its subsidiaries (the "**JPMorgan Group**") are subject to various potential conflicts of interest in respect of the Notes, including in relation to its hedging and market-making activities, which could have an adverse effect on the Notes
- the Calculation Agent (which will likely be a member of the JPMorgan Group) has very broad discretionary authority to make various determinations and adjustments under the Notes, any of which may have an adverse effect on the value and/or the amounts payable under the Notes
- the Notes are unsecured obligations
- the Notes may be redeemed early if the Issuer's performance under such Notes has become unlawful or impractical in whole or in part for any reason
- any consequential postponement of or any alternative provisions for valuation following a Market Disruption Event may have an adverse effect on the value of the Notes.
- the occurrence of a Payment Disruption Event or Settlement Disruption Event may lead to a delayed payment or delivery (as applicable) and/or reduced payment
- the exposure (if any) to the upside value of a relevant Reference Asset or Reference Entity may be capped
- it may not be possible to use the Notes as a perfect hedge against the market risk associated with investing in a Reference Asset
- there may be regulatory consequences to the holder of holding Notes linked to a Reference Asset or Reference Entity
- the actual yield received by a purchaser of the Notes may be reduced from the stated yield by transaction costs
- a holder of Notes may find that the effective yield on the Notes may be diminished by the tax impact on that holder of its investment in the Notes

Additional Risks relating to Notes with interest and/or principal linked to one or more specified types of Reference Assets and/or Reference Entities

There are certain additional risks relating to Equity Linked Notes, Equity Linked Notes linked to a Share Basket and Index Linked Notes linked to an Index Basket, Credit Linked Notes, Participation Notes, Commodity Linked Notes, Inflation Linked Notes, Fixed Rate Notes, Floating Rate Notes and/or Notes linked to a floating rate, Zero Coupon Notes, Foreign Exchange Rate Linked Notes and Fund Linked Notes, as specified below.

Additional Risk Factors relating to Polish Notes

There are additional risk factors relating to Polish Notes, as specified below.

RISK FACTORS

The purchase of certain Notes may involve substantial risks. Prior to making an investment decision, prospective investors should consider carefully, in light of their own financial circumstances and investment objectives, (i) all the information set forth in this Base Prospectus and, in particular, the considerations set forth below and (ii) all the information set forth in the applicable Final Terms. Prospective purchasers should make such inquiries as they deem necessary without relying on the Issuers, the Guarantor (in relation to Notes issued by JPMIDL), the Arranger or any Dealer.

Risks relating to the Issuer and the Guarantor

See the section entitled "Risk Factors relating to JPMIDL" of the JPMIDL Registration Document and "Risk Factors relating to JPMCB" of the JPMCB Registration Document.

Risks relating to the Notes generally

Suitability: the Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to evaluate the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement and all information contained in the applicable Final Terms;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the settlement currency is different from the currency in which such investor's principal financial activities are principally denominated;
- (iv) understand thoroughly the terms of the Notes and be familiar with any relevant indices and financial markets;
- (v) in respect of Notes linked to the performance of one or more Shares, Indices, floating rates, rates of interest, inflation indices, foreign exchange rates, funds, commodities and/or any other type of instruments or assets (together, "**Reference Assets**") and/or entities ("**Reference Entities**"), understand thoroughly the nature of such Reference Assets and Reference Entities and how the performance thereof may affect the pay-out and value of the Notes; and
- (vi) 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.

Prospective purchasers of Notes should consult their own legal, tax, accountancy, financial and other professional advisers to assist them in determining the suitability of the offered Notes for them as an investment.

Market Value of Notes: the market value of the Notes may be volatile, and may be adversely affected by a number of factors, and the price at which a Noteholder will be able to sell Notes prior to maturity may be at a substantial discount to the market value of such Notes on the Issue Date

The market value of Notes will be affected by a number of factors independent of the creditworthiness of the relevant Issuer and, in relation to Notes issued by JPMIDL, the Guarantor, including, but not limited to:

- (i) the value and volatility of the Reference Asset(s);

- (ii) in the case of Credit Linked Notes, the creditworthiness of the Reference Entities and the value and volatility of their obligations;
- (iii) where the Reference Asset(s) is/are equity securities, the dividend rate on the Reference Asset(s) and the financial results and prospects of the issuer of each Reference Asset;
- (iv) market interest and yield rates; and
- (v) the time remaining to any redemption date or the maturity date.

In addition, the value of any Reference Asset and/or obligation of a Reference Entity may depend on a number of interrelated factors, including economic, financial and political events in one or more jurisdictions, including factors affecting capital markets generally and the stock exchange(s) on which any Reference Asset and/or obligation of a Reference Entity may be traded. Additionally, if the formula used to determine the amount of principal, premium and/or interest payable with respect to Notes linked to a Reference Asset contains a multiplier or leverage factor, the effect of any change in the applicable Reference Asset will be increased. The historical experience of the relevant Reference Assets and/or Reference Entities should not be taken as an indication of future performance of such Reference Assets and/or Reference Entities during the term of such Note.

The price at which a Noteholder will be able to sell Notes prior to maturity may be at a discount, which could be substantial, to the market value of such Notes on the Issue Date, if, at such time, the market price of the Reference Asset(s) and/or obligation(s) of a Reference Entity is below, equal to or not sufficiently above the market price of the Reference Asset(s) and/or obligation(s) of a Reference Entity on the Issue Date. The historical market prices of any Reference Asset and/or obligation of a Reference Entity should not be taken as an indication of such Reference Asset's and/or obligation's future performance during the term of any Note.

Illiquidity: an active trading market for the Notes may not develop

It is not possible to predict the price at which Notes will trade in the secondary market or whether such market will be liquid or illiquid. The Issuers may list Notes on the Official List of the Regulated Market of the Luxembourg Stock Exchange, or any other exchange as specified in the applicable Final Terms. In the event of a delisting or suspension of trading on such exchange, the relevant Issuer will use all reasonable efforts to list the relevant Notes on another exchange. If any Notes are not listed or traded on any exchange, pricing information for the Notes may be more difficult to obtain and the liquidity of the Notes may be adversely affected.

Issue Price: the Issue Price of the Notes may be more than the market value of such Notes as at the Issue Date, and the price of the Notes in secondary market transactions

The Issue Price in respect of any Notes specified in the relevant Final Terms may be more than the market value of such Notes as at the Issue Date, and the price, if any, at which the Dealer or any other person willing to purchase such Notes in secondary market transactions may be lower than the Issue Price in respect of such Notes. In particular, the Issue Price in respect of any Notes may take into account amounts with respect to commissions relating to the issue and sale of such Notes as well as amounts relating to the hedging of the Issuer's obligations under such Notes, and secondary market prices are likely to exclude such amounts. In addition, pricing models of relevant market participants may differ or produce a different result.

Early Redemption: The Notes may be redeemed prior to maturity

The Final Terms for a particular issue of Notes may provide for early redemption at the option of the Issuer. Such right of termination is often provided for bonds or notes in periods of high interest rates. If the market interest rates decrease, the risk to Noteholders that the Issuer will exercise its right of termination increases. As a consequence, the yields received upon redemption may be lower than expected, and the redeemed face amount of the Notes may be lower than the purchase price for the Notes paid by the Noteholder. As a consequence, part of the capital invested by the Noteholder may be lost, so that the Noteholder in such case would not receive the total amount of the capital invested. In addition, investors that choose to reinvest monies they receive through an early redemption may be able to do so only in securities with a lower yield than the redeemed Notes.

Offered Notes may also be redeemed early at the applicable Early Redemption Amount where an early redemption event is provided for in the applicable Final Terms and/or if the Noteholders' put option (pursuant to Condition 5(e)) is specified in the applicable Final Terms to be applicable.

In addition, Notes may be redeemed early upon certain Termination Events as set out in Condition 5(b) or following an event of default as set in Condition 9. Notes will be redeemable at the option of the Issuer prior to maturity for tax reasons as set out in Condition 5(c). The Early Redemption Amount in respect of each Note may be less than the Nominal Amount per Note and shall (unless otherwise specified in the applicable Final Terms) be an amount determined by the Calculation Agent as representing the fair market value of such Notes immediately prior (and ignoring the circumstances leading) to such Early Redemption, adjusted to account fully for any reasonable expenses and costs of unwinding any underlying and/or related hedging and funding arrangements (including, without limitation any equity options, equity swaps or other instruments of any type whatsoever hedging the Issuer's obligations under the Notes).

Following any such early redemption, an investor generally would not be able to reinvest the redemption proceeds at any effective interest rate as high as the interest rate on the relevant Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Conflicts of Interest: the JPMorgan Group is subject to various potential conflicts of interest in respect of the Notes, including in relation to its hedging and market-making activities, which could have an adverse effect on the Notes

In the ordinary course of their business, whether or not there will be any secondary market making activities, the relevant Issuer, the Guarantor (in relation to Notes issued by JPMIDL) and/or the JPMorgan Group may effect transactions for their own account or for the account of their customers and hold long or short positions in the Reference Asset(s) or related derivatives. In addition, in connection with the offering of Notes, the relevant Issuer, the Guarantor (in relation to Notes issued by JPMIDL) and/or the JPMorgan Group may enter into one or more hedging transactions with respect to the Reference Asset(s) or related derivatives. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by the relevant Issuer, the Guarantor (in relation to Notes issued by JPMIDL) and/or the JPMorgan Group, the relevant Issuer, the Guarantor (in relation to Notes issued by JPMIDL) and/or the JPMorgan Group may enter into transactions in the Reference Asset(s) or related derivatives which may adversely (or positively) affect price, liquidity or value of the Relevant Notes and which could therefore be adverse to the interests of the relevant Noteholders.

Further, because the Calculation Agent may (as shall be specified in the applicable Final Terms) be an affiliate of the Issuer and Guarantor, potential conflicts of interest may exist between the Calculation Agent and the Noteholders, including with respect to the exercise of the discretionary powers of the Calculation Agent, such as, for example, if a Market Disruption Event or a Settlement Disruption Event has occurred, and the making of adjustments to the payments on the Notes following Potential Adjustment Events and/or other events. See also "Calculation Agent's discretion" below.

Calculation Agent's discretion: the Calculation Agent (which will likely be an affiliate of the JPMorgan Group) has very broad discretionary authority to make various determinations and adjustments under the Notes, any of which may have an adverse effect on the value and/or the amounts payable under the Notes

The Calculation Agent has a broad discretion (i) to determine whether a Disrupted Day, Index Adjustment Event, Potential Adjustment Event, Extraordinary Event, Settlement Disruption Event and/or any other event and/or matter so specified in the Conditions has occurred, (ii) to determine any resulting adjustments and calculations as described in the Conditions and (iii) in respect of any other matters as may be specified in the applicable Final Terms. Prospective purchasers should be aware that any determination made by the Calculation Agent may have an impact on the value and financial return of the Notes. Any such discretion exercised by, or any calculation made by, the Calculation Agent (in the absence of manifest error) shall be binding on the Issuer and all holders of the Notes.

Unsecured Obligations: the Notes are unsecured obligations

The obligations of the relevant Issuer in respect of Notes are not secured. Investors in the Notes do not have or receive any rights in respect of any underlying shares or indices and may have no right to call for underlying shares to be delivered to them. The relevant Issuer is not obliged by the terms of any Notes to hold any underlying shares.

Illegality: the Notes may be redeemed early if the Issuer's performance under such Notes has become unlawful or impractical in whole or in part for any reason

If the relevant Issuer determines, by giving notice to the Noteholders, the Fiscal Agent and the Registrar, that its performance under any Note has become unlawful or impractical in whole or in part for any reason, such Issuer may redeem such Note and, if permitted by applicable law, pay the holder of each such Note an amount determined by such Issuer in its sole and absolute discretion as representing the fair market value of such Note notwithstanding such illegality or impracticality less the cost to such Issuer of unwinding any underlying related hedging arrangements plus all other expenses related thereto as determined by such Issuer in its sole and absolute discretion or an amount otherwise determined by such Issuer in its sole and absolute discretion as specified in the relevant Conditions.

Market Disruption Events: any consequential postponement of or any alternative provisions for valuation following a Market Disruption Event may have an adverse effect on the value of the Notes

If an issue of Notes includes provisions dealing with the occurrence of a Market Disruption Event on an Initial Valuation Date, Valuation Date, Interest Valuation Date, Initial Averaging Date, Averaging Date, Observation Date or other date, and the Calculation Agent determines that a Market Disruption Event has occurred or exists on such date, any consequential postponement of or any alternative provisions for valuation provided in any Note may have an adverse effect on the value of such Note.

Payment Disruption Events: the occurrence of a Payment Disruption Event may lead to a Delayed and/or Reduced Payment

If "Payment Disruption Event" is specified to be applicable in the relevant Final Terms, in the event that the Calculation Agent determines that an event beyond the control of the Hedging Entity (being the Issuer or an affiliate acting on its behalf) (a "**Payment Disruption Event**") has occurred or will occur as a result of which the Hedging Entity is not able or would not be able to sell (or otherwise realise) or receive the proceeds from the sale or other disposal of all or any part of the Reference Assets or other financial products held by the Hedging Entity, to hedge the Issuer's obligations in respect of the Notes prior to or on any date on which payments in respect of such Notes shall fall due, then the Maturity Date or any relevant payment date (as applicable) may be postponed to a date falling 14 days after the date on which the Payment Disruption Event is no longer operating. There shall be no accrued interest payable in respect of any such postponement and no Event of Default will result. Partial payments from the proceeds of realisation of sale of Reference Assets by the Hedging Entity may be paid during such period (after deduction for any hedging expenses). In the event that a Payment Disruption Event is still continuing and there remain Reference Assets held by the Hedging Entity to hedge the Issuer's obligations in respect of the Notes which have not been sold or otherwise realised before the date which is one year after the Maturity Date or other relevant payment date (as applicable) (the "**Payment Event Cut-off Date**"), then (i) the Maturity Date or other relevant payment date (as applicable) for the Notes shall fall on the Payment Event Cut-off Date, (ii) the settlement price of the remaining Reference Assets held by the Hedging Entity which are still subject to the Payment Disruption Event or have not been sold or realised by the Hedging Entity shall be deemed to be zero and (iii) the remaining amounts payable under the Notes shall be deemed to be zero and the Issuer shall have no obligations whatsoever under the Notes.

Settlement Disruption Events: the occurrence of a Settlement Disruption Event may lead to a Delayed Delivery and/or Reduced Payment

In the case of Equity Linked Notes or Index Linked Notes which are physically settled, if a Settlement Disruption Event occurs or exists on the Settlement Date, settlement may be postponed until the next day on which Settlement may occur and on which no Settlement Disruption Event occurs. The relevant Issuer in these circumstances may also have the right to pay the Disruption Cash Settlement Price (as

defined in the Conditions) in lieu of delivering the Reference Asset. Such a determination may have an adverse effect on the value of the relevant Note.

Caps on increase in value of underlyings: *The exposure (if any) to the upside value of a relevant Reference Asset or Reference Entity may be capped*

If the applicable Final Terms provides that the exposure of the Notes linked to a Reference Asset or Reference Entity to one or more Reference Assets or Reference Entities is limited or capped to a certain level or amount, such Notes will not benefit from any upside in the value of any such Reference Asset or Reference Entity beyond such limit or cap.

Hedging by the Holder: *it may not be possible to use the Notes as a perfect hedge against the market risk associated with investing in a Reference Asset*

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

Regulatory: *there may be regulatory consequences to the Noteholder of holding Notes linked to a Reference Asset or Reference Entity*

There may be regulatory and other ramifications associated with the ownership by certain investors of certain Notes linked to a Reference Asset or Reference Entity. Each purchaser of Notes must conduct its own investigation into its regulatory position with respect to the potential purchase of Notes, and none of the Issuer, the Guarantor, the Dealer or the Arranger assumes any obligation or liability whatsoever to such purchaser in such regard.

Actual Yield: *A Noteholder's actual yield on the Notes may be reduced from the stated yield by transaction costs*

When Notes are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the current price of the security. These incidental costs may significantly reduce or even exclude the profit potential of the Notes. For instance, credit institutions as a rule charge their clients for own commissions which are either fixed minimum commissions or pro-rata commissions depending on the order value. To the extent that additional, domestic or foreign, parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, Noteholders must take into account that they may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

In addition to such costs directly related to the purchase of securities (direct costs), Noteholders must also take into account any follow-up costs (such as custody fees). Investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Notes before investing in the Notes.

Effective Yield: *A Noteholder's effective yield on the Notes may be diminished by the tax impact on that Noteholder of its investment in the Notes*

Payments of interest on the Notes, or profits realised by the Noteholder upon the sale or repayment of the Notes, may be subject to taxation in its home jurisdiction or in other jurisdictions in which it is required to pay taxes. The tax impact on Noteholders generally in various jurisdictions is described under "Taxation" below; however, the tax impact on an individual Noteholder may differ from the situation described for Noteholders generally. The Issuer advises all investors to contact their own tax advisors for advice on the tax impact of an investment in the Notes.

Amendments and Waiver: *Amendments and waivers may be made to the Notes pursuant to the votes of defined majorities*

The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders

including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. Further, amendments may be made to the terms and conditions of the Notes without the consent of any of the Noteholders in circumstances, as set out in the Conditions (see Condition 10).

Additional Risks relating to Notes with interest and/or principal linked to one or more specified types of Reference Assets and/or Reference Entities

Additional risk factors relating to Equity Linked Notes

In the case of Equity Linked Notes following the occurrence of a Potential Adjustment Event, the Calculation Agent will, in its sole and absolute discretion, determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Shares and, if so, will (i) make the corresponding adjustment, if any, to any one or more of any of the payment amounts under the Notes and/or any of the other terms of the Conditions determines appropriate to account for that diluting or concentrative effect (provided that no adjustments will be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relative to the relevant Share) and (ii) determine the effective date of that adjustment. Such adjustment may have an adverse effect on the value and liquidity of the affected Equity Linked Notes.

In addition, in the case of Equity Linked Notes, if a Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency occurs in relation to any Share, then:

- (i) if "Modified Calculation Agent Adjustment" is specified to be applicable in the relevant Final Terms), the Calculation Agent shall either (a) make such adjustment to the redemption, settlement, payment or any other terms of the Notes as the Calculation Agent determines appropriate to account for the economic effect on the Notes of such Merger Event or Tender Offer, or other event, (including adjustments to account for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Shares or to the Notes), which may, but need not, be determined by reference to the adjustment(s) made in respect of such Merger Event or Tender Offer by an Options Exchange to options on the relevant Shares traded on such Options Exchange (and determine the effective date of that adjustment), or (b) if the Calculation Agent determines that no adjustment that it could make under (a) will produce a commercially reasonable result, the Notes will be redeemed upon prior notice made to the Noteholders in accordance with the Conditions; or
- (ii) otherwise than in (i), redeem part or all of the Notes.

Following such redemption, an investor generally would not be able to reinvest the redemption proceeds at any effective interest rate as high as the interest rate on the relevant Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Equity Linked Notes do not represent a claim against or an investment in any Share Issuer and Noteholders will not have any right of recourse under the Notes to any such company. The Notes are not in any way sponsored, endorsed or promoted by any Share Issuer and such companies have no obligation to take into account the consequences of their actions for any Noteholders.

Additional risk factors relating to Equity Linked Notes linked to a Share Basket and Index Linked Notes linked to Index Basket Related Notes

The value of a Share Basket or Index Basket may be affected by the number of Reference Assets included in such Share Basket or Index Basket. Generally, the value of a Share Basket or Index Basket that includes Reference Assets from a number of Reference Asset issuers or Indices will be less affected by changes in the value of any particular Reference Asset included therein than a Basket that includes fewer Reference Assets or that gives greater weight to some Reference Assets included therein. In addition, if the Reference Assets included in a Share Basket or Index Basket is concentrated in a particular industry, the value of such a Basket will be more affected by the economic, financial and other factors affecting that industry than if the Reference Assets included in the Basket are in various industries that are affected by different economic, financial or other factors or are affected by such factors in different ways.

- (i) *The volatility of the Reference Assets.* If the volatility of the Reference Assets increases, the trading value of a Note is expected to increase; if the volatility decreases, the trading value of a Note is expected to decrease.
- (ii) *The time remaining to the expiration of the Note.* As the time remaining to the expiration of the Note decreases, the trading value of a Note is expected to decrease.
- (iii) *Dividend rates.* If the dividend rates on the Reference Assets increase, the trading value of a put Note is expected to increase and the trading value of a call Note is expected to decrease. Increased dividend rates may, however, positively affect the value of Reference Assets and the trading value of a put Note could then be expected to decrease and the trading value of a call Note could then be expected to increase. If such dividend rates decrease, the trading value of a put Note is expected to decrease and the trading value of a call Note is expected to increase. Decreased dividend rates may, however, adversely affect the value of the Reference Assets and the trading value of a put Note could then be expected to increase and the trading value of a call Note could then be expected to decrease. Spread Notes are also affected by the relative movements of the Reference Assets on which they are based.

Additional risk factors relating to Credit Linked Notes

To the extent that the Credit Linkage Provisions apply to any Notes, the value, redemption amount and return to investor in respect of such Notes may be dramatically affected by such credit linkage and/or Credit Event in respect of any applicable Reference Entity.

There may exist at times only small markets for the Notes and for the obligations of the Reference Entity to which the Notes are linked, resulting in low or non-existent volumes of trading in the Notes and such obligations, and therefore a lack of liquidity and price volatility of the Notes and such obligations.

In selecting any Reference Obligations hereunder, the Calculation Agent is under no obligation to the Holders or any other person and, provided that the obligation selected meets the applicable criteria (if any), is entitled, and indeed will endeavour, to select obligations with the lowest or highest price (depending on who is the Buyer) of any obligations which meet such criteria. In making any selection, the Calculation Agent will not be liable to account to the Holders or any other person for any profit or other benefit to it or any of its affiliates which may result directly or indirectly from any such selection.

In selecting any substitute Reference Entity, any Valuation Date, any Quotation Amount or any Quotation Time or in making any other selection in accordance with the terms of the Notes, the Calculation Agent is under no obligation to the Holders or any other person and provided that the relevant selection meets the criteria specified, the Calculation Agent will not be liable to account to the Holders or any other person for any profit or other benefit to it or any of its affiliates which may result directly or indirectly from any such selection.

In addition, the relevant Issuer, the Guarantor (in respect of Notes issued by JPMIDL) and their affiliates may, for their own account and for the account of customers, engage in any kind of transactions and other business directly or indirectly involving a Reference Entity and may act with respect to such business in the same manner as it would if the Notes had not been issued, regardless of whether any such action might have an adverse effect directly or indirectly on a Reference Entity. The relevant Issuer and its affiliates may on the Issue Date of the Notes or at any time thereafter be in possession of information in relation to a Reference Entity that is or may be material in the context of the issue of Notes and that may not be publicly available or known to the purchasers. There is no obligation on the part of the Issuers, the Guarantor (in respect of the Notes issued by JPMIDL) or their affiliates to disclose to the Holders any such relationship or information.

Additional risk factors relating to Participation Notes

Participation Notes are issued at a price linked to the value of the underlying shares on particular trading days during a fixing period. At maturity (or early redemption) a Noteholder will not receive the principal amount of its investment but instead will receive an amount calculated as a percentage of the weighted average sale price of the underlying shares over a valuation period less deductions for local taxes (if any) and other costs which would have been incurred had the underlying shares been held by such Noteholder (qualifying as a foreign or non resident institutional investor) directly. The valuation

period will be the number of business days following the redemption date that would have been required for a holder of the underlying shares to complete the sale of the equivalent position on the stock exchange on which such shares are primarily traded. Generally, returns to investors in Participation Notes will be payable in US dollars or another currency other than the currency in which the shares are denominated. Changes in the rate of exchange between the currency in which the underlying shares are denominated and that in which returns are payable to Noteholders will affect the return to investors.

Additional risk factors relating to Commodity Linked Notes

The prices of commodities may be volatile, and, for example, may fluctuate substantially if natural disasters or catastrophes, such as hurricanes, fires or earthquakes, affect the supply or production of such commodities. The prices of commodities may also fluctuate substantially if conflict or war affects the supply or production of such commodities. If any interest and/or the redemption amount payable in respect of a Note is linked to the price of a commodity, any change in the price of such commodity may result in the reduction of the amount of interest and/or the redemption amount payable. The reduction in the amount payable on the redemption of the Notes may result, in some cases, in a Noteholder receiving a smaller sum on redemption of a Note than the amount originally invested in such Note.

Additional risk factors relating to Inflation Linked Notes

A relevant consumer price index or other formula linked to a measure of inflation to which the Notes are linked may be subject to significant fluctuations that may not correlate with other indices. Any movement in the level of the index may result in a reduction of the interest payable on the Notes or, in the case of Notes with redemption amount linked to inflation, in a reduction of the amount payable on redemption which in some cases could be less than the amount originally invested.

The timing of changes in the relevant consumer price index or other formula linked to the measure of inflation comprising the relevant Index or Indices may affect the actual yield to investors on the Notes, even if the average level is consistent with their expectations.

An Index to which interest payments and/or the redemption amount of Inflation Linked Notes are linked is only one measure of inflation for the relevant jurisdiction, and such Index may not correlate perfectly with the rate of inflation experienced by Noteholders in such jurisdiction.

Interest payments and/or redemption amount of Inflation Linked Notes may be based on a calculation made by reference to a consumer price index for a month which is several months prior to the date of payment on the Notes and therefore could be substantially different from the level of inflation at the time of the payment if interest or, as the case may be, principal on the Notes.

Additional risk factors relating to Fixed Rate Notes

Investors in Fixed Rate Notes are exposed to the risk that subsequent changes in interest rates may adversely affect the value of the Notes.

Additional risk factors relating to Floating Rate Notes and/or Notes linked to a floating rate

A key difference between Floating Rate Notes and Fixed Rate Notes is that interest income on Floating Rate Notes cannot be anticipated. Due to varying interest income, investors are not able to determine a definite yield of Floating Rate Notes at the time they purchase them, so that their return on investment cannot be compared with that of investments having longer fixed interest periods. If the terms and conditions of the Notes provide for frequent interest payment dates, investors are exposed to the reinvestment risk if market interest rates decline. That is, investors may reinvest the interest income paid to them only at the relevant lower interest rates then prevailing. In addition, the Issuer's ability to issue both Fixed Rate Notes may affect the market value and secondary market (if any) of the Floating Rate Notes (and vice versa).

Additional risk factors relating to Zero Coupon Notes

Changes in market interest rates have a substantially stronger impact on the prices of zero coupon bonds than on the prices of ordinary bonds because the discounted issue prices are substantially below par. If market interest rates increase, zero coupon bonds can suffer higher price losses than other bonds

having the same maturity and credit rating. Due to their leverage effect, zero coupon bonds are a type of investment associated with a particularly high price risk.

Additional Factors relating to Foreign Exchange Rate Linked Notes

An investment in Foreign Exchange Rate Linked Notes entails significant risks in addition to those associated with investments in a conventional debt security. The foreign exchange rate(s) to which the Notes are linked (the "**Relevant Foreign Exchange Rate(s)**") will affect the nature and value of the investment return on the Notes. Investors should form their own views on the merits of an investment related to the Relevant Foreign Exchange Rate(s) based upon their own such investigations of such Relevant Foreign Exchange Rate(s) and should not rely on any information given herein. As noted above, given the highly specialised nature of these Notes, the Issuer, the Guarantor and JPMSL consider that the Notes are only suitable for sophisticated investors who are able to determine for themselves the risks of an investment linked to the Relevant Foreign Exchange Rate(s), and who possess all other relevant knowledge and experience in financial and business matters.

Prospective investors should note that the Issuer and its affiliates are regular participants in the foreign exchange markets and in the ordinary course of their business may effect transactions for their own account or for the account of their customers and hold long and short positions in currencies and related derivatives, including in the currencies of the Relevant Foreign Exchange Rate(s). Such transactions may affect the Relevant Foreign Exchange Rate(s), the market price, liquidity or value of the Notes and could be adverse to the interests of Noteholders. Neither the Issuer nor any of its affiliates has any duty to enter into such transactions in a manner which is favourable to Noteholders.

Foreign Exchange Rate Linked Notes may be linked to emerging market currencies and, as such, may experience greater volatility and less certainty as to its future levels or as against other currencies.

Additional Factors relating to Fund Linked Notes

Any Funds comprised in a Basket may be subject not only to market price fluctuations, but also to numerous other factors that may trigger the substitution of any relevant Fund by other constituents (which may, or may not be, another Fund), therefore changing the initial profile and composition of the Funds comprised in such a Basket. If so specified in the applicable Final Terms, in the event of an occurrence of a Merger Event, an Insolvency, a De-Listing or a Substitution Event in respect of one or more of the Funds specified in the applicable Final Terms (the "**Original Funds**"), the Calculation Agent may replace such Original Fund with an alternative investment fund (a "**Replacement Fund**"); however, if the Calculation Agent is unable to select a Replacement Fund and/or a date for such substitution on the terms described herein the Calculation Agent may replace an Original Fund (if so specified in the applicable Final Terms) a Replacement Fund with an index or a basket of indices (a "**Replacement Index**" or "**Replacement Assets**"), therefore changing the original profile of the Basket. The same terms and conditions may apply with respect to any Replacement Fund.

The valuation of a Fund is generally controlled by the relevant fund manager or the investment adviser (as the case may be) of the Fund. Valuations are performed in accordance with the terms and conditions governing the Fund. Such valuations may be based upon the unaudited financial records of the Fund and any accounts pertaining thereto. Such valuations may be preliminary calculations of the net asset values of the Fund and accounts. The Fund may hold a significant number of investments which are illiquid or otherwise not actively traded and in respect of which reliable prices may be difficult to obtain. In consequence, the relevant fund manager or the investment adviser may vary certain quotations for such investments held by the Fund in order to reflect its judgement as to the fair value thereof. Therefore, valuations may be subject to subsequent adjustments upward or downward. Uncertainties as to the valuation of the Fund assets and/or accounts may have an adverse effect on the net asset value of the relevant Fund where such judgements regarding valuations prove to be incorrect.

A Fund and any Fund components in which it may invest may utilise (*inter alia*) strategies such as short-selling, leverage, securities lending and borrowing, investment in sub-investment grade or non-readily realisable investments, uncovered options transactions, options and futures transactions and foreign exchange transactions and the use of concentrated portfolios, each of which could, in certain circumstances, magnify adverse market developments and losses. Funds, and any Fund components in which it may invest, may make investments in markets that are volatile and/or illiquid and it may be difficult or costly for positions therein to be opened or liquidated. No assurance can be given relating

to the present or future performance of any Fund and any Fund component in which it may invest. The performance of each Fund and any Fund component in which it may invest is dependent on the performance of the Fund managers in selecting Fund components and management in respect of the Fund components. No assurance can be given that these persons will succeed in meeting the investment objectives of the relevant Fund, that any analytical model used thereby will prove to be correct or that any assessments of the short-term or long-term prospects, volatility and correlation of the types of investments in which a Fund has or may invest will prove accurate.

There are numerous additional risks relating to Notes linked to hedge funds, and the applicable Final Terms in respect of such Notes will include additional risk factors.

Additional risk factors relation to Polish Notes

See "Risk Factors relating to Polish Notes" below.

Status of the Guarantee and Notes issued by JPMCB

Neither the Guarantee, nor any Notes issued by JPMCB are a deposit insured or guaranteed by the FDIC or any other government authority. The Guarantee and Notes issued by JPMCB are each an unsecured and unsubordinated debt obligation of JPMCB and not of its parent, JPMorgan Chase & Co., nor any of its affiliates, and will rank *pari passu* with all other unsecured and unsubordinated indebtedness of JPMCB, subject to a preference in favour of certain deposit liabilities of JPMCB or other obligations that are subject to any priorities or preferences.

In particular, U.S. Federal legislation adopted in 1993 provides for a preference in right of payment of certain claims made in the liquidation or other resolution of any FDIC-insured depository institution. The statute requires claims to be paid in the following order:

- first, administrative expenses of the receiver;
- second, any deposit liability of the institution;
- third, any other general or senior liability of the institution not described below;
- fourth, any obligation subordinated to depositors or general creditors not described below; and
- fifth, any obligation to shareholders or members (including any depository institution holding company or any shareholder or creditor of such company).

For purposes of the statute, deposit liabilities include any deposit payable at an office of the insured depository institution in the United States. They do not include international banking facility deposits or deposits payable at an office of the insured depository institution outside the United States.

Prospective investors who consider purchasing any Notes should reach an investment decision only after carefully considering the suitability of such Notes in light of their particular circumstances.

Risk factors relating to Polish Notes

Prior to purchasing any tranche of Notes which will be registered with the NDS (as defined below) and in respect of which the NDS will act as a clearing and settlement system, and which will be represented by a Polish Global Note as specified in the Final Terms (the "**Polish Notes**"), prospective purchasers should thoroughly read the following risk factors in relation to the Polish Notes, the contents of this Base Prospectus and the applicable Final Terms.

Risk factors in relation to the specific nature of the Issuer

Risk in relation to the enforceability of judicial decisions issued in Poland

The Issuer is incorporated under the laws of Jersey and has its registered office in Jersey. Therefore, Polish investors may encounter difficulties with the service of process and other documents relating to any court proceedings upon the Issuer or members of its management in the event of any proceedings

conducted against the Issuer. Polish investors may also have difficulty in enforcing Polish court judgments abroad against the Issuer or members of its management.

The enforceability of Polish judgments abroad is generally regulated by the law of the location of enforcement, the laws of the European Union or by international treaties. At the date of this Base Prospectus, Poland and generally the other Member States adhere to Regulation No. 44/2001 of the European Council, dated 22 December 2000 (the "**Regulation**"). Simultaneously, Poland observes the provisions of the Lugano Convention of 16 September 1988 on the Jurisdiction and Enforcement of Judgments in Civil and Commercial Matters, in relationships with non-EU states which are parties to this Convention. The Lugano Convention sets forth the regulations of the mutual enforceability of judgments.

As of the date of this Base Prospectus, Jersey is not subject to the Regulation or a party to the Lugano Convention. Neither the provisions of the Regulation nor the provisions of the Lugano Convention are applied in Jersey on the basis of any other international law acts. This, however, does not rule out the possibility of Jersey becoming subject to the Regulation or becoming a signatory to the Lugano Convention at some future date.

If there are no international treaties regarding the recognition and enforcement of judgments, then the issue of admissibility, the scope of recognition and the possibility of enforcing a Polish judgment in a third party state are regulated by the applicable laws of such third party state. Therefore, it is necessary to analyze this issue in connection with each judgment passed in Poland against the Issuer, members of its management or employees.

A judgment of a Polish court is not directly enforceable in Jersey. While there is no authority under Jersey law, it is considered likely that the Jersey courts would recognise as valid a final judgment for a liquidated sum of money, which is not in respect of taxes, fines, penalties or other similar fiscal or revenue liabilities, rendered against the Issuer by any competent superior court in Poland, provided that such judgment is obtained without fraud, in accordance with the principles of natural justice, is not contrary to public policy, and that the proceeding in the courts of Poland was duly served.

Where a Polish court has given a judgment for multiple damages against a qualifying defendant, the amount which may be payable by such defendant may be limited by virtue of the Protection of Trading Interests Act 1980 (as extended to Jersey by the Protection of Trading Interests Act 1980 (Jersey) Order 1983), which provides that such qualifying defendant may be able to recover such amount paid by it as represents the excess in such multiple damages over the sum assessed as compensation by the court that gave the judgment.

Risk factors in relation to the Polish legal system

Risk in relation to amendments to legal regulations

The Polish legal system has been subject to numerous and extensive changes, which may affect both the Issuer and investors purchasing the Polish Notes. Wide-ranging amendments to Polish law associated with Poland's accession to the European Union, due to significant modifications to existing legal concepts, may potentially give rise to certain risks resulting from interpretational problems, the absence of relevant judicial decisions, unfavourable interpretations adopted by administrative authorities, etc.

In particular, the risk envisaged above may arise in respect of securities trading in Poland. On 29 July 2005 the Polish Parliament adopted three acts governing the securities markets, including the Act on Trading in Financial Instruments (the "**Act on Trading**") and the Act on Public Offerings and Conditions of Introducing Financial Instruments to an Organised System of Trading and on Public Companies (the "**Act on Public Offerings**"), which implements the Prospectus Directive and introduces new rules for cross-border offerings of securities and dual listings in Poland. Although the Acts have been in force since October 2005, administrative practice as well as the practice of securities markets related to their application is still not established. Further, there exists a risk that international cooperation between supervisory authorities in the Member States, as provided for by the Prospectus Directive, may transpire to be inefficient, thus resulting in some transitory problems affecting the fluency of operations related to the admission of the Polish Notes on a regulated market in Poland. Moreover, although the new securities laws, including the Act on Public Offerings, are relatively

recent, they are currently being amended due to the ongoing process of transposing further EU legal acts, in particular the Transparency Directive, which may lead to changes in the rights of shareholders of publicly-traded securities in Poland, even though such changes should not be inconsistent with EU requirements.

As far as the above problem of implementing European Union law is concerned, it should be borne in mind that Poland has adopted and is required to apply all binding legal acts of the European Union, as well as the *acquis communautaire* (that is, the "legal legacy" of the European Union, including judicial decisions of the European Court of Justice). This means that, since Poland's accession to the European Union, it has been possible to refer to and, to the extent allowed by European Union law and established practice, directly apply the *acquis communautaire*. However, there is a certain risk that it may be difficult to exercise the rights available under European Union laws, and such rights may be impeded as a result of administrative authorities failing to adjust to the regulations compliant with EU law, which may increase the time requirements as well as the cost of claiming rights arising from European Union legislation or respective damages before Polish courts or administrative authorities. Apart from this, a risk of inaccurate and untimely transposition of EU directives should also be taken into account.

Risk in relation to tax policy

The Polish taxation system lacks stability and many regulations within the Polish tax law system lack clarity. Tax regulations are frequently changed, often to the disadvantage of tax payers. The numerous amendments in many events give rise to further interpretational problems. Furthermore, in practice it is often the case that the tax authorities, when applying laws, do not only directly rely on relevant regulations, but also on interpretations of the previous regulations by authorities of higher instance or courts. These interpretations are also subject to frequent changes, or may be inconsistent with each other. Finally, the application of law is often based on currently available general interpretations, which may not necessarily reflect the variety and complexity of actual situations that can occur in real trading, and on such sophisticated markets as the capital and financial markets.

This often results in uncertainty as to the manner in which the law will be applied, and makes it necessary to consider a variety of possible interpretations.

Risk in relation to the long limitation period for tax obligations

The limitation period for tax obligations in Poland is comparatively long; in most cases five to six years. This period may be extended if the original limitation period is interrupted, in which case such period commences again. In such case, the limitation period may be extended up to 10 years from its initial commencement. This situation is possible if the original limitation period is interrupted near the end of its five-year term (taken from the end of the fiscal year in which the tax became due and payable), and then resumed.

The tax authorities are entitled to review and audit tax payments for previous years. If as a result of such review any inaccuracy is revealed, an unfavourable decision assessing the amount of overdue tax may be taken after a considerably long period of time, leading to the obligation to pay overdue tax and potentially substantial accrued interest.

Risk factors related to trading the Polish Notes on a regulated market in Poland

Risk in relation to the dual listing of the Polish Notes in Poland

There are two regulated markets on which the Polish Notes may be quoted, namely the Warsaw Stock Exchange (the "WSE"), which among other things also operates the official regulated market for securities trading in Poland, and the over-the-counter market operated by MTS CeTO Spółka Akcyjna ("MTS-CeTO"). The decision regarding the listings market will be taken at a later stage. Regarding both regulated markets, the settlement of transactions will be conducted on the basis of a contract between the National Depository of Securities (the "NDS") and Clearstream, Luxembourg. In view of the progress of work and preparations conducted by the NDS and Clearstream, Luxembourg, the Issuer believes that this quotation system will operate smoothly and promptly, and does not expect it to experience any delays. Nevertheless, due to the complex nature of the system and given that it is one of the first dual listings of debt securities/notes on regulated markets in Poland and Luxembourg, no assurance can be given as to the absence of any temporary difficulties relating to the functioning of the

Polish Notes on a Polish regulated market or to the settlements by Clearstream, Luxembourg or the NDS, especially at the initial stage of trading in the Polish Notes. This may in certain situations lead to limiting the liquidity of the Polish Notes, delays in their registration in securities accounts, payment settlements of the Polish Notes, voiding selling or purchase orders, or even the temporary suspension of trading on the market. Furthermore, as a result of possible differences in the clearing and payment procedures between Clearstream, Luxembourg and the NDS, problems may arise regarding the simultaneous execution of the rights of Noteholders that have securities accounts for Polish Notes registered in the NDS and in Clearstream, Luxembourg.

Risk in relation to the admission of the Polish Notes to trading on a regulated market in Poland

As set forth in the Act on Public Offerings, the Polish Securities and Exchange Commission (the "PSEC") has no competence to demand any further information from the Issuer, and it may not impose any additional obligations on the Issuer in relation to admission of the Polish Notes to trading on a regulated market in Poland or to the offer to the public thereof. Nevertheless, the PSEC may address the CSSF with a motion to undertake supervisory actions in relation to the Issuer, should it find that there is any case of default under the Prospectus Directive or any applicable Polish laws. In such situation, the CSSF would be obliged to take the appropriate measures.

If there is no action on the part of the CSSF, or if the measures adopted by it are insufficient, the PSEC may, upon prior notification to the CSSF, take various steps including suspending or delaying the offer or admission to trading of the Polish Notes in Poland, prohibiting the offer or admission to trading of the Polish Notes, or publishing a notice concerning the nature of the Issuer's default under the binding law.

Although the Issuer believes that all requirements set forth in the Act on Public Offerings regarding the admission of the Polish Notes to trading on the regulated market in Poland and the offer of the Polish Notes in Poland have been satisfied, from the formal point of view a risk exists that the PSEC may initiate the proceeding or take the measures described above, especially in the view of innovative character of the procedure and lack of established practice in this respect.

Risk in relation to delays in introducing the Polish Notes to trading on the WSE or MTS-CeTO

The Issuer intends that the Polish Notes will be simultaneously listed on the Luxembourg Stock Exchange and the WSE or MTS-CeTO. The Issuer will take all actions in order to introduce the Polish Notes to trading on the WSE or MTS-CeTO. However, investors should be aware that for reasons beyond the Issuer's control, such as considerations relating to the timetable of proceedings before the NDS and WSE or MTS-CeTO, the process of listing the Polish Notes may actually take more time than would reasonably be expected. Therefore, the Issuer is not in a position to indicate the exact date on which the Polish Notes will be listed on a regulated market in Poland, or give any assurance that such period will not be longer than typically required for listing notes on the respective market.

The Issuer intends to comply with all of the requirements, obligations and notification deadlines set forth in the WSE or MTS-CeTO regulations, and it does not foresee any occurrences or obstacles that would constitute a reason for their respective authorities to refuse to list the Polish Notes. Nevertheless, theoretically the Issuer may be considered to be in default in any respect under the requirements of WSE or MTS-CeTO regulations, and, consequently, fail to obtain the consent of the respective Management Boards of the WSE or MTS-CeTO to listing the Polish Notes on these markets. In such event, the Polish Notes would not be admitted to trading on the regulated market which could adversely affect their liquidity. The Issuer does not foresee any reasons or circumstances that would prevent it from complying with all requirements necessary to list the Polish Notes on the WSE or on MTS-CeTO.

Risk in relation to low liquidity and volatility of the Polish Notes' stock exchange quotation

Trading in securities in Poland in general, and in particular on the market operated by MTS-CeTO, is characterized by significantly lower liquidity than that on developed markets. Both the WSE and MTS-CeTO also undergo significant fluctuations in trading volumes. This means that investors may have fewer opportunities to dispose of the Polish Notes listed on the WSE or MTS-CeTO compared to certain foreign securities markets, especially with respect to significant holdings. Therefore, the price of the Polish Notes quoted on the WSE or MTS-CeTO, marking the balance between demand and

offers of the Polish Notes and shaped by sell and purchase orders filed by investors, may be subject to significant fluctuations much higher than on equity capital markets that have greater trading volumes. No assurance can be given to purchasers of the Polish Notes as to the ability to sell their Polish Notes at the time and for the price that they would consider most satisfactory.

Risk in relation to the exclusion of the Polish Notes from trading on a regulated market

The Polish Notes may be excluded from trading on a regulated market in Poland by a decision of the PSEC or may be excluded from trading on the WSE or MTS-CeTO by a decision of the Management Board of the market in question.

(i) Exclusion from trading on a regulated market in Poland by a decision of the PSEC

If the Issuer, as an entity whose securities are admitted to trading on a regulated market in Poland, fails to comply with the obligations set forth in the Act on Public Offerings, and in particular fails to comply with the reporting obligations imposed on public companies, the PSEC may impose a fine on the Issuer of up to PLN 1,000,000 and/or exclude the Polish Notes (temporarily or for an unlimited period) from trading on such regulated market, as well as publish a description of the Issuer's default.

In respect of the Issuer, as an entity whose home Member State in relation to the Polish Notes is Luxembourg, the above actions may only be taken after a notification of the Issuer's failure to comply has been submitted to the CSSF, and if there is no action on the part of the CSSF or if the measures adopted by it are insufficient.

As a consequence of a decision to exclude the Polish Notes from trading on a regulated market in Poland, they will be withdrawn from such market, which would significantly reduce their liquidity in Poland and might cause a considerable drop in their price. No assurance can be given that the situation described above will not occur with respect to the Issuer's Polish Notes in the future.

No assurance can be given to purchasers of the Polish Notes as to the ability to sell their Polish Notes at the time and the price that they would consider most satisfactory.

(ii) Exclusion from trading on the WSE and MTS-CeTO by a decision of the Management Board of the market in question

The conditions for excluding securities from trading on the WSE and MTS-CeTO are similar, although the WSE's requirements are more strict and generally the risk of securities being excluded from trading on the WSE is higher than MTS-CeTO. According to the respective markets' regulations, their Management Boards obligatorily exclude securities from trading if: (i) their transferability has been limited; (ii) further trading in these securities would be contrary to the Act on Trading; or, in the case of the WSE (iii) if the securities in question cease to be registered with the NDS. Securities are also excluded if by a ruling of a relevant supervisory authority, they cease to be admitted to trading on a regulated market in Poland.

Additionally, securities may be excluded from trading if: (i) the issuer is subject to a final bankruptcy, liquidation or insolvency court ruling or liquidation proceedings have been initiated in respect of it; (ii) the issuer persistently breaches the law in force on a given regulated market; (iii) the safety of trading in the market or the interest of trading participants so requires; (iv) the issuer so requests; or, in the case of the WSE, also if (v) the issuer is subject to a merger, division or transformation; (vi) the issuer undertakes an illegal activity; or (vii) there are no transactions on the market in the securities in question for over three months.

If the Polish Notes are excluded from trading on a regulated market, their liquidity would be reduced or limited in Poland, which may lead to a drop in their price. No assurance can be given that such a situation will not occur with respect to the Issuer's securities.

No reasonable basis exists to expect the exclusion of the Issuer's securities in the future, and the discussed risk applies to all securities listed on both the WSE and MTS-CeTO.

Risk in relation to a suspension of the quotation of the Polish Notes

According to the WSE and MTS-CeTO regulations, their respective Management Boards may suspend the quotation of any securities for a limited period of time: (i) at an issuer's request; (ii) if it is required due to trading safety considerations; (iii) the issuer defaults under the law in force on the regulated market in question; or (iv) the issuer is subject to a final bankruptcy, liquidation or insolvency court ruling. Additionally, trading in securities may in certain cases be suspended without the Management Board's decision for no longer than one day in the circumstances indicated above.

When trading in securities is suspended, the regulated market promptly notifies the fact to the PSEC, the NDS and entities who participate in trading on a given market.

If trading in the Polish Notes is suspended, they cannot be traded on the regulated market, which may affect their price. If the Issuer persistently breaches the WSE or MTS-CeTO regulations, the Polish Notes may be excluded from trading on such markets.

There is no reasonable basis to expect such behaviour from the Issuer in the future, and the discussed risk applies to all securities listed on the WSE and MTS-CeTO.

Risk factors in relation to the specific nature of the Guarantor

Risk in relation to the legal status of judgments and awards issued in Poland

The Guarantor is duly established under the laws of the State of New York, and has its principal place of business in the city of New York. Concurrently, the majority of the Guarantor's assets are located outside Poland. Additionally, the prevailing majority of the Guarantor's executive personnel operate outside Poland. In these circumstances, Polish investors may face difficulties when attempting to deliver suits or other documents relating to court proceedings to the Guarantor or its executives, should any court proceedings be initiated against it. Furthermore, Polish investors may face difficulties relating to the enforcement of court judgments and awards issued in Poland against the Guarantor or its executives.

Generally, the enforcement of Polish court awards abroad is regulated by the laws of the jurisdiction in which the award is to be enforced, and by international treaties. As at the date of this document, Poland and the U.S.A. have not signed any relevant agreement on the mutual recognition of court awards. However, such an international agreement may be executed in the future.

In the absence of relevant international treaties regarding the recognition and enforcement of foreign court judgments, the issues relating to admissibility, the scope and ability to enforce a Polish judgment in a third party state, are subject to the relevant regulations of the third party state. Therefore, a review will need to be conducted on each occasion that a court award is handed down in Poland against the Guarantor, its executives or employees.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions (these "Conditions") that, subject to completion and amendment and as completed or varied in accordance with the provisions of the relevant Final Terms, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these Conditions together with the relevant provisions of the Final Terms or (ii) these Conditions as so completed, amended, completed or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Final Terms. Those definitions will be endorsed on the Definitive Notes or Certificates, as the case may be. References in these Conditions to "Note" are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

Where specified the Conditions are amended by reference to the Annex to these Conditions (the "Annex").

The Notes are issued pursuant to an Amended and Restated Agency Agreement (as amended and/or supplemented and/or restated as at the Issue Date, the "**Agency Agreement**") dated 18 August 2006, between the Issuers, the Guarantor, JPMorgan Chase Bank, N.A., London branch as fiscal agent and the other agents named in it and with the benefit of (i) a Deed of Covenant (as amended and/or supplemented and/or restated as at the Issue Date, the "**Deed of Covenant**") dated 18 August 2006 executed by the Issuers and the Guarantor in relation to the Notes and (ii) a Guarantee (as amended and/or supplemented and/or restated as at the Issue Date, the "**Guarantee**") dated 8 September 2003 executed by the Guarantor irrevocably and unconditionally guaranteeing the due and punctual settlement of all obligations of J.P. Morgan International Derivatives Ltd. ("**JPMIDL**") under the Notes issued by JPMIDL. The fiscal agent, the paying agents, the registrars, the transfer agent, the exchange agent, the calculation agent(s) and the delivery agent(s) for the time being (if any) are referred to below respectively as the "**Fiscal Agent**", the "**Paying Agents**" (which expression shall include the Fiscal Agent), the "**Registrar**", the "**Transfer Agent**", the "**Exchange Agent**", the "**Calculation Agent(s)**" and the "**Delivery Agent(s)**". The Noteholders (as defined below), the holders of the interest coupons (the "**Coupons**") relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "**Talons**") (the "**Couponholders**") and the holders of the receipts for the payment of instalments of principal (the "**Receipts**") relating to Notes in bearer form of which the principal is payable in instalments are deemed to have notice of all of the provisions of the Agency Agreement applicable to them.

Copies of the Agency Agreement, the Deed of Covenant and the Guarantee are available for inspection at the specified offices of each of the Paying Agents, the Registrar and the Transfer Agent.

1. **Form, Denomination and Title**

The Notes are issued in bearer form ("**Bearer Notes**", which expression includes Notes that are specified to be Exchangeable Bearer Notes), in registered form ("**Registered Notes**") or in bearer form exchangeable for Registered Notes ("**Exchangeable Bearer Notes**") in each case in the Specified Denomination(s) shown hereon.

All Registered Notes shall have the same Specified Denomination. Where Exchangeable Bearer Notes are issued, the Registered Notes for which they are exchangeable shall have the same Specified Denomination as the lowest denomination of Exchangeable Bearer Notes.

Condition 1 is amended in relation to the issue of Dutch Notes, Norwegian Notes, Polish Notes, Swedish Notes and Finnish Notes. The applicable amendments are set out in the Annex (Part 1 for Dutch Notes, Part 2 for Norwegian Notes, Part 3 for Polish Notes, Part 4 for Swedish Notes and Part 5 for Finnish Notes).

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, an Index Linked Redemption Note, an Equity Linked Interest Note, an Equity Linked Redemption Note, a Credit Linked Note, an Instalment Note, a Dual Currency Note, a Partly Paid Note or a Participation Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown hereon.

Bearer Notes are serially numbered and may be issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

Registered Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery; provided that if a minimum trading size is specified in the applicable Final Terms then Bearer Notes may only be traded in such multiples as are specified in the applicable Final Terms.

Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, "**Noteholder**" means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), "**holder**" (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

2. **Exchanges of Exchangeable Bearer Notes and Transfers of Registered Notes**

Condition 2 is amended in relation to the issue of Norwegian Notes, Polish Notes and Swedish Notes. The applicable amendments are set out in the Annex (Part 2 for Norwegian Notes, Part 3 for Polish Notes and Part 4 for Swedish Notes).

(a) ***Exchange of Exchangeable Bearer Notes***

Subject as provided in Condition 2(f), Exchangeable Bearer Notes may be exchanged for the same nominal amount of Registered Notes at the request in writing of the relevant Noteholder and upon surrender of each Exchangeable Bearer Note to be exchanged, together with all unmaturing Receipts, Coupons and Talons relating to it, at the specified office of any Transfer Agent; provided, however, that where an Exchangeable Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 6(b)) for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes that are not Exchangeable Bearer Notes may not be exchanged for Registered Notes.

(b) ***Transfer of Registered Notes***

One or more Registered Notes may be transferred upon (i) the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer (which shall be available at the specified office of the Transfer Agent) endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require; (ii) the recording of such transfer in the Register; and (iii) issuance of a new Certificate to the Transferee. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. Notwithstanding the other provisions of this

Condition 2(b), if a minimum trading size is specified in the applicable Final Terms then Registered Notes may only be traded in such multiples as are specified in the applicable Final Terms.

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

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

(d) ***Delivery of New Certificates***

Each new Certificate to be issued pursuant to Conditions 2(a), (b) or (c) shall be available for delivery within three business days of receipt of the request for exchange, form of transfer or Exercise Notice (as defined in Condition 5(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request for exchange, form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Agent (as defined in the Agency Agreement) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(e) ***Exchange Free of Charge***

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

(f) ***Closed Periods***

No Noteholder may require the transfer of a Registered Note to be registered or an Exchangeable Bearer Note to be exchanged for one or more Registered Note(s) (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days before any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 5(d), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date. An Exchangeable Bearer Note called for redemption may, however, be exchanged for one or more Registered Note(s) in respect of which the Certificate is simultaneously surrendered not later than the relevant Record Date.

3. **Guarantee, Status of the Notes and Void Transfers**

(a) ***Guarantee***

The Guarantor has irrevocably and unconditionally guaranteed, as primary obligor and not merely as surety, the due and punctual settlement in full of all obligations due and owing by JPMIDL under the Notes, Receipts and Coupons issued from time to time by JPMIDL, after taking account of any set-off, combination of accounts, netting or similar arrangement from

time to time exercisable by JPMIDL against any person to whom obligations are from time to time being owed, when and as due (whether at maturity, by acceleration or otherwise) (the "**Guarantee**").

(b) **Status of Notes**

The Notes and the Receipts and Coupons relating to them constitute general contractual obligations of the Issuer and are not secured by any property of the Issuer. The Notes and the Receipts and the Coupons shall rank equally among themselves and, save for such exceptions as may be provided by applicable legislation, *pari passu* with all other unsecured and unsubordinated obligations of the Issuer, but excluding any debts for the time being preferred by applicable legislation and any subordinated obligations.

(c) **Void Transfers**

The Notes may not be legally or beneficially owned by any U.S. Person at any time nor offered, sold, pledged, assigned, delivered or otherwise transferred at any time, directly or indirectly, in the United States of America or to any U.S. Person. In addition, Indian Participation Notes may not be legally or beneficially owned by an Indian Resident at any time. The Issuer has the right, at its option, under the Agency Agreement and these Conditions, to compel any beneficial owner of the Notes that (i) is a U.S. Person to void the transfer of the Notes to such beneficial owner or to redeem any Notes held by such beneficial owner or (ii) is an Indian Resident, if the Notes are Indian Participation Notes, to void the transfer of such Indian Participation Notes to such beneficial owner or to redeem any Indian Participation Notes held by such beneficial owner.

The Issuer may void the transfer of the Notes in the case of clause (i) above, or the Indian Participation Notes in the case of clause (ii) above, to such beneficial owner by compelling a sale by such beneficial owner or by the Issuer selling such Notes on behalf of such beneficial owner to another purchaser acceptable to the Issuer.

4. **Interest and other Calculations**

The applicable Interest Basis for Participation Notes will be set out in the Final Terms relating to the relevant Series of Participation Notes. See "Form of Participation Note Final Terms".

Condition 4 is amended in relation to the issue of Swedish Notes. The applicable amendments are set out in the Annex (Part 4).

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

Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date, and the amount of interest payable on each interest payment date(s) specified in the applicable Final Terms (each an "**Interest Payment Date**") shall be the Fixed Coupon Amount or, if applicable, the Broken Amount specified in the applicable Final Terms.

If interest is required to be calculated for a Note for a period other than an Interest Period, such interest shall be calculated by multiplying the product of the Rate of Interest and the outstanding nominal amount of such Note by the Day Count Fraction, and rounding the resultant figure in accordance with Condition 4(g)(iii) (but otherwise, the Day Count Fraction shall not apply).

(b) **Interest on Floating Rate Notes, Index Linked Interest Notes and Equity Linked Interest Notes**

(i) Interest Payment Dates

Each Floating Rate Note, Index Linked Interest Note and Equity Linked Interest Note bears interest on its outstanding nominal amount from the Interest Commencement

Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. 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 Specified Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) Business Day Convention

If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) Rate of Interest for Floating Rate Notes

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

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate plus or minus (as indicated hereon) the Margin (if any). For the purposes of this sub-paragraph (a), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions 2000, 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 the first day of that Interest Accrual Period unless otherwise specified in the applicable Final Terms.

For the purposes of this sub-paragraph (a), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**", "**Reset Date**" and "**Swap Transaction**" have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent at

or about the Relevant Time on the Interest Determination Date in respect of such Interest Accrual Period in accordance with the following:

- (x) if the Primary Source for Floating Rate is a Page, subject as provided below, the Rate of Interest shall be:
 - (i) the Relevant Rate (where such Relevant Rate on such Page is a composite quotation or is customarily supplied by one entity) or
 - (ii) the arithmetic mean of the Relevant Rates of the entities whose Relevant Rates appear on that Page,

in each case appearing on such Page at the Relevant Time on the Interest Determination Date

- (y) if the Primary Source for the Floating Rate is Reference Banks or if sub-paragraph (x)(i) applies and no Relevant Rate appears on the Page at the Relevant Time on the Interest Determination Date or if sub-paragraph (x)(ii) applies and fewer than two Relevant Rates appear on the Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the arithmetic mean of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre at the Relevant Time on the Interest Determination Date, as determined by the Calculation Agent and
- (z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) that the Calculation Agent determines to be the rates (being the nearest equivalent to the Benchmark) in respect of a Representative Amount of the Specified Currency that at least two out of the five leading banks selected by the Calculation Agent in the principal financial centre of the country of the Specified Currency or, if the Specified Currency is euro, in the Eurozone as selected by the Calculation Agent (the "**Principal Financial Centre**") are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period commencing on the Effective Date for a period equivalent to the Specified Duration (i) to leading banks carrying on business in Europe, or (if the Calculation Agent determines that fewer than two of such banks are so quoting to leading banks in Europe) (ii) to leading banks carrying on business in the Principal Financial Centre; except that, if fewer than two of such banks are so quoting to leading banks in the Principal Financial Centre, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date (after readjustment for any difference between any Margin or Maximum Rate of Interest or Minimum Rate of Interest applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period).

- (iv) Rate of Interest and/or Interest Amount for Index Linked Interest Notes

The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period and/or the Interest Amount payable on any Interest Payment Date shall be determined in the manner specified in the applicable Final Terms and interest will accrue by reference to an Index and/or Index Basket and/or Formula as specified in the applicable Final Terms.

- (v) Rate of Interest and/or Interest Amount for Equity Linked Interest Notes

The Rate of Interest in respect of Equity Linked Interest Notes for each Interest Accrual Period and/or the Interest Amount payable on any Interest Payment Date shall be determined in the manner specified in the applicable Final Terms and interest will

accrue by reference to a Share and/or Share Basket and/or Formula as specified in the applicable Final Terms.

(c) ***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 Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 5(b)(i)).

(d) ***Dual Currency Notes***

In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating a Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified in the applicable Final Terms.

(e) ***Partly Paid Notes***

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Final Terms.

(f) ***Accrual of Interest***

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgement) at the Rate of Interest in the manner provided in this Condition 4 to the Relevant Date (as defined in Condition 7).

(g) ***Margin, Maximum/Minimum Rates of Interest, Instalment Amounts, Redemption Amounts and Rounding***

(i) If any Margin is specified in the applicable Final Terms (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph;

(ii) If any Maximum or Minimum Rate of Interest or Instalment Amount is specified in the applicable Final Terms, then any Rate of Interest or Instalment Amount shall be subject to such maximum or minimum, as the case may be;

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified in the relevant Final Terms), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall 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 that is available as legal tender in the country of such currency and in the case of euro means euro 0.01.

(h) ***Calculations***

The amount of interest payable in respect of any Note other than a Fixed Rate Note for any period shall be calculated by multiplying the product of the Rate of Interest and the outstanding nominal amount of such Note by the Day Count Fraction, unless an Interest Amount (or a formula for its calculation) is specified in respect of such period, in which case

the amount of interest payable in respect of such Note for such period shall 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 in respect of such Interest Period shall be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.

(i) ***Determination and Publication of Rates of Interest or any amount or adjustment by the Calculation Agent***

As soon as practicable after any relevant time (which, in respect of an Interest Determination Date shall be the applicable Relevant Time) on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation or adjustment to the terms of the Notes, it shall determine such rate or amount and calculate the Interest Amounts in respect of each Specified Denomination of the Notes for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Redemption Amount, Early Redemption Amount, Optional Redemption Amount, Instalment Amount, Reference Asset Amount or any other amount specified in the applicable Final Terms, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and/or the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Redemption Amount, Early Redemption Amount, Optional Redemption Amount, Instalment Amount, Reference Asset Amount or any other amount specified in the applicable Final Terms to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent or Delivery Agent appointed in respect of the Notes that is to make a further calculation or delivery upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, as soon as reasonably practicable after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 4(b)(ii), 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 Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. Whenever the Calculation Agent is required to act or to exercise judgement in any way, it will do so in good faith and in a commercially reasonable manner. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(j) ***Definitions***

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

"**Business Day**" means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency and/or
- (ii) in the case of euro, a day on which the TARGET system is operating (a "**TARGET Settlement Day**") and/or
- (iii) in the case of a currency and/or one or more Additional Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Additional Business Centre(s) or, if no currency is indicated, generally in each of the Additional Business Centres, provided

that if the Additional Business Centres are specified in the Final Terms to be or to include "TARGET", then Business Day means or shall include a TARGET Settlement Day, as is applicable.

"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) (whether or not constituting an Interest Period, the **"Calculation Period"**):

- (i) if **"Actual/365"** or **"Actual/Actual - ISDA"** is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (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/360"** is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 360
- (iv) 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 Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month))
- (v) 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 a Calculation Period ending on the Maturity Date, 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) and
- (vi) 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 specified, the Interest Determination Date

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

"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

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

"Interest Amount" for any period or Interest Payment Date means the amount of interest payable for such period or Interest Payment Date as specified in the applicable Final Terms or as determined pursuant to the formula for its calculation set out in the applicable Final Terms, and in the case of Fixed Rate Notes, means the Fixed Coupon Amount or Broken Amount, as the case may be

"Interest Commencement Date" means the Issue Date or such other date as may be specified in the applicable Final Terms

"Interest Determination Date" means, with respect to a Rate of Interest 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 Business Days in London for the Specified Currency 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 Settlement Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro

"Interest Valuation Date" means, with respect to an Index Linked Interest Note or an Equity Linked Interest Note, the date specified in the applicable Final Terms in accordance with Condition 5(h)

"Interest Period" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) 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 in the applicable Final Terms

"ISDA Definitions" means the 2000 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified in the applicable Final Terms

"Page" means such page, section, caption, column or other part of a particular information service (including, but not limited to, Reuters Markets 3000 ("**Reuters**") and Moneyline Telerate ("**Telerate**")), as may be specified for the purpose of providing a Relevant Rate, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to that Relevant Rate

"Rate of Interest" means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon

"Reference Banks" means the institutions specified as such hereon or, if none, five major banks selected by the Calculation Agent in the interbank market (or, if appropriate, money, swap or over-the-counter options market) that is most closely connected with the Benchmark (which, if EURIBOR is the relevant Benchmark, shall be the Euro-zone)

"Relevant Exchange Rate" means the reference exchange rate for the conversion of the Specified Currency into the Settlement Currency (or if no such direct exchange rates are published the effective rate resulting from the application of rates into and out of one or more intermediate currencies) as the Calculation Agent may determine to be the prevailing spot rate for such exchange

"Relevant Financial Centre" means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the financial centre as may be specified as such hereon or, if none is so specified, the financial centre with which the relevant Benchmark is most closely connected (which, in the case of EURIBOR, shall be the Euro-zone) or, if none is so connected, London

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

"Relevant Time" means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre specified in the applicable Final Terms or, if no time is specified, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Specified Currency in the interbank market in the Relevant Financial Centre and for this purpose **"local time"** means, with respect to Europe and the Euro-zone as a Relevant Financial Centre, 11.00 hours, Brussels Time

"Representative Amount" means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the amount specified as such hereon or, if none is specified, an amount that is representative for a single transaction in the relevant market at the time

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

"Specified Duration" means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the duration specified in the applicable Final Terms or, if none is specified, a period of time equal to the relative Interest Accrual Period, ignoring any adjustment pursuant to Condition 4(b)(ii)

"TARGET System" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System or any successor thereto.

(k) ***Calculation Agent and Reference Banks***

- (i) The Issuer shall procure that there shall at all times be five Reference Banks (or such other number as may be required) with offices in the Relevant Financial Centre and one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Agency Agreement). If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank, then the Issuer shall appoint another Reference Bank with an office in the Relevant Financial Centre to act as such in its place. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its 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 Rate of Interest for an Interest Period or Interest Accrual Period or to calculate any Interest Amount,

Instalment Amount, Reference Asset Amount, Final Redemption Amount, Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any other amount specified in the applicable Final Terms, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

- (ii) Any calculation, determination or adjustment by the Calculation Agent in relation to the Notes will be made in good faith and in a commercially reasonable manner having taken into account relevant market factors including, without limitation, the cost of unwinding any hedge or related underlying trading position, interest rates, the term structure of interest rates, spot foreign exchange rates and any other factors which the Calculation Agent may deem relevant. All calculations, determinations or adjustments made by the Calculation Agent will be binding on the Issuer and the Noteholders in the absence of manifest error.

5. **Redemption, Purchase and Options**

The redemption provisions hereunder are in addition to those contained in Condition 2(c). The applicable Redemption/Payment Basis for Participation Notes will be set out in the Final Terms relating to the relevant Series of Participation Notes. See "Form of Participation Note Final Terms".

Condition 5 is amended in relation to the issue of Norwegian Notes, Swedish Notes and Finnish Notes. The applicable amendments are set out in the Annex (Part 2 for Norwegian Notes, Part 4 for Swedish Notes and Part 5 for Finnish Notes).

(a) **Redemption by Instalments and Final Redemption**

- (i) Subject to:

- (A) the Knock-in Event (if any) having occurred;
- (B) there not having occurred a Knock-out Event (if any);
- (C) there not having occurred an Additional Termination Event; and
- (D) the application of the Credit Linkage Provisions (if relevant),

and unless previously redeemed, purchased and cancelled as provided in this Condition 5 or the relevant Instalment Date (being one of the dates so specified in the applicable Final Terms) is extended pursuant to any Issuer's or Noteholder's option in accordance with Condition 5(d) or 5(e), each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified in the applicable Final Terms. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused on presentation of the related Receipt, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.

- (ii) Subject to:

- (A) the Knock-in Event (if any) having occurred;
- (B) there not having occurred a Knock-out Event (if any);
- (C) there not having occurred an Additional Termination Event; and

(D) the application of the Credit Linkage Provisions (if relevant),

and unless previously redeemed, purchased and cancelled as provided below or its maturity is extended pursuant to any Issuer's or Noteholder's option in accordance with Condition 5(d) or 5(e), each Note (unless it is an Index Linked Redemption Note or an Equity Linked Redemption Note) shall be finally redeemed on the Maturity Date specified in the applicable Final Terms at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount) or, in the case of a Note falling within paragraph (i) above, its final Instalment Amount.

(i) For the purposes of this Condition 5(a):

"**Additional Termination Event**" has the meaning given to such term in Condition 5(n);

"**Credit Linkage Provisions**" means the provisions of Condition 5(k);

"**Knock-in Event**" means that event or occurrence specified in the applicable Final Terms; and

"**Knock-out Event**" means that event or occurrence specified in the applicable Final Terms.

(b) ***Early Redemption***

(i) Zero Coupon Notes:

(A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to (i) an Index and/or an Index Basket and/or a Formula or (ii) a Share and/or a Share Basket and/or a Formula, upon redemption of such Note pursuant to Condition 5(c) 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 unless otherwise specified in the applicable Final Terms.

(B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is specified in the applicable Final Terms, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 5(c) 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 (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 4(c).

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.

(ii) Other Notes:

The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 5(c) or upon it becoming due and payable as provided in Condition 9 or, in the case of Equity Linked Redemption Notes and Equity Linked Interest Notes (together the "**Equity Linked Notes**") or Index Linked Redemption Notes and Index Linked Interest Notes (together the "**Index Linked Notes**"), following certain Extraordinary Events as specified in the applicable Final Terms, shall be the amount determined in good faith and in a commercially reasonable manner by the Calculation Agent to be the fair market value of the Notes immediately prior to (and ignoring the circumstances leading to) such early redemption, adjusted to account fully for any reasonable expenses and costs of unwinding any underlying and/or related hedging and funding arrangements (including, without limitation any equity options, equity swaps or other instruments of any type whatsoever hedging the Issuer's obligations under the Notes), unless otherwise specified in the applicable Final Terms.

(c) ***Redemption for Taxation Reasons***

The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified in the applicable Final Terms, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (as described in Condition 5(b) above) (together with interest accrued to the date fixed for redemption), if (i) the Issuer (or the Guarantor, as the case may be) has or will become obliged to pay Additional Amounts as provided or referred to in Condition 7 as a result of any action taken by Jersey or the United States or any political subdivision or any authority thereof or therein having power to tax or brought in a court of competent jurisdiction on or after the Issue Date or any change in, or amendment to, the laws or regulations of Jersey or the United States or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Amounts were a payment in respect of the Notes then due. Before the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer (or the Guarantor, as the case may be) has or will become obliged to pay such Additional Amounts as a result of such change or amendment.

(d) ***Redemption at the Option of the Issuer***

If Call Option is specified in the applicable Final Terms, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified in the applicable Final Terms) redeem, all or, if so provided, some, of the Notes 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. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the minimum nominal amount to be redeemed specified in the applicable Final Terms and no greater than the maximum nominal amount to be redeemed specified in the applicable Final Terms.

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.

In the case of a partial redemption or a partial exercise of an Issuer's option, the notice to Noteholders shall also contain the certificate numbers of the Notes to be redeemed or in respect of which such option has been exercised, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock

exchange or other relevant authority requirements. So long as the Notes are admitted to the Official List and traded on the Regulated Market of the Luxembourg Stock Exchange and the rules of that Stock Exchange so require, the Issuer shall, once in each year in which there has been a partial redemption of the Notes, cause to be published in a leading newspaper of general circulation in Luxembourg a notice specifying the aggregate nominal amount of Notes outstanding and a list of the Notes drawn for redemption but not surrendered.

(e) ***Redemption at the Option of Noteholders***

If Put Option is specified in the applicable Final Terms, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified in the applicable Final Terms) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option or any other Noteholders' option that may be set out hereon the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice (the "**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(f) ***Redemption following certain Extraordinary Events and Termination Events***

If the Calculation Agent determines, following a Merger Event or Tender Offer in respect of an Equity Linked Note or Index Linked Note, that no adjustment that it could make to account for the economic effect on the Note of this Merger Event or Tender Offer, would produce a commercially reasonable result, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified in the applicable Final Terms) redeem the Notes.

If "Cancellation and Payment" or "Partial Cancellation and Payment" is specified as applicable following certain Extraordinary Events in respect of Equity Linked Notes and Index Linked Notes, then the Issuer may redeem the Notes in accordance with Condition 5(d).

The Notes may be redeemed early in accordance with the Conditions, upon certain Termination Events as set out in Condition 5(n).

(g) ***Partly Paid Notes***

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the provisions specified in the applicable Final Terms.

(h) ***General Provisions applicable to Index Linked Interest Notes, Index Linked Redemption Notes, Equity Linked Interest Notes and Equity Linked Redemption Notes***

Subject as provided in Condition 17 in relation to Index Linked Interest Notes and Index Linked Redemption Notes, the following provisions shall apply in relation to the calculation of the Redemption Amount for Index Linked Redemption Notes and Equity Linked Redemption Notes (and, for the avoidance of doubt, shall also apply where relevant for the purposes of calculating the Rate of Interest or the Interest Amount(s) under Condition 4(b)(iv) for Index Linked Interest Notes and Condition 4(b)(v) for Equity Linked Interest Notes):

"**Additional Termination Event**" has the meaning given to such term in Condition 5(n)

"**Announcement Date**" means, in respect of an Extraordinary Event, (i) in the case of a Merger Event, the date of the first public announcement of a firm intention to engage in a transaction (whether or not subsequently amended) that leads to the Merger Event, (ii) in the

case of a Tender Offer, the date of the first public announcement of a firm intention to purchase or otherwise obtain the requisite number of voting shares (whether or not subsequently amended) that leads to the Tender Offer, (iii) in the case of an Index Disruption or Index Cancellation, the date of the first public announcement by the Index Sponsor of any adjustment or cancellation that leads to the Index Disruption or Index Cancellation and in the case of an Index Modification, the Exchange Business Day immediately prior to the effective date of the Index Modification, (iv) in the case of a Nationalisation, the date of the first public announcement to nationalise (whether or not subsequently amended) that leads to the Nationalisation, (v) in the case of an Insolvency, the date of the first public announcement of the institution of a proceeding or presentation of a petition or passing of a resolution (or other analogous procedure in any jurisdiction) that leads to the Insolvency and (vi) in the case of a Delisting, the date of the first public announcement by the Exchange that the relevant Share will cease to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or Tender Offer) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the relevant Exchange (or, where the relevant Exchange is within the European Union, in any member state of the European Union). In respect of any Extraordinary Event other than an Index Disruption, if the announcement of such Extraordinary Event is made after the actual closing time for the regular trading session on the relevant Exchange, without regard to any after hours or any other trading outside of such regular trading session hours, the Announcement Date shall be deemed to be the next following Scheduled Trading Day

"Averaging Date" means, in respect of an Index or a Share, subject as provided in Conditions 5(i)(iv) and 5(j)(iii), as applicable, each Averaging Date specified, or otherwise determined in respect of that Index or Share as specified in the applicable Final Terms

"Baseline Date" means, in respect of an Index or a Share, subject as provided in Conditions 5(i)(iv) and 5(j)(iii), as applicable, each Baseline Date specified, or otherwise determined in respect of that Index or Share as specified in the applicable Final Terms

"Clearing System Business Day" means, in respect of a Clearing System, any day on which such Clearing System is (or, but for the occurrence of a Settlement Disruption Event, would have been) open for the acceptance and execution of settlement instructions

"Correction Cut-off Date" means, in respect of an Index or a Share, each date specified in the applicable Final Terms after which all corrections of the level of the Index or the price of the Share originally calculated and published by the Index Sponsor or the Exchange, as the case may be, on or before such date, shall be disregarded for the purposes of any calculations to be made using, or determinations to be made by reference to, such level of the Index or price of the Share

"Credit Linkage Provisions" means the provisions of Condition 5(k)

"Disrupted Day" means, subject, in respect of an Index, to Condition 17, in respect of an Index or a Share, any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred

"Early Closure" means, subject, in respect of an Index, to Condition 17, in respect of a Share, the closure on any Exchange Business Day of any relevant Exchange(s) relating to the Share, or in respect of an Index, the closure on any Exchange Business Day of any relevant Exchange(s) relating to securities that comprise 20 per cent. or more of the level of the relevant Index or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day

"Exchange" means, subject, in respect of an Index, to Condition 17, in respect of an Index or a Share, each exchange or quotation system specified as such in the applicable Final Terms for

such Index or such Share, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in such Share or in the shares underlying such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Share or to the shares underlying such Index on such temporary substitute exchange or quotation system as on the original Exchange)

"Exchange Business Day" means, subject, in respect of an Index, to Condition 17, any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time

"Exchange Disruption" means, subject, in respect of an Index, to Condition 17, in respect of an Index or a Share any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, the Shares on the Exchange or, in the case of an Index, any relevant Exchange relating to securities that comprise 20 per cent. or more of the level of that Index, or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to such Share or Index on any relevant Related Exchange

"Extraordinary Event" means a Merger Event, Tender Offer, Index Adjustment Event, Nationalisation, Insolvency, Delisting or any applicable Additional Termination Event, as the case may be

"Initial Averaging Date" means in respect of an Index or a Share, subject as provided in Condition 5(i)(iv) and Condition 5(j)(iii), as applicable, each date specified as being an Initial Averaging Date or otherwise determined as specified in the applicable Final Terms

"Initial Valuation Date" means in respect of an Index or a Share, subject as provided in Condition 5(i)(iv) and Condition 5(j)(iii), as applicable, each date specified as being an Initial Valuation Date or otherwise determined in respect of that Index or that Share as specified in the applicable Final Terms

"Interest Valuation Date" means in respect of an Index or a Share, subject as provided in Condition 5(i)(iv) and Condition 5(j)(iii), as applicable, each date specified as being an Initial Valuation Date in respect of that Index or that Share or otherwise determined as specified in the applicable Final Terms

"Knock-in Event" means that event or occurrence specified in the applicable Final Terms

"Knock-out Event" means that event or occurrence specified in the applicable Final Terms

"Market Disruption Event" means, subject, in respect of an Index, to Condition 17, in respect of an Index or a Share, the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time, or (iii) an Early Closure. For the purposes of determining whether a Market Disruption Event in respect of an Index exists at any time, if a Market Disruption Event occurs in respect of a security included in the Index at any time, then the relevant percentage contribution of that security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that security and (y) the overall level of the Index, in each case immediately before the occurrence of such Market Disruption Event

"Maturity Date" means the date specified in the applicable Final Terms

"Maximum Disruption Extension Period" means eight Scheduled Trading Days, or such other period of Scheduled Trading Days (or other types of days) specified in the applicable Final Terms

"Redemption Amount" means the amount specified in the applicable Final Terms

"Redemption Date" means the date specified in the applicable Final Terms

"Reference Asset(s)" means the asset(s) or instrument(s) specified in the applicable Final Terms

"Related Exchange(s)" means subject to the proviso below and subject, in respect of an Index, to Condition 17, in respect of an Index or a Share, each exchange or quotation system if any, specified as such hereon, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Index or such Share has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Index or such Share on such temporary substitute exchange or quotation system as on the original Related Exchange), provided however that where "All Exchanges" is specified as the Related Exchange, **"Related Exchange"** shall mean each exchange or quotation system (as the Calculation Agent may select) where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Index or Share or, in any such case, any transferee or successor exchange of such exchange or quotation system

"Scheduled Averaging Date" means, in respect of an Index or a Share, any original date that, but for such day not being a Scheduled Trading Day in respect of such Index or Share or for the occurrence of an event causing a Disrupted Day on such date (following adjustment pursuant to the terms of Condition 5(i)(iv) or 5(j)(iii), as applicable), would have been an Averaging Date

"Scheduled Closing Time" means, in respect of an Index or a Share and in respect of an Exchange or Related Exchange specified in the applicable Final Terms and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours

"Scheduled Trading Day" means subject, in respect of an Index, to Condition 17, in respect of an Index or a Share, any day on which each Exchange and each Related Exchange specified in the applicable Final Terms are scheduled to be open for trading for their respective regular trading sessions

"Scheduled Initial Averaging Date" means, in respect of an Index or a Share, any original date that, but for such day not being a Scheduled Trading Day in respect of such Index or Share or for the occurrence of an event causing a Disrupted Day on such date (following adjustment pursuant to the terms of Condition 5(i)(iv) or 5(j)(iii), as applicable), would have been an Initial Averaging Date

"Scheduled Initial Valuation Date" means in respect of an Index or a Share, any original date that, but for such day not being a Scheduled Trading Day in respect of such Index or Share or for the occurrence of an event causing a Disrupted Day on such date (following adjustment pursuant to the terms of Condition 5(i)(iv) or 5(j)(iii), as applicable), would have been an Initial Valuation Date

"Scheduled Interest Valuation Date" means in respect of an Index or a Share, any original date that, but for such day not being a Scheduled Trading Day in respect of such Index or Share or for the occurrence of an event causing a Disrupted Day on such date (following adjustment pursuant to the terms of Condition 5(i)(iv) or 5(j)(iii), as applicable), would have been an Interest Valuation Date

"Scheduled Valuation Date" means in respect of an Index or a Share, any original date that, but for such day not being a Scheduled Trading Day in respect of such Index or Share or for the occurrence of an event causing a Disrupted Day on such date (following adjustment pursuant to the terms of Condition 5(i)(iv) or 5(j)(iii), as applicable), would have been a Valuation Date

"Settlement Cycle" means, in respect of an Index or Share, the period of Clearing System Business Days following a trade in the shares underlying such Index or such Share, as the case may be, on the Exchange in which settlement will customarily occur according to the rules of

such Exchange (or, if there are multiple Exchanges in respect of an Index, the longest such period)

"Trading Disruption" means subject, in respect of an Index, to Condition 17, in relation to a Share or an Index, any suspension of, or limitation imposed on, trading by the relevant Exchange or Related Exchange or otherwise, and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise, (i) relating to the Share on the Exchange or, in the case of an Index, relating to securities that comprise 20 per cent. or more of the level of that Index on any relevant Exchange or (ii) in futures or options contracts relating to the Share or the relevant Index on any relevant Related Exchange

"Valid Date" means a Scheduled Trading Day that is not a Disrupted Day and on which another Initial Averaging Date or Averaging Date, as the case may be, does not or is not deemed to occur.

"Valuation Date" means in respect of an Index or a Share, subject as provided in Condition 5(i)(iv) and Condition 5(j)(iii), as applicable, each date specified in the applicable Final Terms

"Valuation Time" means subject, in respect of an Index, to Condition 17, in respect of an Index or a Share, the time specified in the applicable Final Terms or, if no such time is specified, the Scheduled Closing Time on the relevant Exchange on the relevant Valuation Date, Initial Valuation Date, Interest Valuation Date, Initial Averaging Date, or Averaging Date, or other relevant date, as the case may be in relation to each Index or Share to be valued or the time with reference to which the Index Sponsor calculates the closing level of such Index or in either such case, such other time as the Calculation Agent may determine and notify to Noteholders in accordance with Condition 13.

(i) ***Provisions applicable to Index Linked Redemption Notes***

(i) Subject to:

- (A) the Knock-in Event (if any) having occurred;
- (B) there not having occurred a Knock-out Event (if any);
- (C) there not having occurred an Additional Termination Event; and
- (D) the application of the Credit Linkage Provisions (if relevant),

and unless previously redeemed or purchased and cancelled as specified below, each nominal amount (the **"Specified Amount"**) of the Index Linked Redemption Notes equal to the lowest Specified Denomination set out hereon will be redeemed by the Issuer by payment of the Redemption Amount specified in the applicable Final Terms on the Redemption Date.

(ii) For the purposes of this Condition 5(i) the following provisions shall apply in relation to the calculation of the Redemption Amount (and, for the avoidance of doubt, shall also apply where relevant for the purposes of calculating the Rate of Interest or the Interest Amount(s) under Condition 4(b)(iv) for Index Linked Interest Notes):

"Closing Index Level" means, in respect of an Index and any date, the official closing level as determined by the Calculation Agent as at the Valuation Time on the relevant date, as calculated and published by the relevant Index Sponsor, subject as provided in these Conditions (including, without limitation, Condition 5(i)(iii) and Condition 5(i)(iv)), or determined as otherwise specified in the applicable Final Terms

"Composite Commodity Index" means each Index specified as such hereon

"Currency Business Day" means any day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the

principal financial centre for the Settlement Currency, and if the Settlement Currency is euro, which is a TARGET Settlement Day

"**Index**" means each index specified as such hereon

"**Index Adjustment Event**" means an Index Disruption, Index Modification or Index Cancellation, as defined under (iii) below ("Adjustments to an Index")

"**Index Basket**" means a basket composed of each Index specified in the applicable Final Terms in the relative proportions specified in the applicable Final Terms

"**Index Level**" means, in respect of an Index and any time on any date, the level of such Index as determined by the Calculation Agent as at the relevant time on the relevant date, as calculated and published by the relevant Index Sponsor, subject as provided in these Conditions (including, without limitation, Condition 5(i)(iii) and Condition 5(i)(iv)) or determined as otherwise specified in the applicable Final Terms

"**Index Performance**" means, in respect of an Index and any Initial Valuation Date, Interest Valuation Date, Valuation Date, Initial Averaging Date, Averaging Date or any other relevant date, an amount determined by the Calculation Agent as the quotient of (i) the Closing Index Level or such other level as may be specified in the applicable Final Terms of such Index in respect of such date, and (ii) the Closing Index Level or such other level as may be specified in the applicable Final Terms of such Index in respect of the applicable Baseline Date

"**Index Ranking**" means, in respect of an Index and any Initial Valuation Date, Interest Valuation Date, Valuation Date, Initial Averaging Date, Averaging Date or any other relevant date (for the purposes of this definition only, the "**Relevant Date**"), the unique ranking of such Index for such Relevant Date assigned by the Calculation Agent amongst all the relevant Indices, where such ranking is assigned by reference to the Index Performance of each relevant Index for such Relevant Date sequentially from the highest to the lowest, such that, for the avoidance of doubt, the Index with the highest Index Performance shall have the highest ranking and the Index with the lowest Index Performance shall have the lowest ranking, provided that, if two or more such Indices have the same Index Performance for such Relevant Date, as determined by the Calculation Agent (all such Indices, if any, being for the purposes of this definition only, "**Equal Performance Indices**"), and each being an "**Equal Performance Index**") then:

- (i) any Index, if any, with a higher Index Performance for such Relevant Date than any such Equal Performance Index, shall have a higher Index Ranking than any such Equal Performance Index;
- (ii) any Index, if any, with a lower Index Performance for such Relevant Date than any such Equal Performance Index, shall have a lower Index Ranking than any such Equal Performance Index; and
- (iii) subject to paragraphs (i) and (ii) above, as amongst themselves, all such Equal Performance Indices shall be assigned such Index Ranking as the Calculation Agent may determine in its sole and absolute discretion,

or determined as otherwise specified in the applicable Final Terms

"**Index Sponsor**" means, in respect of an Index, the corporation or other entity that, in the determination of the Calculation Agent, (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to that Index and (b) announces (directly or through an agent) the level of that Index on a regular basis during each Scheduled Trading Day

"**Multi-Exchange Index**" means each Index specified as such hereon

"**Proprietary Index**" means each Index specified as such hereon

"Unitary Exchange Index" means each Index specified as such hereon

(iii) Adjustments to an Index:

(A) Successor Index Sponsor calculates and announces an Index

If any Index is (i) not calculated and announced by the Index Sponsor specified in the applicable Final Terms but is calculated and announced by a successor Index Sponsor (the "**Successor Index Sponsor**") acceptable to the Calculation Agent or (ii) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for, and method of, calculation as used in the calculation, of that Index, then in each case that index (the "**Successor Index**") will be deemed to be the Index.

(B) Index Modification, Index Cancellation and Index Disruption

If, in the determination of the Calculation Agent, in respect of an Index (1) on or before any Valuation Date, Initial Valuation Date, Interest Valuation Date, Initial Averaging Date, Averaging Date or other relevant date specified in the applicable Final Terms, as the case may be, the Index Sponsor or (if applicable) Successor Index Sponsor announces that it will make a material change in the formula for, or the method of calculating, that Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalization and other routine events) (an "**Index Modification**") or permanently cancels the Index and no Successor Index exists (an "**Index Cancellation**"); or (2) on any Valuation Date, Initial Valuation Date, Interest Valuation Date, Initial Averaging Date, Averaging Date or other relevant date specified in the applicable Final Terms, as the case may be, the Index Sponsor or (if applicable) Successor Index Sponsor fails to calculate and announce the level of the Index (an "**Index Disruption**"), then the Calculation Agent shall determine if such Index Adjustment Event has a material effect on the Notes and, if so, shall calculate the relevant amount using, in lieu of a published level for such Index, the level for such Index as at the relevant date as determined by the Calculation Agent in accordance with the formula for and method of calculating such Index last in effect prior to that change, failure or cancellation, but using only those securities that comprised such Index immediately prior to that Index Adjustment Event and shall notify the Fiscal Agent and the Noteholders thereof (in accordance with Condition 13) and, so long as the Notes are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system, a copy of such notice shall be given to such listing authority, stock exchange and/or quotation system (including, so long as the Notes are admitted to the Official List and traded on the Regulated Market thereon, the Luxembourg Stock Exchange). None of the Calculation Agent or the Paying Agents shall have any responsibility in respect of any error or omission or subsequent correcting made in the calculation or publication of an Index, whether caused by negligence or otherwise.

(C) Correction of Index Levels

In the event that any price or level published by the Index Sponsor on any date and which is utilized for any calculation or determination is subsequently corrected and the correction is published by the Index Sponsor within one Settlement Cycle after the original publication and in any event, on or before the applicable Correction Cut-off Date specified in the applicable Final Terms, the Calculation Agent will determine the amount that is payable or deliverable as a result of that correction, and, to the extent necessary, will adjust any relevant terms of the Notes to account for such correction and will notify the Fiscal Agent and the Noteholders thereof (in accordance with Condition 13) and, so long as the Notes are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system, a copy of such notice shall be given to such listing authority, stock exchange and/or quotation system (including, so long as the Notes are admitted to the Official List and traded on the Regulated Market thereon, the Luxembourg Stock Exchange).

(iv) Market Disruption Event and Consequences of Non-Scheduled Trading Days and/or Disrupted Days:

(A) Subject as provided in Condition 17, if "Initial Valuation Date", "Interest Valuation Date(s)" and/or "Valuation Date(s)" are specified in the applicable Final Terms, the following provisions shall apply thereto (save unless otherwise specified in the applicable Final Terms):

(i) where the Notes are specified in the applicable Final Terms to relate to a single Index, if the Calculation Agent determines that any Initial Valuation Date, Interest Valuation Date, or Valuation Date, as the case may be, is not a Scheduled Trading Day or is a Disrupted Day in respect of such Index, then (subject to Condition 5(i)(iv)(A)(iii)) the Initial Valuation Date, Interest Valuation Date or Valuation Date, as the case may be, for such Index shall be the first succeeding Scheduled Trading Day that the Calculation Agent determines is not a Disrupted Day in respect of such Index, unless the Calculation Agent determines that each of the consecutive Scheduled Trading Days equal in number to the Maximum Disruption Extension Period in respect of such Index immediately following the Scheduled Initial Valuation Date, Scheduled Interest Valuation Date or Scheduled Valuation Date, as the case may be is a Disrupted Day. In that case:

(x) that last consecutive Scheduled Trading Day shall be deemed to be the Initial Valuation Date, Interest Valuation Date or Valuation Date, as the case may be, for such Index, notwithstanding the fact that such day is a Disrupted Day; and

(y) the Calculation Agent shall determine the Closing Index Level as of the relevant Valuation Time on that last consecutive Scheduled Trading Day in accordance with the formula for and method of, calculating such Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the relevant Valuation Time on that last consecutive Scheduled Trading Day of each security comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of any relevant security (as if each such security had been specified as a Share in respect of the Notes) on that last consecutive Scheduled Trading Day, its good faith estimate of the value for the relevant security as of the relevant Valuation Time on that last consecutive Scheduled Trading Day) (and such determination by the Calculation Agent pursuant to this paragraph (y) shall be deemed to be the Closing Index Level in respect of the relevant Initial Valuation Date, the Interest Valuation Date, or the Valuation Date, as the case may be).

(ii) where the Notes are specified in the applicable Final Terms to relate to an Index Basket then, subject to Condition 5(i)(iv)(C), for each Index in respect of which the Initial Valuation Date, Interest Valuation Date or Valuation Date, as the case may be, is a Scheduled Trading Day which is not affected by the occurrence of a Disrupted Day (as determined by the Calculation Agent), the Initial Valuation Date, Interest Valuation Date or Valuation Date, as the case may be, shall be the relevant Scheduled Initial Valuation Date, Scheduled Interest Valuation Date or Scheduled Valuation Date, as the case may be, and for each Index in respect of which the Scheduled Initial Valuation Date, Scheduled Interest Valuation Date or Scheduled Valuation Date, as the case may be, is not a Scheduled Trading Day and/or is affected by the occurrence of a Disrupted Day (as determined by the Calculation Agent), the Initial Valuation Date, Interest Valuation Date, or Valuation Date for each such Index shall be the first succeeding Scheduled Trading Day which the Calculation Agent

determines is not a Disrupted Day relating to that Index, unless the Calculation Agent determines that each of the consecutive Scheduled Trading Days equal in number to the Maximum Disruption Extension Period immediately following the Scheduled Initial Valuation Date, Scheduled Interest Valuation Date or Scheduled Valuation Date, as the case may be, is a Disrupted Day relating to that Index. In that case (subject to Condition 5(i)(iv)(A)(iii)):

- (x) that last consecutive Scheduled Trading Day shall be deemed to be the Initial Valuation Date, the Interest Valuation Date, or the Valuation Date, as the case may be, for the relevant Index, notwithstanding the fact that such day is a Disrupted Day; and
 - (y) the Calculation Agent shall determine the Closing Index Level of that Index as of the relevant Valuation Time on that last consecutive Scheduled Trading Day in accordance with the formula for and method of, calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the relevant Valuation Time on that last consecutive Scheduled Trading Day of each security comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of any relevant security (as if each such security had been specified as a Share in respect of the Notes) on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security as of the relevant Valuation Time on that last consecutive Scheduled Trading Day) (and such determination by the Calculation Agent pursuant to this paragraph (y) shall be deemed to be the Closing Index Level in respect of the relevant Initial Valuation Date, the Interest Valuation Date, or the Valuation Date, as the case may be).
- (iii) notwithstanding the terms of Condition 5(i)(iv)(A)(i) and Condition 5(i)(iv)(A)(ii) above, if, following adjustment pursuant to the terms thereof in relation to an Index (for the purposes of this paragraph (iii), an "**Affected Index**"), the Initial Valuation Date, Interest Valuation Date or Valuation Date, as the case may be, for such Affected Index would otherwise fall after the applicable Correction Cut-off Date in respect of such Affected Index and such date, such Correction Cut-off Date shall be deemed to be the Initial Valuation Date, Interest Valuation Date or Valuation Date, as the case may be, for such Affected Index and if such Correction Cut-off Date is not a Scheduled Trading Day or is a Disrupted Day in respect of such Affected Index, Condition 5(i)(iv)(A)(i)(y) or Condition 5(i)(iv)(A)(ii)(y), as the case may be, shall apply as if references in that Condition to "that last consecutive Scheduled Trading Day" were instead references to "such Correction Cut-off Date".
- (B) If "**Initial Averaging Date(s)**" and/or "**Averaging Date(s)**" are specified in the applicable Final Terms to be applicable, the following provisions will apply in relation thereto (save unless otherwise specified in the applicable Final Terms):

If the Calculation Agent determines that a Scheduled Initial Averaging Date or Scheduled Averaging Date, as the case may be, is not a Scheduled Trading Day or is a Disrupted Day in respect of an Index and, if in the applicable Final Terms the consequence specified is:

- (i) "**Omission**", then such Initial Averaging Date or Averaging Date, as the case may be, will be deemed not to be a relevant Initial Averaging Date or Averaging Date, as the case may be, for the purposes of determining the Closing Index Level provided that, if through the operation of this provision there would not be an Initial Averaging Date or Averaging Date, as the case may be, then Condition 5(i)(iv)(A) will apply *mutatis*

mutandis for the purposes of determining the relevant Closing Index Level on the final Initial Averaging Date or final Averaging Date, as if such Initial Averaging Date or Averaging Date, as the case may be, was a Valuation Date that was not a Scheduled Trading Day and/or was a Disrupted Day;

- (ii) "**Postponement**", then Condition 5(i)(iv)(A) will apply *mutatis mutandis* for the purposes of determining the Closing Index Level on that Initial Averaging Date or Averaging Date, as the case may be, as if such Initial Averaging Date or Averaging Date were a Valuation Date that was not a Scheduled Trading Day and/or was a Disrupted Day, irrespective of whether, pursuant to such determination, that deferred Initial Averaging Date or Averaging Date, as the case may be, would fall on a day that already is or is deemed to be an Initial Averaging Date or Averaging Date, as the case may be; or
- (iii) "**Modified Postponement**", then (a) where the Notes are specified in the applicable Final Terms to relate to a single Index, the Initial Averaging Date or Averaging Date, as the case may be, shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred as of the Valuation Time on the consecutive Scheduled Trading Days equal in number to the Maximum Disruption Extension Period immediately following the relevant Scheduled Initial Averaging Date or Scheduled Averaging Date that, but for the occurrence of another Initial Averaging Date or Averaging Date or non-Scheduled Trading Day or Disrupted Day, as the case may be, would have been the final Initial Averaging Date or final Averaging Date, as the case may be, then (A) that last consecutive Scheduled Trading Day shall be deemed the Initial Averaging Date or Averaging Date, as the case may be (irrespective of whether that last consecutive Scheduled Trading Day is already an Initial Averaging Date or Averaging Date, as the case may be) and (B) the Calculation Agent shall determine the Closing Index Level for that Initial Averaging Date or Averaging Date, as the case may be, in accordance with Condition 5(i)(iv)(A)(i)(y); and (b) where the Notes are specified in the applicable Final Terms to relate to an Index Basket, subject to Condition 5(i)(iv)(C), the Initial Averaging Date or Averaging Date, as the case may be, for each Index in respect of which the relevant Scheduled Initial Averaging Date or Scheduled Averaging Date, as the case may be, is a Scheduled Trading Day which is not affected by the occurrence of a Disrupted Day shall be the relevant Scheduled Initial Averaging Date or Scheduled Averaging Date, as the case may be, and the Initial Averaging Date or Averaging Date, as the case may be, for an Index in respect of which the Initial Averaging Date or Averaging Date, as the case may be, is not a Scheduled Trading Day and/or is affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date in relation to such Index (subject as provided in the last paragraph hereof). If the first succeeding Valid Date in relation to such Index has not occurred as of the Valuation Time on the consecutive Scheduled Trading Days equal in number to the Maximum Disruption Extension Period immediately following the relevant Scheduled Initial Averaging Date or Scheduled Averaging Date then (subject as provided in the last paragraph hereof), (A) that last consecutive Scheduled Trading Day shall be deemed the Initial Averaging Date or Averaging Date, as the case may be (irrespective of whether that last consecutive Scheduled Trading Day is already an Initial Averaging Date or Averaging Date, as the case may be) in respect of such Index, and (B) the Calculation Agent shall determine the Closing Index Level for that Initial Averaging Date or Averaging Date, as the case may be, in accordance with Condition 5(i)(iv)(A)(ii)(y). Notwithstanding the foregoing terms of this Condition 5(i)(iv)(B)(iii), if, following adjustment pursuant to the foregoing terms

of this Condition 5(i)(iv)(B)(iii) in relation to an Index (for the purposes of this paragraph (iii), an "**Affected Index**"), the Initial Averaging Date or Averaging Date, as the case may be, for such Affected Index would otherwise fall after the applicable Correction Cut-off Date in respect of such Affected Index and such date, then (A) such Correction Cut-off Date shall be deemed to be the Initial Averaging Date or Averaging Date, as the case may be, for such Affected Index (irrespective of whether after such Correction Cut-off Date is already an Initial Averaging Date or Averaging Date, as the case may be) and (B) the Calculation Agent shall determine the Closing Index Level for that Initial Averaging Date or Averaging Date, as the case may be, in accordance with Condition 5(i)(iv)(A)(i)(y) (as if references in that condition to "that last consecutive Scheduled Trading Day" were instead references to "such Correction Cut-off Date").

(iv) If "**Index Disclaimer**" is specified in the applicable Final Terms then each of the Issuer and the Noteholders agrees and acknowledges, in respect of each Index, that the Notes are not sponsored, endorsed, sold or promoted by the Index or the Index Sponsor and no Index Sponsor makes any representation whatsoever, whether express or implied, either as to the results to be obtained from the use of the Index and/or the levels at which the Index stands at any particular time on any particular date or otherwise. No Index or Index Sponsor shall be liable (whether in negligence or otherwise) to any person for any error in the Index and the Index Sponsor is under no obligation to advise any person of any error therein. No Index Sponsor is making any representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with the Notes. The Issuer (or, if applicable, the Guarantor) shall have no liability to the Noteholders for any act or failure to act by the Index Sponsor in connection with the calculation, adjustment or maintenance of the Index. Except as disclosed prior to the Issue Date specified in the applicable Final Terms, neither the Issuer (or, if applicable, the Guarantor) nor its affiliates has any affiliation with or control over the Index or Index Sponsor or any control over the computation, composition or dissemination of the Index. Although the Calculation Agent will obtain information concerning the Indices from publicly available sources it believes reliable, it will not independently verify this information. Accordingly, no representation, warranty or undertaking (express or implied) is made and no responsibility is accepted by the Issuer (or, if applicable, the Guarantor), its affiliates or the Calculation Agent as to the accuracy, completeness and timeliness of information concerning the Index.

(C) Notwithstanding Condition 5(i)(iv)(A)(ii) and Condition 5(i)(iv)(B)(iii) above, where the Notes are specified in the applicable Final Terms to relate to an Index Basket the Calculation Agent may determine that in relation to an Index comprised in the Index Basket not affected by a non-Scheduled Trading Day or the occurrence of a Disrupted Day that the Initial Valuation Date, Interest Valuation Date, Valuation Date, Initial Averaging Date or Averaging Date, as the case may be, will not be the specified Initial Valuation Date, the specified Interest Valuation Date, the specified Valuation Date, the specified Initial Averaging Date or the specified Averaging Date, respectively, as the case may be, but will be subject to such adjustment as the Calculation Agent may determine.

(j) ***Provisions applicable to Equity Linked Redemption Notes***

(i) Subject to:

(A) the Knock-in Event (if any) having occurred;

- (B) there not having occurred a Knock-out Event (if any);
- (C) there not having occurred an Additional Termination Event; and
- (D) the application of the Credit Linkage Provisions (if relevant),

and unless previously redeemed or purchased and cancelled as specified below, each nominal amount (the "**Specified Amount**") of Equity Linked Redemption Notes equal to the lowest Specified Denomination set out hereon will be redeemed by the Issuer (A) if Cash Settlement is specified in the applicable Final Terms, by payment of the Redemption Amount on the Redemption Date or (B) if Physical Delivery is specified in the applicable Final Terms, by delivery of the Reference Asset Amount on the Redemption Date or (C) if Cash Settlement and/or Physical Delivery is specified in the applicable Final Terms, by payment of the Redemption Amount and/or by delivery of the Reference Asset Amount on the terms specified in the applicable Final Terms, in each case on the Redemption Date.

- (ii) For the purposes of this Condition 5(j) the following provisions shall apply in relation to the calculation of the Redemption Amount and/or Reference Asset Amount (and, for the avoidance of doubt, shall also apply where relevant for the purposes of calculating the Rate of Interest and Interest Amount(s) under Condition 4(b)(v) for Equity Linked Interest Notes):

"**Closing Share Price**" means (subject as provided in (i) below), on any day in respect of a Share, the official closing price of such Share on the Exchange as of the Valuation Time on the relevant day, or if there is no official closing price, the mid-market price per such Share on the Exchange at the Valuation Time on such day, all as determined by the Calculation Agent subject as provided in these Conditions (including, without limitation, Condition 5(j)(iii) and Condition 5(j)(iv)), provided that (i) in the event that "Closing Share Price (ISDA)" is specified in the applicable Final Terms to apply, or if an alternative definition of "Closing Share Price" is set forth in the applicable Final Terms, then "Closing Share Price" shall mean Closing Share Price (ISDA) or such alternative definition, as the case may be, and (ii) in the event that any price published on the Exchange and which is utilised for any calculation or determination in respect of the Notes is subsequently corrected and the correction is published by the Exchange on or before the Correction Cut-off Date, such corrected price

"**Closing Share Price (ISDA)**" on any day and any time means in respect of a Share, (i) in respect of any Share for which the Exchange is an auction or "open outcry" exchange that has a price as of the Valuation Time at which any trade can be submitted for execution, the Closing Share Price (ISDA) shall be the price per Share as of the Valuation Time on the relevant day as reported in the official real-time price dissemination mechanism for such Exchange; and (ii) in respect of any Share for which the Exchange is a dealer exchange or dealer quotation system, the Closing Share Price (ISDA) shall be the mid-point of the highest bid and lowest ask prices quoted as of the Valuation Time on the relevant day, (or the last such prices quoted immediately before such time) without regard to quotations that "lock" or "cross" the dealer exchange or dealer quotation system; provided that in the event that any price published on the Exchange and which is utilised for any calculation or determination in respect of the Notes is subsequently corrected and the correction is published by the Exchange on or before the applicable Correction Cut-off Date, the Calculation Agent will determine the amount that is payable or deliverable as a result of that correction, and, to the extent necessary, will adjust any relevant terms of the Notes to account for such correction

"**Currency Business Day**" means a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre for the Settlement Currency, and if the Settlement Currency is euro, which is a TARGET Settlement Day

"**Merger Date**" means the closing date of a Merger Event (as determined by the Calculation Agent) or, where a closing date cannot be determined under the local law

applicable to such Merger Event, such other date as determined by the Calculation Agent

"Merger Event" means, in respect of a Share, any (i) reclassification or change of such Share that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of the Share Issuer with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Share Issuer is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares of the Share Issuer that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Share Issuer or its subsidiaries with or into another entity in which the Share Issuer is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Shares immediately following such event (a **"Reverse Merger"**) in each case if the Merger Date is on or before the Redemption Date if Physical Delivery is specified in the applicable Final Terms or the final Valuation Date in all other cases

"Options Exchange" means, in respect of a Share, the exchange or quotation system so specified in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in options contracts relating to the relevant Share has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such options contracts on such temporary substitute exchange or quotation system as on the original Options Exchange) or, if no such exchange or quotation system is specified in the applicable Final Terms, the Related Exchange (if such Related Exchange trades options contracts relating to the relevant Share) or, if more than one such Related Exchange is specified in the applicable Final Terms, the Related Exchange selected by the Calculation Agent as the primary market for listed options contracts relating to the relevant Share

"Potential Adjustment Event" is as defined in Condition 5(j)(iv)(A)

"Reference Asset" means the Share, Index or other type of instrument, asset or entity, as specified in the applicable Final Terms

"Reference Asset Amount" means the amount of Reference Assets, as specified in the applicable Final Terms, which may be delivered by the Delivery Agent on behalf of the Issuer on the date specified in the applicable Final Terms

"Share" means each share or other financial instrument specified in the applicable Final Terms

"Share Basket" means a basket composed of Shares of each Share Issuer as specified in the applicable Final Terms in the relative proportions or numbers of Shares of each Share Issuer indicated hereon

"Share Issuer" means, in respect of a Share, the issuer of the relevant Share

"Share Performance" means, in respect of a Share and any Initial Valuation Date, Interest Valuation Date, Valuation Date, Initial Averaging Date, Averaging Date or any other relevant date, an amount determined by the Calculation Agent as the quotient of (i) the Closing Share Price or such other Share price as may be specified in the applicable Final Terms of such Share in respect of such date, and (ii) the Closing Share

Price or such other Share price as may be specified in the applicable Final Terms of such Index in respect of the applicable Baseline Date

"**Share Price**" means (subject as provided in (i) below), on any day and any time in respect of a Share, the Exchange traded price of such Share at such time on such day as determined by the Calculation Agent (subject as provided in these Conditions (including, without limitation, Condition 5(j)(iii) and Condition 5(j)(iv)), provided that: (i) in the event that "Share Price (ISDA)" is specified in the applicable Final Terms to apply, or if an alternative definition of "Share Price" is set forth in the applicable Final Terms, then "Share Price" shall mean Share Price (ISDA) or such alternative definition, as the case may be and (ii) in the event that any price published on the relevant Exchange in respect of a Share and which is utilised for any calculation or determination in respect of the Notes is subsequently corrected and the correction is published by the Exchange on or before the Correction Cut-off Date, such corrected price

"**Share Price (ISDA)**" on any day and any time means in respect of a Share, (i) in respect of any Share for which the Exchange is an auction or "open outcry" exchange that has a price as of such time at which any trade can be submitted for execution, the Share Price shall be the price per Share as of such time on the relevant day as reported in the official real-time price dissemination mechanism for such Exchange; and (ii) in respect of any Share for which the Exchange is a dealer exchange or dealer quotation system, the Share Price shall be the mid-point of the highest bid and lowest ask prices quoted as of such time on the relevant day, (or the last such prices quoted immediately before such time) without regard to quotations that "lock" or "cross" the dealer exchange or dealer quotation system; provided that in the event that any price published on the Exchange and which is utilised for any calculation or determination in respect of the Notes is subsequently corrected and the correction is published by the Exchange on or before the Correction Cut-off Date, the Calculation Agent will determine the amount that is payable or deliverable as a result of that correction, and, to the extent necessary, will adjust any relevant terms of the Notes to account for such correction

"**Share Ranking**" means, in respect of a Share and any Initial Valuation Date, Interest Valuation Date, Valuation Date, Initial Averaging Date, Averaging Date or any other relevant date (for the purposes of this definition only, the "**Relevant Date**"), the unique ranking of such Share for such Relevant Date assigned by the Calculation Agent amongst all the relevant Shares, where such ranking is assigned by reference to the Share Performance of each relevant Share for such Relevant Date sequentially from the highest to the lowest, such that, for the avoidance of doubt, the Share with the highest Share Performance shall have the highest ranking and the Share with the lowest Share Performance shall have the lowest ranking, provided that, if two or more such Shares have the same Share Performance for such Relevant Date, as determined by the Calculation Agent (all such Shares, if any, being for the purposes of this definition only, "**Equal Performance Shares**", and each being an "**Equal Performance Share**") then:

- (i) any Share, if any, with a higher Share Performance for such Relevant Date than any such Equal Performance Share, shall have a higher Share Ranking than any such Equal Performance Share;
- (ii) any Share, if any, with a lower Share Performance for such Relevant Date than any such Equal Performance Share, shall have a lower Share Ranking than any such Equal Performance Share; and
- (iii) subject to paragraphs (i) and (ii) above, as amongst themselves, all such Equal Performance Shares shall be assigned such Share Ranking as the Calculation Agent may determine in its sole and absolute discretion,

or determined as otherwise specified in the applicable Final Terms

"Tender Offer" means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Share Issuer, as determined by the Calculation Agent, based upon the making of filings with governmental or self regulatory agencies or such other information as the Calculation Agent deems relevant

"Tender Offer Date" means, in respect of a Tender Offer, the date on which voting shares in the amount of the applicable percentage threshold are actually purchased or otherwise obtained (as determined by the Calculation Agent)

(iii) Market Disruption Events and Consequences of Non-Scheduled Trading Days and/or Disrupted Days:

(A) If **"Initial Valuation Date"**, **"Interest Valuation Date(s)"** and/or **"Valuation Date(s)"** are specified in the applicable Final Terms, the following provisions shall apply thereto (save unless otherwise specified in the applicable Final Terms):

(i) where the Notes are specified in the applicable Final Terms to relate to a single Share, if the Calculation Agent determines that any Scheduled Initial Valuation Date, Scheduled Interest Valuation Date or Scheduled Valuation Date, as the case may be, is not a Scheduled Trading Day or is a Disrupted Day in respect of such Share, then (subject to Condition 5(j)(iii)(A)(iii)) the Initial Valuation Date, Interest Valuation Date or Valuation Date, as the case may be, for such Share shall be the first succeeding Scheduled Trading Day that the Calculation Agent determines is not a Disrupted Day in respect of such Share, unless the Calculation Agent determines that each of the consecutive Scheduled Trading Days equal in number to the Maximum Disruption Extension Period in respect of such Share immediately following the Scheduled Initial Valuation Date, Scheduled Interest Valuation Date or Scheduled Valuation Date, as the case may be is a Disrupted Day. In that case:

(x) that last consecutive Scheduled Trading Day shall be deemed to be the Initial Valuation Date, Interest Valuation Date or Valuation Date, as the case may be, for such Share, notwithstanding the fact that such day is a Disrupted Day; and

(y) the Calculation Agent shall determine its good faith estimate of the value for the Share as of the Valuation Time on that last consecutive Scheduled Trading Day (and such good faith estimate by the Calculation Agent pursuant to this paragraph (y) shall be deemed to be the Closing Share Price in respect of the relevant Initial Valuation Date, the Interest Valuation Date or the Valuation Date, as the case may be).

(ii) where the Notes are specified in the applicable Final Terms to relate to a Share Basket then, subject to Condition 5(j)(iii)(C), for each Share in respect of which the Initial Valuation Date, Interest Valuation Date or Valuation Date, as the case may be, is a Scheduled Trading Day which is not affected by the occurrence of a Disrupted Day (as determined by the Calculation Agent), the Initial Valuation Date, Interest Valuation Date or Valuation Date, as the case may be, shall be the relevant Scheduled Initial Valuation Date, Interest Valuation Date or Valuation Date, as the case may be, and for each Share in respect of which the Initial Valuation Date, Interest Valuation Date or Valuation Date, as the case may be, is not a Scheduled Trading Day and/or is affected by the occurrence of a Disrupted Day (as determined by the Calculation Agent), the Initial Valuation Date, Interest Valuation Date, or Valuation Date for each such

Share shall be the first succeeding Scheduled Trading Day which the Calculation Agent determines is not a Disrupted Day relating to that Share, unless the Calculation Agent determines that each of the consecutive Scheduled Trading Days equal in number to the Maximum Disruption Extension Period immediately following the Scheduled Initial Valuation Date, Scheduled Interest Valuation Date or Scheduled Valuation Date, as the case may be, is a Disrupted Day relating to that Share. In that case (subject to Condition 5(j)(iii)(A)(iii)):

- (x) that last consecutive Scheduled Trading Day shall be deemed to be the Initial Valuation Date, the Interest Valuation Date or the Valuation Date, as the case may be, for the relevant Share, notwithstanding the fact that such day is a Disrupted Day; and
 - (y) the Calculation Agent shall determine its good faith estimate of the value for the Share as of the Valuation Time on that last consecutive Scheduled Trading Day (and such good faith estimate by the Calculation Agent pursuant to this paragraph (y) shall be deemed to be the Closing Share Price in respect of the relevant Initial Valuation Date, the Interest Valuation Date or the Valuation Date, as the case may be).
- (iii) notwithstanding the terms of Condition 5(j)(iii)(A)(i) and Condition 5(j)(iii)(A)(ii) above, if, following adjustment pursuant to the terms thereof in relation to a Share (for the purposes of this paragraph (iii), an "**Affected Share**"), the Initial Valuation Date, Interest Valuation Date or Valuation Date, as the case may be, for such Affected Share would otherwise fall after the applicable Correction Cut-off Date for such date in respect of such Affected Share, such Correction Cut-off Date shall be deemed to be the Initial Valuation Date, Interest Valuation Date or Valuation Date, as the case may be, for such Affected Share and if such Correction Cut-off Date is not a Scheduled Trading Day or is a Disrupted Day in respect of such Affected Share, Condition 5(j)(iii)(A)(i)(y) or Condition 5(j)(ii)(A)(ii)(y), as the case may be, shall apply as if references in that Condition to "that last consecutive Scheduled Trading Day" were instead references to "such Correction Cut-off Date".
- (B) If "**Initial Averaging Date(s)**" and/or "**Averaging Date(s)**" are specified in the applicable Final Terms to be applicable, the following provisions will apply in relation thereto (save unless otherwise specified in the applicable Final Terms):

If the Calculation Agent determines that a Scheduled Initial Averaging Date or Scheduled Averaging Date, as the case may be, is not a Scheduled Trading Day or is a Disrupted Day in respect of a Share and, if in the applicable Final Terms the consequence specified is:

- (i) "**Omission**", then such Initial Averaging Date or Averaging Date, as the case may be, will be deemed not to be a relevant Initial Averaging Date or Averaging Date, as the case may be, for the purposes of determining the Share Price or Closing Share Price, as the case may be, provided that, if through the operation of this provision there would not be an Initial Averaging Date or Averaging Date, as the case may be, then Condition 5(j)(iii)(A) will apply *mutatis mutandis* for the purposes of determining the relevant Share Price or Closing Share Price, as the case may be, on the final Initial Averaging Date or final Averaging Date, as if such Initial Averaging Date or Averaging Date, as the case may be, was a Valuation Date that was not a Scheduled Trading Day and/or was a Disrupted Day;
- (ii) "**Postponement**", then Condition 5(j)(iii)(A) will apply *mutatis mutandis* for the purposes of determining the Share Price or Closing Share Price, as the case may be, on that Initial Averaging Date or Averaging Date, as

the case may be, as if such Initial Averaging Date or Averaging Date were a Valuation Date that was not a Scheduled Trading Day and/or was a Disrupted Day, irrespective of whether, pursuant to such determination, that deferred Initial Averaging Date or Averaging Date, as the case may be, would fall on a day that already is or is deemed to be an Initial Averaging Date or Averaging Date, as the case may be; or

- (iii) "**Modified Postponement**", then (a) where the Notes are specified in the applicable Final Terms to relate to a single Share, the Initial Averaging Date or Averaging Date, as the case may be, shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred as of the Valuation Time on the consecutive Scheduled Trading Days equal in number to the Maximum Disruption Extension Period immediately following the relevant Scheduled Initial Averaging Date or Scheduled Averaging Date that, but for the occurrence of another Initial Averaging Date or Averaging Date or non-Scheduled Trading Day or Disrupted Day, as the case may be, would have been the final Initial Averaging Date or final Averaging Date, as the case may be, then (A) that last consecutive Scheduled Trading Day shall be deemed the Initial Averaging Date or Averaging Date, as the case may be (irrespective of whether that last consecutive Scheduled Trading Day is already an Initial Averaging Date or Averaging Date, as the case may be) and (B) the Calculation Agent shall determine the Closing Share Price for that Initial Averaging Date or Averaging Date, as the case may be, in accordance with Condition 5(j)(iii)(A)(i)(y); and (b) where the Notes are specified in the applicable Final Terms to relate to a Share Basket, subject to Condition 5(j)(iii)(C), the Initial Averaging Date or Averaging Date, as the case may be, for each Share in respect of which the relevant Scheduled Initial Averaging Date or Scheduled Averaging Date, as the case may be, is a Scheduled Trading Day which is not affected by the occurrence of a Disrupted Day shall be the relevant Scheduled Initial Averaging Date or Scheduled Averaging Date, as the case may be, and the Initial Averaging Date or Averaging Date, as the case may be, for a Share in respect of which the Initial Averaging Date or Averaging Date, as the case may be, is not a Scheduled Trading Day and/or is affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date in relation to such Share (subject as provided in the last paragraph hereof). If the first succeeding Valid Date in relation to such Share has not occurred as of the Valuation Time on the consecutive Scheduled Trading Days equal in number to the Maximum Disruption Extension Period immediately following the relevant Scheduled Initial Averaging Date or Scheduled Averaging Date then (subject as provided in the last paragraph hereof), (A) that last consecutive Scheduled Trading Day shall be deemed the Initial Averaging Date or Averaging Date, as the case may be (irrespective of whether that last consecutive Scheduled Trading Day is already an Initial Averaging Date or Averaging Date, as the case may be) in respect of such Share, and (B) the Calculation Agent shall determine the Closing Share Price for that Initial Averaging Date or Averaging Date, as the case may be, in accordance with Condition 5(j)(iii)(A)(ii)(y). Notwithstanding the foregoing terms of this Condition 5(j)(iii)(B)(iii), if, following adjustment pursuant to the foregoing terms of this Condition 5(j)(iii)(B)(iii) in relation to a Share (for the purposes of this paragraph (iii), an "**Affected Share**"), the Initial Averaging Date or Averaging Date, as the case may be, for such Affected Share would otherwise fall after the applicable Correction Cut-off Date for such date in respect of such Affected Share, then (A) such Correction Cut-off Date shall be deemed to be the Initial Averaging Date or Averaging Date, as the case may be, for such Affected Share (irrespective of whether such last consecutive Scheduled Trading Day is already an Initial Averaging Date or Averaging Date, as the case may be) and (B) the Calculation

Agent shall determine the Closing Share Price for that Initial Averaging Date or Averaging Date, as the case may be, in accordance with Condition 5(j)(iii)(A)(i)(y) (as if references in that condition to "that last consecutive Scheduled Trading Day" were instead references to "such Correction Cut-off Date").

- (C) Notwithstanding Condition 5(j)(iii)(A)(ii) and Condition 5(j)(iii)(B)(iii) above, where the Notes are specified in the applicable Final Terms to relate to a Share Basket the Calculation Agent may determine that in relation to a Share comprised in the Share Basket not affected by a non-Scheduled Trading Day or the occurrence of a Disrupted Day that the Initial Valuation Date, Interest Valuation Date, Valuation Date, Initial Averaging Date or Averaging Date, as the case may be, will not be the specified Initial Valuation Date, the specified Interest Valuation Date, the specified Valuation Date, the specified Initial Averaging Date or the specified Averaging Date, respectively, as the case may be, but will be subject to such adjustment as the Calculation Agent may determine.

(iv) Potential Adjustment Events

Following the declaration by any Share Issuer of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Shares and, if so, will:

- (i) make the corresponding adjustment(s), if any, to any one or more of the Redemption Amount and/or the Reference Asset Amount and/or the Interest Amount(s) and/or any of the other relevant terms as the Calculation Agent determines appropriate to account for that diluting or concentrative effect (provided that no adjustments will be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relative to the relevant Share); and
- (ii) determine the effective date(s) of the adjustment(s). In such case, such adjustments shall be deemed to be so made from such date(s). The Calculation Agent may (but need not) determine the appropriate adjustment(s) by reference to the adjustment(s) in respect of such Potential Adjustment Event made by any Options Exchange.

Upon making any such adjustment, the Calculation Agent shall give notice as soon as practicable to the Noteholders in accordance with Condition 13, stating the adjustment to the Redemption Amount and/or the Reference Asset Amount and/or the Interest Amount(s) and/or any of the other relevant terms and giving brief details of the Potential Adjustment Event.

For the avoidance of doubt, in addition to or instead of varying any terms in accordance with the above provisions, the Calculation Agent may distribute to the holders of the outstanding relevant Notes additional Notes and/or a cash amount. Such distribution of additional Notes may be made on a "free" or "delivery versus payment" basis.

For the purposes of this Condition 5(j):

"Potential Adjustment Event" means with respect to any Share Issuer and/or Share, any of the following as determined by the Calculation Agent:

- (i) a subdivision, consolidation or reclassification of relevant Shares (unless resulting in a Merger Event) or a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue;
- (ii) a distribution, issue or dividend to existing holders of relevant Shares of (1) such Shares or (2) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Share Issuer equally or

proportionately with such payments to holders of such Shares or (3) share capital or other securities of another share issuer acquired or owned (directly or indirectly) by the Share Issuer as a result of a spin-off or other similar transaction, or (4) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;

- (iii) an amount per Share which the Calculation Agent determines should be characterised as an extraordinary dividend;
 - (iv) a call by the Share Issuer in respect of relevant Shares that are not fully paid;
 - (v) a repurchase by the Share Issuer or any of its subsidiaries of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
 - (vi) in respect of the Share Issuer, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of the Share Issuer pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or
 - (vii) any other event that may have, in the opinion of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the relevant Shares.
- (v) Merger Event, Tender Offer, Delisting, Nationalisation and Insolvency
- (A) Merger Events and Tender Offers
- (i) In this Condition 5(j)(v)(A), "**Affected Shares**" means Shares affected by a Merger Event or a Tender Offer, as the case may be.
 - (ii) Consequences of Merger Events

In respect of a Merger Event or Tender Offer, if the consequence specified in the applicable Final Terms is:

- (a) "**Modified Calculation Agent Adjustment**", then, on or after the relevant Merger Date or Tender Offer Date (or such other date as the Calculation Agent deems relevant), the Calculation Agent shall either (i)(A) make such adjustment to the redemption, settlement, payment or any other terms of the Notes (including Interest Amounts) as the Calculation Agent determines appropriate to account for the economic effect on the Notes of such Merger Event or Tender Offer, or other event, (including adjustments to account for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Shares or to the Notes), which may, but need not, be determined by reference to the adjustment(s) made in respect of such Merger Event or Tender Offer by an Options Exchange to options on the relevant Shares traded on such Options Exchange and (B) determine the effective date of that adjustment, or (ii) if the Calculation Agent determines that no adjustment that it could make under (i) will produce a commercially reasonable result, the Notes will be redeemed upon prior notice made to the Noteholders in accordance with the Conditions.
- (b) "**Cancellation and Payment**", then, or after the relevant Merger Date or Tender Offer Date (or such other date as the Calculation Agent deems relevant), the Issuer may, in its sole and absolute discretion, redeem the Notes and pay to the relevant Clearing System for credit to the relevant

Noteholders account, in respect of each Note, the Early Redemption Amount and will determine the effective date of such amendments.

- (c) **"Partial Cancellation and Payment"**, then, in respect of a Share Basket, that portion of the Share Basket represented by Affected Shares will be cancelled as of the Merger Date or Tender Offer Date (or such other date as the Calculation Agent deems relevant), the amount calculated by the Calculation Agent in accordance with the Conditions in respect of such Affected Shares will be paid by the Issuer to the Noteholders, the remainder of the Share Basket will continue with the Basket comprising Shares that are not Affected Shares, and the Calculation Agent will adjust any relevant terms of the Notes if necessary to preserve as nearly as practicable the economic terms of the Notes for the remaining Shares.

(B) Nationalisation, Insolvency and or Delisting

(i) Definitions

"Delisting" means, in respect of a Share, that the relevant Exchange announces that pursuant to the rules of such Exchange, the Share ceases (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or Tender Offer) and is not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in any member state of the European Union)

"Insolvency" means, in respect of a Share, that by reason of the voluntary or involuntary liquidation, winding-up, dissolution, bankruptcy or insolvency or any analogous proceeding affecting a Share Issuer (i) all the Shares of such Share Issuer are required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Shares of such Share Issuer become legally prohibited from transferring them

"Nationalisation" means, in respect of a Share, that all the Shares of a Share Issuer or all the assets or substantially all the assets of such Share Issuer are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

(ii) Consequences of Nationalisation, Insolvency or Delisting

In respect of a Nationalisation, Insolvency or Delisting, if the consequence specified is:

"Modified Calculation Agent Adjustment", it has the meaning set out in Condition 5(j)(v)(A)(ii)(a) above, save that (a) the reference therein to "relevant Merger Date or Tender Offer Date" shall be construed as a reference to the "Announcement Date", (b) each reference therein to "such Merger event or Tender Offer" shall be construed as a reference to "the Delisting, Insolvency or Nationalisation, as the case may be";

"Cancellation and Payment", it has the meaning set out in Condition 5(j)(v)(A)(ii)(b) above, save that the reference therein to "relevant Merger Date or Tender Offer Date" shall be construed as a reference to the "Announcement Date"; or

"Partial Cancellation and Payment", it has the meaning set out in Condition 5(j)(v)(A)(ii)(c) above, save that the reference therein to "relevant Merger Date or Tender Offer Date" shall be construed as a reference to the "Announcement Date".

(C) Notification of adjustments

The Calculation Agent shall notify as soon as practicable each of the Paying Agents and each Stock Exchange on which the Notes are listed of any adjustment made pursuant to this Condition 5(j) and the Issuer shall procure that such adjustments are made available to Noteholders at the specified offices of the Paying Agents and, if so required by the rules of the stock exchange(s) on which the Notes are listed or the relevant competent authority, that notice of such adjustments are notified to Noteholders as required by the relevant stock exchange or competent authority. Any adjustments shall be made by the Calculation Agent, acting in good faith and in a commercially reasonable manner.

(k) ***Credit Linked Notes***

(i) Cash Settled Credit Linked Notes

If Cash Settlement is specified in the applicable Final Terms, and if:

- (A) The Issuer is specified as Buyer, the Issuer shall, unless provided otherwise hereon, reduce the applicable Settlement Amount or Redemption Amount by an amount in aggregate equal to the sum of the Cash Settlement Amounts determined pursuant to this Condition 5(k); or
- (B) The Issuer is specified as Seller, the Issuer shall, unless provided otherwise hereon, increase the applicable Settlement Amount or Redemption Amount by an amount in aggregate equal to the sum of the Cash Settlement Amounts determined pursuant to this Condition 5(k).

(ii) Physically Settled Credit Linked Notes/Issuer as Buyer

- (A) If Physical Settlement is specified in the applicable Final Terms and the Issuer is the Buyer, the Issuer shall, unless provided otherwise hereon and subject to the provisions of (c) below, on or prior to a Physical Settlement Date, Deliver to the Holders in aggregate the Deliverable Obligations specified in the relevant Notice of Physical Settlement. For the purposes of the foregoing, Delivery by the Issuer shall be made in accordance with market practice applicable to the Deliverable Obligation on the Delivery Date.

In the case of Deliverable Obligations that are Borrowed Money, (i) the Issuer shall Deliver Deliverable Obligations with an outstanding principal balance (including accrued but unpaid interest (as determined by the Calculation Agent) if "Include Accrued Interest" is specified in the applicable Final Terms, but excluding accrued but unpaid interest if "Exclude Accrued Interest" is specified in the applicable Final Terms, and if neither "Include Accrued Interest" nor "Exclude Accrued Interest" is specified in the applicable Final Terms, excluding accrued but unpaid interest) and (ii) in the case of Deliverable Obligations that are not Borrowed Money, the Issuer shall Deliver Deliverable Obligations with a Due and Payable Amount (or, in the case of either (i) or (ii), the equivalent Currency Amount of any such amount), in the aggregate amount as of the relevant Delivery Dates equal to the Physical Settlement Amount.

If an obligation by its terms represents or contemplates an obligation to pay an amount greater than the outstanding principal balance of such obligation as of the Delivery Date as a result of the occurrence or non-occurrence of an event or circumstance, the outstanding principal balance of such obligation shall not include any additional amount that would be payable upon the occurrence or non-occurrence of such event or circumstance.

- (B) By no later than the day that is fifteen (15) Business Days following the delivery of a Credit Event Notice, each Holder shall have:
 - (a) Identified themselves to the Calculation Agent in accordance with the instructions of the Principal Paying Agent;

- (b) Provided the Calculation Agent with such evidence and confirmations, as requested by the Calculation Agent, demonstrating the Holder's entitlement to the relevant Notes (after which the sale of such Notes by such Holder shall be prohibited); and
- (c) Provided the Calculation Agent with details of any account capable of taking Delivery of any part of the Deliverable Obligations and all other consents and authorisations requested by the Calculation Agent to facilitate the Delivery of the Deliverable Obligations.

Following such identification and delivery of information, the Issuer or the Calculation Agent as agent of the Issuer and each Holder shall then execute, deliver, file and record any specific assignment, novation or other document and take any other action that may be necessary or customary to perfect the Delivery of the relevant portion of the Deliverable Obligations, as determined by the Issuer or Calculation Agent as agent of the Issuer in its sole and absolute discretion.

The Delivery of any of the Deliverable Obligations to a Holder will be subject to payment by the Holder, in accordance with the instructions of the Issuer or its agents, of all applicable transfer fees, costs, expenses, tax, stamp duties or other relevant tax incurred by the Issuer or its agents in respect of such Delivery.

- (C) If, due to an event beyond the control of the Issuer, it is impossible or illegal for the Issuer to Deliver, or due to an event beyond the control of a Holder it is impossible or illegal for a Holder to accept Delivery of, any of the Deliverable Obligations specified in the Notice of Physical Settlement on the Physical Settlement Date (including, without limitation, (i) failure of the relevant clearance system or due to any law, regulation or court order, but excluding market conditions or the failure to obtain any requisite consent with respect to the Delivery of Loans and/or (ii) the inability to *pro rata* divide any Deliverable Obligation amongst the Holders), then on or before such date (a) the Issuer shall Deliver and the Holder shall take Delivery of any of the Deliverable Obligations specified in the Notice of Physical Settlement for which it is possible and legal to take Delivery in accordance with market practice applicable to the Deliverable Obligation on the Delivery Date and (b) the Issuer or the Holder, as applicable, shall provide a description in reasonable detail of the facts giving rise to such impossibility or illegality and, as soon as practicable thereafter, the Issuer shall Deliver and the Holder shall take Delivery of the Deliverable Obligations specified in the Notice of Physical Settlement which were not Delivered in accordance with market practice applicable to the Deliverable Obligation on the Delivery Date. If, following the occurrence of any such impossibility or illegality, the amount of Deliverable Obligations that are to be Delivered as specified in the Notice of Physical Settlement are not Delivered to a Holder on or prior to the relevant Latest Permissible Physical Settlement Date, the Issuer shall pay to the relevant Holder an amount equal to the market value of the Holder's portion of the Deliverable Obligation, determined by the Issuer in a commercially reasonable manner as of the Latest Permissible Physical Settlement Date.
- (D) If:
 - (a) Partial Cash Settlement of Consent Required Loans Applicable is specified in the applicable Final Terms;
 - (b) the Deliverable Obligations specified in the Notice of Physical Settlement include Consent Required Loans that, due to the non-receipt of any requisite consents, are not, on the Physical Settlement Date, capable of being assigned or novated to the Holders or their designees

and such consents are not obtained or deemed given by the Latest Permissible Physical Settlement Date; and

- (c) (x) Direct Loan Participation is not specified as a Deliverable Obligation Characteristic hereon or (y) Direct Loan Participation is specified as a Deliverable Obligation Characteristic hereon and the relevant participation is not effected on or before the Latest Permissible Physical Settlement Date,

the Issuer shall pay to each Holder an amount equal to the market value of the Holder's portion of the Consent Required Loan for which consents are not obtained or deemed given, determined by the Issuer in a commercially reasonable manner as of the relevant Latest Permissible Physical Settlement Date.

(E) If:

- (a) Partial Cash Settlement of Assignable Loans Applicable is specified in the applicable Final Terms;
- (b) the Deliverable Obligations specified in the Notice of Physical Settlement include Assignable Loans that, due to the non-receipt of any requisite consents, are not, on the Physical Settlement Date, capable of being assigned or novated to the Holders or their designees and such consents are not obtained or deemed given by the Latest Permissible Physical Settlement Date; and
- (c) (x) Direct Loan Participation is not specified as a Deliverable Obligation Characteristic hereon or (y) Direct Loan Participation is specified as a Deliverable Obligation Characteristic hereon and the relevant participation is not effected on or before the Latest Permissible Physical Settlement Date,

the Issuer shall pay to each Holder an amount equal to the market value of the Holder's portion of the Assignable Loan for which consents are not obtained or deemed given, determined by the Issuer in a commercially reasonable manner as of the relevant Latest Permissible Physical Settlement Date.

(F) If:

- (a) Partial Cash Settlement of Participations Applicable is specified in the applicable Final Terms; and
- (b) the Deliverable Obligations include Direct Loan Participations and the relevant participation is not effected on or before the Latest Permissible Physical Settlement Date, the Issuer shall pay to each Holder an amount equal to the market value of the Holder's portion of the Direct Loan Participation in respect of which the relevant participation is not effected, determined by the Issuer in a commercially reasonable manner as of the relevant Latest Permissible Physical Settlement Date.

If the Issuer has not Delivered any Deliverable Obligations specified in the Notice of Physical Settlement that are Loans on or prior to the date that is five Business Days after the Physical Settlement Date (the "**Alternative Procedure Start Date**"), the following provisions shall apply unless (i) Reference Obligations Only has been specified as the Deliverable Obligation Category hereon, (ii) in the case of a Consent Required Loan, "Partial Cash Settlement of Consent Required Loans Applicable" is specified in the applicable Final Terms (in which case (D) above shall apply), (iii) in the case of an Assignable Loan, "Partial Cash Settlement of Assignable Loans Applicable" is specified in the applicable Final Terms (in which case (E) above shall apply), (iv) in the case of a Direct Loan Participation, "Partial Cash Settlement of

Participations Applicable" is specified in the applicable Final Terms (in which case (F) above shall apply) or (v) in any case, such failure to Deliver is due to an event described in (C) above (in which case (C) above shall apply). In the event that the Issuer has failed to obtain the requisite consents to Deliver a Loan specified in the Notice of Physical Settlement and has provided a certificate signed by a Managing Director (or other substantively equivalent title) of the Issuer, which shall certify that the Issuer has used reasonable efforts to obtain such consents, at any time following the Alternative Procedure Start Date, the Issuer may Deliver, in lieu of all or part of such Loan, any, subject to Sections 2 and 8, Bond that is Transferable and Not Bearer or Loan that is Assignable, in either case selected by the Issuer and having on both the Physical Settlement Date and the Delivery Date each of the Deliverable Obligation Characteristics (other than Consent Required Loan or Direct Loan Participation), if any, specified in the applicable Final Terms and otherwise satisfying the requirements to constitute a Deliverable Obligation (and such instrument shall be deemed specified in the Notice of Physical Settlement).

(iii) Physically Settled Credit Linked Notes/Issuer as Seller

If Physical Settlement is specified in the applicable Final Terms and the Issuer is the Seller, each Holder shall, unless provided otherwise hereon, on or prior to a Physical Settlement Date, Deliver to the Issuer those obligations determined as provided hereon.

(iv) Notifications

All notices delivered to Holders pursuant to the provisions of this Condition 5(k) shall comply with the provisions of Condition 13. In addition, if the Notes are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system (including the Official List of the Regulated Market of the Luxembourg Stock Exchange), and:

- (A) a Succession Event occurs;
- (B) a Substitute Reference Obligation occurs;
- (C) a Credit Event Notice is given;
- (D) a Notice of Physical Settlement is given;
- (E) a Credit Event Notice After Restructuring is given; or
- (F) a Repudiation/Moratorium Extension Notice is given,

(each in accordance with the provisions of the Credit Definitions Annex to the Conditions), then the Issuer shall notify the relevant listing authority, stock exchange and/or quotation system (including, so long as Notes are listed thereon, the Official List of the Regulated Market of the Luxembourg Stock Exchange) of such event and, in relation to the events set out in (iii) to (vi) above, shall supply the relevant listing authority, stock exchange and/or quotation system with a copy of the Credit Event Notice, Notice of Physical Settlement, Credit Event Notice after Restructuring or Repudiation/Moratorium Extension Notice (as applicable).

(v) Credit Linked Notes Definitions

The definitions and other provisions of the Credit Definitions Annex to these Conditions are incorporated into and shall form part of this Condition 5(k).

In addition, the following definitions are incorporated into and shall form part of this Condition 5(k):

"Latest Permissible Physical Settlement Date" means, in respect of Condition 5(k)(b)(iii), the date that is thirty calendar days after the Physical Settlement Date and,

in respect of Condition 5(k)(b)(iv), (v) and (vi), the date that is fifteen Business Days after the Physical Settlement Date.

"Reference Entity Notional Amount" means, in respect of a Reference Entity, the amount specified as such hereon or otherwise determined pursuant to Condition 5(k).

(vi) **Conflict with other Conditions**

Unless specified otherwise hereon, if any provision of this Condition 5(k) is inconsistent with any other Condition, the provisions of such other Condition shall prevail.

(l) ***Purchases***

The Issuer, the Guarantor and any of their subsidiaries or affiliates may at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.

(m) ***Cancellation***

All Notes purchased by or on behalf of the Issuer, the Guarantor or any of their subsidiaries or affiliates may either be held or resold or be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Fiscal Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may be reissued or resold but if cancelled, the obligations of the Issuer and the Guarantor in respect of any such Notes shall be discharged.

The Notes may not be legally or beneficially owned by U.S. Persons at any time nor offered, sold, pledged, assigned, delivered or otherwise transferred at any time, directly or indirectly, in the United States of America or to any U.S. Person. In addition, each Note that is an Indian Participation Note may not be legally or beneficially owned by a person that is an Indian Resident at any time. The Issuer has the right, at its option, under the Agency Agreement and these Conditions, to compel any beneficial owner of the Notes that is a U.S. Person to void the transfer of the Notes to such beneficial owner or to redeem any Notes held by such beneficial owner, and to compel any beneficial owner of Indian Participation Notes that is an Indian Resident to void the transfer of the Indian Participation Notes to such Indian Resident or to redeem any Indian Participation Notes held by such Indian Resident. Transfers may be voided by the Issuer by compelling a sale by such beneficial owner or by the Issuer selling such Notes on behalf of such beneficial owner to another purchaser acceptable to the Issuer.

(n) ***Additional Termination Events***

(i) **"Additional Termination Events"** means any one or more of the following, as specified in the applicable Final Terms:

"Change in Law" means that, on or after the date specified in the applicable Final Terms (or if no such date is specified, the Issue Date) (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines in good faith that (X) it has become illegal to hold, acquire or dispose of the Shares, or (Y) the Hedging Entity (as defined in Condition 6(i)) will incur a materially increased cost in performing its obligations under the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position), or (Z) the performance of the Guarantor under the Guarantee has become unlawful;

"Failure to Deliver" means, in respect of a Share, the failure of the Issuer to deliver, when due, the relevant Shares, where such failure to deliver is due to illiquidity in the market for such Shares;

"Insolvency Filing" means, in respect of a Share, that the Share Issuer institutes or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organization or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition, provided that proceedings instituted or petitions presented by creditors and not consented to by the Share Issuer shall not be deemed an Insolvency Filing;

"Hedging Disruption" means that the Hedging Entity (as defined in Condition 6(i)) is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) the Issuer deems necessary to hedge the equity price risk of entering into and performing its obligations with respect to the relevant Notes, or (B) realize, recover or remit the proceeds of any such transaction(s) or asset(s);

"Increased Cost of Hedging" means that the Hedging Entity (as defined in Condition 6(i)) would incur a materially increased (as compared with circumstances existing on the date specified in the applicable Final Terms (or if no date is so specified, the Issue Date)) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) the Issuer deems necessary to hedge the equity price risk of entering into and performing its obligations with respect to the relevant Notes, or (B) realize, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer (or the Guarantor, if applicable) shall not be deemed to be an Increased Cost of Hedging;

"Loss of Stock Borrow" means that the Hedging Entity (as defined in Condition 6(i)) is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) Shares in an amount equal to the Hedging Shares (not to exceed the number of Shares underlying the Notes) at a rate equal to or less than the Maximum Stock Loan Rate, where **"Hedging Shares"** means the number of Shares that the Calculation Agent deems necessary to hedge the equity price risk of entering into and performing its obligations with respect to the Notes and **"Maximum Stock Loan Rate"** means the stock loan rate specified as such hereon or notified to the Noteholders in accordance with the Conditions;

"Increased Cost of Stock Borrow" means that the Hedging Entity (as defined in Condition 6(i)) would incur a rate to borrow the Shares that is greater than the Initial Stock Loan Rate, where **"Initial Stock Loan Rate"** means the stock loan rate specified as such hereon or notified to the Noteholders in accordance with the Conditions.

(ii) Consequences of Additional Termination Events

Upon the occurrence of an Additional Termination Event, unless otherwise specified in the applicable Final Terms, the relevant Issuer may redeem the Notes early.

In the event of an early redemption of the Notes following an Additional Termination Event, the Issuer or the Guarantor, as the case may be, will cause to be paid to each Noteholder in respect of each such Note held by it an amount determined by the Issuer in good faith and in a commercially reasonable manner as representing the fair market value of such Note immediately prior to such termination (ignoring, in the case of a Termination Event, such illegality or impracticality) less the cost to the Issuer of unwinding any underlying related hedging arrangements plus all other expenses related

thereto as determined by the Issuer in good faith and in a commercially reasonable manner or an amount otherwise determined by the Issuer in good faith and in a commercially reasonable manner as specified in the relevant Conditions. Payment will be made to the relevant Clearing System(s) in such manner and shall be notified to the Noteholders in accordance with the procedure set out in Condition 13.

6. **Payments, Talons, Payment Disruption and Physical Delivery**

Condition 6 is amended in relation to the issue of Norwegian Notes, Swedish Notes and Finnish Notes. The applicable amendments are set out in the Annex (Part 2 for Norwegian Notes, Part 4 for Swedish Notes and Part 5 for Finnish Notes).

(a) **Bearer Notes**

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 6(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 6(f)(vi)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank. "**Bank**" means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System provided however, that payment will not be made by mail to an address in the United States or by transfer to an account maintained in the United States.

(b) **Registered Notes**

(i) Payments of principal (which for the purposes of this Condition 6(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.

(ii) Interest (which for the purpose of this Condition 6(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Registered Note shall be made in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first-named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank.

(c) **Payments in the United States**

Except as described below, no payment of principal, premium (if any) or interest on any Bearer Note may be made at any office of the Fiscal Agent or any other Paying Agent maintained by the Issuer or the Guarantor in the United States, nor may payment be made to any address in the United States or by transfer to an account maintained in the United States. Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid 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, without involving, in

the opinion of the Issuer, any adverse tax consequence to the Issuer and, for Notes issued by JPMCB, the Guarantor.

(d) ***Payments Subject to Laws***

All payments are subject in all cases to any applicable laws, regulations and directives in the place of payment, 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.

(e) ***Appointment of Agents***

The Fiscal Agent, the Paying Agents, the Registrar, the Transfer Agent, the Calculation Agent and the Delivery Agent initially appointed by the Issuer and the Guarantor and their respective specified offices are listed below. The Fiscal Agent, the Paying Agents, the Registrar, Transfer Agent, the Calculation Agent(s) and the Delivery Agent act solely as agents of the Issuer and the Guarantor and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer and the Guarantor, subject to obtaining the prior consent of the Jersey Financial Services Commission, reserve the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Registrar, any Transfer Agent, the Listing Agent, the Calculation Agent(s) or the Delivery Agent and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) and Delivery Agent(s) where these Conditions so require, (v) Paying Agents having specified offices in at least two major European cities (including Luxembourg) so long as the Notes are admitted to the Official List and traded on the Regulated Market of the Luxembourg Stock Exchange, (vi) such other agents as may be required by any other stock exchange on which the Notes may be listed and (vii) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive.

In addition, the Issuer and, for Notes issued by JPMIDL, the Guarantor shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

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

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

- (i) Unless the Notes provide that the relative Coupons are to become void upon the due date for redemption of those Notes, Bearer Notes should be surrendered for payment together with all unmaturing Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmaturing Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmaturing Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall 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) If the Notes so provide, upon the due date for redemption of any Bearer Note, unmaturing Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any 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) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- (v) Where any Bearer Note that 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 Bearer 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.
- (vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) ***Talons***

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

(h) ***Non-Business Days***

If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "**business day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as "Additional Financial Centres" hereon and:

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

(i) ***Payment Disruption Events and Payment Event Cut-off Date***

- (i) If the Calculation Agent shall, at any time and from time to time, determine that an event beyond the control of the Hedging Entity (a "**Payment Disruption Event**") has occurred or will occur as a result of which the Hedging Entity is not able or would not be able to receive the proceeds from the sale or other disposal of all or any part of the Reference Assets or other financial products held by the Hedging Entity to hedge the Issuer's obligations in respect of the Notes prior to or on any date on which payments in respect of such Notes shall fall due, then the Calculation Agent shall as soon as practicable notify the holders of the relevant Notes of the occurrence of a Payment Disruption Event in accordance with Condition 13 whereupon the provisions of Condition 6(i)(ii) below shall become applicable.

In addition and without prejudice to the generality of the foregoing, each of the following events shall constitute a Payment Disruption Event:

- (i) the delivery of the Further Shares, arising on the occurrence of a Potential Adjustment Event pursuant to Condition 5(j) is pending;

- (ii) the occurrence of an FX Disruption Event;
- (iii) the occurrence of a Bad Settlement Event or an Objection to Registration Event;
- (iv) the application is pending with the Issuer of the Reference Assets for the registration of the transfers of the Reference Assets to or from the Hedging Entity;
- (v) an application is pending for the dematerialisation of the Reference Assets; and
- (vi) any law or regulation is imposed which affects the Hedging Entity's status as a holder of the Reference Assets.

For the purposes of this Condition 6(i):

"Bad Settlement Event" means an event where the Hedging Entity is not able or would not be able to transfer or procure transfer of any of the Reference Assets (i) acquired by it from any transferor or (ii) held by it to any transferees, in any case, due to torn, damaged, or forged certificates or any other limitations whatsoever on or in respect of the transfer or registration of Reference Assets

"FX Disruption Event" means

- (A) an event in relation to a Relevant Reference Asset Jurisdiction which has the effect of preventing, restricting or delaying the Calculation Agent or Hedging Entity from:
 - (i) converting the Relevant Currency into the Specified Currency through customary legal channels; or
 - (ii) converting the Relevant Currency into the Specified Currency at a rate at least as favourable as the rate for domestic institutions located in the Relevant Reference Asset Jurisdiction; or
 - (iii) delivering the Specified Currency from accounts inside the Relevant Reference Asset Jurisdiction to accounts outside the Relevant Reference Asset Jurisdiction; or
 - (iv) delivering the Relevant Currency between accounts inside the Relevant Reference Asset Jurisdiction or to a party that is a non-resident of the Relevant Reference Asset Jurisdiction; or
- (B) the imposition by the Relevant Reference Asset Jurisdiction (or any political or regulatory authority thereof) of any capital controls, or the publication of any notice of an intention to do so, which the Calculation Agent determines in good faith is likely materially to affect the Notes, and notice thereof is given by the Issuer to the Noteholders in accordance with Condition 13; or
- (C) the implementation by the Relevant Reference Asset Jurisdiction (or any political or regulatory authority thereof) or the publication of any notice of an intention to implement any changes to the laws or regulations relating to foreign investment in the Relevant Reference Asset Jurisdiction (including, but not limited to, changes in tax laws and/or laws relating to capital markets and corporate ownership), which the Calculation Agent determines are likely to materially affect the Issuer's ability to hedge its obligations under the Notes

"Hedging Entity" means the Issuer or any affiliate(s) of the Issuer or any entity (or entities) acting on behalf of the Issuer engaged in any underlying or hedging transactions relating to the Reference Assets in respect of the Issuer's obligations under the Notes

"Objection to Registration Event" means an event where the Hedging Entity is not able or would not be able to effect the registration of the transfer of any of the Reference Assets (i) acquired by it from any transferor or (ii) held by it to any transferees, in any case, due to a refusal or objection by the issuer of the Reference Assets to register any such transfer for any reasons whatsoever

"Payment Event Cut-Off Date" means a date which is one year after the Maturity Date or any other date on which any amount under the Notes shall be due and payable (as the case may be), or as determined by the Calculation Agent acting in good faith and as specified herein

"Relevant Currency" means the currency in which the Reference Assets are denominated as specified in the applicable Final Terms, or such other currency or currencies as may be determined by the Calculation Agent

"Relevant Reference Asset Jurisdiction" means the jurisdiction(s) specified in the applicable Final Terms.

- (ii) Upon the occurrence of a Payment Disruption Event:
 - (A) the Maturity Date or any other date on which principal or any other amount including interest in relation to any of the Notes shall be due and payable (as the case may be) in respect of the relevant Notes shall, subject to Condition 6(ii), be extended to a date falling 14 calendar days (or such other date as may be determined by the Calculation Agent and notified to the Noteholder in accordance with Condition 13) after the date on which the Payment Disruption Event is no longer operating, if relevant, and on which the Hedging Entity is able to, or would be able to, sell or otherwise realise all of the Reference Assets held by the Hedging Entity to hedge the Issuer's obligations in respect of the relevant Notes and notice thereof shall be given to the relevant Noteholders in accordance with Condition 13; and
 - (B) the Issuer's obligation to pay the Final Redemption Amount, the Redemption Amount, the Early Redemption Amount, the Optional Redemption Amount or any such other amounts including interest in relation to any of the Notes as may be due and payable (as the case may be) in respect of the relevant Notes, subject to Condition 6(iii), shall be postponed until 14 calendar days (or such other date as may be determined by the Calculation Agent and notified to the Noteholders in accordance with Condition 13) after the date on which the Payment Disruption Event is no longer operating, if relevant, and on the date on which the Hedging Entity is able to, or would be able to, sell or otherwise realise all of the Reference Assets held by the Hedging Entity to hedge the Issuer's obligation in respect of the relevant Notes. Notwithstanding the foregoing, in the event that the Hedging Entity is able to sell or otherwise realise a part but not all of the Reference Assets held by the Hedging Entity to hedge the Issuer's obligation in respect of the relevant Notes, the Issuer may, in its sole and absolute discretion, satisfy in part its obligation to pay the amounts as may be due and payable under the relevant Notes by making a partial payment(s) based upon the relevant amount of the Reference Assets that the Hedging Entity has been able to sell or otherwise realise (the "**Partial Proceeds**") in respect of the relevant Notes (the "**Partial Payments**"). Any Partial Payments paid by the Issuer to the Noteholders will be calculated by the Calculation Agent and shall be paid to the Noteholders *pro rata* to the proportion of the aggregate outstanding principal amount of the Notes held by the relevant Noteholder. In the event that any Partial Payment is made by the Issuer, the Calculation Agent may make any such corresponding adjustment to any variable relevant to the settlement, redemption or payment terms of the relevant Notes as it deems necessary and shall notify the relevant Noteholders thereof in accordance with Condition 13.
 - (C) For the avoidance of doubt and notwithstanding any provisions to the contrary,
 - (i) any such payments made in accordance with this Condition shall be made

after deduction of any costs, expenses or liabilities incurred or to be incurred by the Calculation Agent or Issuer in connection with or arising from the resolution of the relevant Payment Disruption Event(s) (including, without limitation, any additional custodial fees); (ii) no accrued interest shall be paid by the Issuer in respect of any delay which may occur in the payment of any amounts due and payable under the Notes as a result of the operation of this Condition 6(i); and (iii) any failure by the Issuer to pay any amounts due and payable under the Notes as a result of the operation of this Condition 6(i) shall not constitute an Event of Default (as such term is defined in Condition 9) under Conditions 9(i) and (ii).

(iii) In the event that a Payment Disruption Event is still occurring and there remains Reference Assets held by the Hedging Entity to hedge the Issuer's obligations in respect of the Notes which have not been sold or otherwise realised before the Payment Event Cut-off Date, the Maturity Date or any other date on which principal or any other amount including interest in relation to any of the Notes shall be due and payable (as the case may be) for the relevant Notes shall fall on the Payment Event Cut-off Date and the settlement price of the remaining Reference Assets held by the Hedging Entity which are still subject to the Payment Disruption Event or have not been sold or realised by the Hedging Entity shall be deemed to be zero. Thereafter, the Issuer shall have no obligations whatsoever under the Notes

(j) ***Physical Delivery***

If any payment in respect of any Note is to be made by delivery of the Reference Asset Amount, in order to obtain delivery of the Reference Asset Amount(s) in respect of such Note, if such Note is in definitive form, the relevant Noteholder must deliver to any Paying Agent, with a copy to each of the Issuer, the Fiscal Agent and the Delivery Agent, not later than the close of business in each place of receipt on the relevant Physical Delivery Cut-Off Date, a duly completed a duly completed Reference Asset Transfer Notice substantially in the form set out in the Agency Agreement (the "**Reference Asset Transfer Notice**").

Forms of the Reference Asset Transfer Notice, the form of which is set out in the Agency Agreement, may be obtained during normal business hours from the specified office of any Paying Agent.

A Reference Asset Transfer Notice may only be delivered in writing or by tested telex.

The delivery of the Reference Asset Amount(s) shall be made in the manner specified in the applicable Final Terms or in such other commercially reasonable manner as the Issuer shall determine to be appropriate for such delivery and shall notify to the Noteholders in accordance with Condition 13.

All expenses including any applicable depositary charges, transaction or exercise charges, stamp duty, stamp duty reserve tax and/or other taxes or duties (together "**Delivery Expenses**") arising from the delivery and/or transfer of any Reference Asset Amount(s) shall be for the account of the relevant Noteholder or Couponholder, as the case may be, and no delivery and/or transfer of any Reference Asset Amount(s) shall be made until all Delivery Expenses have been paid to the satisfaction of the Issuer by the relevant Noteholder or Couponholder, as the case may be.

A Reference Asset Transfer Notice must:

- (1) specify the name and address of the relevant Noteholder or Couponholder, as the case may be, any account details required for delivery as set out hereon and the person from whom the Issuer may obtain details for the delivery of the Reference Asset Amount if such delivery is to be made otherwise than in the manner specified in the applicable Final Terms;
- (2) contain certification, *inter alia*, that the beneficial holder is not a U.S. Person and that delivery of the Reference Asset Amount(s) will not be made in the United States;

- (3) in the case of the Notes represented by a Global Note or Global Certificate, specify the nominal amount of Notes which are the subject of such notice and the number of the Noteholder's account at Euroclear, Clearstream, Luxembourg or the Alternative Clearing System (if applicable), as the case may be, to be debited with such Notes and irrevocably instruct and authorise Euroclear, Clearstream, Luxembourg or the Alternative Clearing System (if applicable), as the case may be, to debit the relevant Noteholder's account with such Notes on the relevant Interest Payment Date(s) or the Maturity Date;
- (4) include an undertaking to pay all Delivery Expenses and, in the case of the Notes represented by a Global Note or Global Certificate, an authority to debit a specified account of the Noteholder at Euroclear, Clearstream, Luxembourg or the Alternative Clearing System (if applicable), as the case may be, in respect thereof and to pay such Delivery Expenses; and
- (5) authorise the production of such notice in any applicable administrative or legal proceedings.

No Reference Asset Transfer Notice may be withdrawn after receipt thereof by Euroclear, Clearstream, Luxembourg or the Alternative Clearing System (if applicable) or a Paying Agent, as the case may be, as provided above. After delivery of a Reference Asset Transfer Notice, the relevant Noteholder or Couponholder, as the case may be, may not transfer the Notes or Coupons, as the case may be, which are the subject of such notice.

In the case of Notes represented by a Global Note or Global Certificate, upon receipt of such notice, Euroclear, Clearstream, Luxembourg or the Alternative Clearing System (if applicable), as the case may be, shall verify that the person specified therein as the Noteholder or the Couponholder, as the case may be, is the holder of the specified nominal amount of Notes or the Coupons attached to such Notes according to its books.

Failure properly to complete and deliver a Reference Asset Transfer Notice may result in such notice being treated as null and void. Any determination as to whether such notice has been properly completed and delivered as provided in these Conditions shall be made, in the case of Notes represented by a Global Note or Global Certificate, by Euroclear, Clearstream, Luxembourg or the Alternative Clearing System (if applicable), as the case may be, after consultation with the Issuer, and shall be conclusive and binding on the Issuer and the relevant Noteholder and, in the case of Notes in definitive form, by the relevant Paying Agent after consultation with the Issuer, and shall be conclusive and binding on the Issuer and the relevant Noteholder.

If no certification of non-U.S. Person beneficial ownership (in the form set out in the Reference Asset Transfer Notice) is provided by the relevant Physical Delivery Cut-Off Date, the Issuer may, instead of delivering, or having delivered on its behalf, the Reference Asset Amount, satisfy its obligations in respect of the relevant Note by payment to the relevant Noteholder of a cash amount, calculated by the Calculation Agent in good faith and in a commercially reasonable manner to represent the fair market value of the Reference Assets comprising such Reference Asset Amount on such day as shall be selected by the Issuer in good faith and in a commercially reasonable manner adjusted to take account fully for any losses, expenses and costs to the Issuer and/or any affiliate of the Issuer of unwinding or adjusting any underlying or related hedging arrangements (including but not limited to any options or selling or otherwise realising any relevant Share or other instruments of any type whatsoever which the Issuer and/or any of its affiliates may hold as part of such hedging arrangements).

If any Noteholder or Couponholder fails properly to complete and deliver a Reference Asset Transfer Notice which results in such transfer being treated as null and void, the Issuer may determine, in its sole and absolute discretion whether to waive the requirement to deliver a properly completed Reference Asset Transfer Notice prior to the relevant cut-off date for physical delivery (the "**Physical Delivery Cut-Off Date**") in order for such Noteholder or Couponholder to receive the Redemption Amount and/or Interest Amount(s), as the case may be, by obtaining delivery of the Reference Asset Amount in respect of such Notes or Coupons

and shall give notice of such waiver to Euroclear, Clearstream, Luxembourg or the Alternative Clearing System (if applicable), as the case may be, and to each of the Paying Agents, the Calculation Agent and the Delivery Agent.

Subject as provided in this Condition, in relation to each Note or Coupon which is to be redeemed or satisfied by delivery of a Reference Asset Amount, the Reference Asset Amount will be delivered at the risk of the relevant Noteholder or Couponholder, as the case may be, in the manner provided above on the relevant Interest Payment Date and/or the Redemption Date, as the case may be (each such date, subject to adjustment in accordance with this Condition, a "**Delivery Date**"), provided that the Reference Asset Transfer Notice is duly delivered to Euroclear, Clearstream, Luxembourg or a Paying Agent, as the case may be, with a copy to the Issuer and the Calculation Agent and Delivery Agent, as provided above, not later than the close of business in each place of receipt on the relevant Physical Delivery Cut-Off Date.

If a Reference Asset Transfer Notice is delivered to Euroclear, Clearstream, Luxembourg or the Alternative Clearing System (if applicable) or a Paying Agent, as the case may be, with a copy to each of the Fiscal Agent and the Delivery Agent, no later than the close of business in each place of receipt on the relevant Physical Delivery Cut-Off Date, then the Reference Asset Amount may, at the option of the Issuer, be delivered as soon as practicable after the relevant Interest Payment Date and/ or the Maturity Date, as the case may be (in which case, such date of delivery shall be the relevant Delivery Date), at the risk of such Noteholder in the manner provided above. For the avoidance of doubt, in such circumstances such Noteholder shall not be entitled to any payment, whether of interest or otherwise, in the event of such relevant Delivery Date falling after the originally designated relevant Delivery Date and no liability in respect thereof shall attach to the Issuer or to the Delivery Agent.

If a Settlement Disruption Event does prevent delivery on that date, then the Delivery Date will be the first succeeding date on which delivery of the Reference Asset Amount can take place through the relevant Clearing System unless a Settlement Disruption Event prevents settlement on each of the eight relevant Clearing System Business Days immediately following the original date that, but for the Settlement Disruption Event, would have been the Delivery Date. In that case, (x) if such Reference Asset Amount can be delivered in any other commercially reasonable manner, then the Delivery Date will be the first date on which settlement of a sale of the Reference Assets comprising the Reference Asset Amount executed on that eighth relevant Clearing System Business Day customarily would take place using such other commercially reasonable manner of delivery (which other manner of delivery will be deemed the relevant Clearing System for the purposes of delivery of the relevant Reference Asset Amount), and (y) if such Reference Asset Amount cannot be delivered in any other commercially reasonable manner, then the Delivery Date will be postponed until delivery can be effected through the relevant Clearing System or in any other commercially reasonable manner. In the case of a Share Basket, if as a result of a Settlement Disruption Event some but not all of the Shares comprised in a Basket are affected, the Delivery Date for Shares not affected by the Settlement Disruption Event will be the original Delivery Date and the Delivery Date for the Shares that are affected by the Settlement Disruption Event shall be determined as provided above. In the event that a Settlement Disruption Event will result in the delivery on a Delivery Date of some but not all of the Shares comprised in a Basket, the Calculation Agent shall determine the appropriate *pro rata* portion of the amount payable to be paid to each Noteholder or Couponholder in respect of that partial settlement.

Such Noteholder or Couponholder shall not be entitled to any payment, whether of interest or otherwise, on such Note in the event of any delay in the delivery of the Reference Asset Amount pursuant to this paragraph and no liability in respect thereof shall attach to the Issuer or the Delivery Agent.

For so long as delivery of the Reference Asset Amount in respect of any Note or Coupon is not practicable by reason of a Settlement Disruption Event, then notwithstanding that Physical Delivery is specified in the applicable Final Terms, or any other provision hereof, the Issuer may elect in its sole and absolute discretion to satisfy its obligations in respect of the relevant Note or Coupon by payment to the relevant Noteholder or Couponholder, as the case may be, of the relevant Disruption Cash Settlement Price not later than on the third Business Day

following the date that the notice of such election (the "**Election Notice**") is given to the Noteholders or Couponholders, as the case may be, in accordance with Condition 13. Payment of the relevant Disruption Cash Settlement Price will be made in such manner as shall be notified to the Noteholders or Couponholders, as the case may be, in accordance with Condition 13.

For the avoidance of doubt, if during the period of time after the Interest Payment Date or the Redemption Date, as the case may be, the Issuer or any subsidiary or affiliate of the Issuer or any other entity acting on behalf of the Issuer shall be the legal owner of any securities that may comprise a part of any Reference Assets (the "**Intervening Period**"), whether owned in connection with such entity's hedge of its obligations, directly or indirectly, under the Notes or otherwise held in its normal course of business, neither the Issuer nor any of its subsidiaries or affiliates or such other entities shall be under any obligation or liability to any Noteholder or Couponholder in respect of such Reference Assets, including (i) any obligation to deliver or procure delivery to the relevant Noteholder or Couponholder, as the case may be, or any subsequent beneficial owner of such Note or Coupon, any letter, certificate, notice, circular or any other document or payment (including any interest, dividend or any other distribution) in respect of any Reference Asset(s) whatsoever received by the Issuer or any of its subsidiaries or affiliates or any such other entities in its capacity as the holder of such Reference Asset(s), (ii) any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to such Reference Asset(s) during the Intervening Period or (iii) any liability to the relevant Noteholder or Couponholder, as the case may be, or any subsequent beneficial owner of such Note or Coupon in respect of any loss or damage which the relevant Noteholder or Couponholder, as the case may be, or subsequent beneficial owner may sustain or suffer as a result, whether directly or indirectly, of that person being the legal owner of such Notes or Coupons during such Intervening Period. In furtherance of the foregoing, each Noteholder or Couponholder of a Note or Coupon linked to Reference Assets shall be deemed to have represented to the Issuer that it does not have, arising from its beneficial ownership of a Note or Coupon, a lien or any other type of security interest in or any other claim or entitlement to any such Reference Asset held by the Issuer or any such subsidiary, affiliate or other entity.

Where the Reference Asset Amount comprises, in the sole and absolute determination of the Issuer, fractions of Reference Assets, the Noteholders or Couponholders, as the case may be, will receive a Reference Asset Amount comprising of the nearest number (rounded down) of Reference Assets capable of being delivered by the Issuer (taking into account that a Noteholder's entire holding may be aggregated at the Issuer's discretion for the purpose of delivering the Reference Asset Amounts), and no such additional cash amounts shall be made in the value of the amount of the relevant Reference Asset so rounded down.

For the purposes of this Condition 6(j):

"**Alternative Clearing System**" means any alternative clearing system specified herein in addition to, or in place of Euroclear and/or Clearstream, Luxembourg

"**Clearing System**" means as specified in the applicable Final Terms or any successor to such Clearing System as determined by the Calculation Agent or, if none is specified, the Clearing System will be the principal domestic clearing system customarily used for settling trades in the relevant Share on the Redemption Date. If the Clearing System ceases to settle trades in such Shares the Calculation Agent may, in its sole and absolute discretion, specify another manner of delivery

"**Clearing System Business Day**" means in respect of a Clearing System, any day on which such Clearing System is (or but for the occurrence of a Settlement Disruption Event, would have been) open for the acceptance and execution of settlement instructions

"**Delivery Agent**" means J.P. Morgan Securities Ltd. or any successor thereof (or such other Delivery Agent as may be appointed from time to time either generally or in relation to a specific issue or Series of Notes and as specified in the applicable Final Terms)

"**Disruption Cash Settlement Price**" means an amount equal to the fair market value of the relevant Note or Coupon (but not taking into account any interest accrued on such Note as

such interest shall be paid pursuant to Conditions 4 and 6) on such day as shall be selected by the Calculation Agent in its discretion adjusted to take account fully for any losses, expenses and costs to the Issuer and/or any affiliate of the Issuer of unwinding or adjusting any underlying or related hedging arrangements (including but not limited to any options or selling or otherwise realising any relevant Share or other instruments of any type whatsoever which the Issuer and/or any of its affiliates may hold as part of such hedging arrangements), all as calculated by the Calculation Agent in good faith and in a commercially reasonable manner

"Physical Delivery Cut-Off Date" means, in relation to an Interest Payment Date or the Maturity Date, the relevant date specified in the applicable Final Terms (or if that day is not a Clearing System Business Day, the next following such Clearing System Business Day)

"Settlement Disruption Event" means an event beyond the control of the Issuer or other Hedging Entity (including illiquidity in the market for the relevant Reference Assets or any legal prohibition, or material restriction imposed by any law, order or regulation on the ability of the Issuer or any Hedging Entity, to deliver the Reference Asset) as a result of which, in the opinion of the Calculation Agent, delivery of the Reference Asset Amount by or on behalf of the Issuer, in accordance with these Conditions and/or the applicable Final Terms is not practicable, or as a result of which the relevant Clearing System cannot clear the transfer of the relevant Reference Assets.

7. **Taxation**

Condition 7 is amended in relation to the issue of Norwegian Notes. The applicable amendments are set out in the Annex (Part 2).

All payments of principal of and interest on the Notes, Receipts or Coupons will be made without deduction or withholding for or on account of any present or future tax, assessment or other governmental charge, of whatever nature, imposed or levied by or within Jersey or the United States or by or within any political subdivision or taxing authority thereof or therein, except as required by law. In that case, the Issuer or, as the case may be, the Guarantor will, subject to certain limitations and exceptions set forth below, pay to a Noteholder, holder of Receipts or Couponholder who is a United States Alien (in the case of United States-related taxes) or a person who is not a Jersey Tax Resident (in the case of Jersey taxes) (each as defined below) such additional amounts ("**Additional Amounts**") as may be necessary so that every net payment by the Issuer or the Guarantor or any of their Paying Agents of principal or interest with respect to the Notes, Receipts or Coupons after deduction or withholding for or on account of any such present or future tax, assessment or other governmental charge imposed upon such Noteholder, Receiptholder or Couponholder, or as a result of such payment of tax imposed or levied by or within the United States (as defined below) (or any political subdivision or taxing authority thereof or therein) or Jersey, will not be less than the amount provided for in such Notes, Receipts or Coupons to be then due and payable. However, neither the Issuer nor the Guarantor will be required to make any payment of Additional Amounts for or on account of:

- (i) any tax, assessment or other governmental charge which would not have been so imposed but for (A) the existence of any present or former connection between such holder (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of a power over, such holder, if such holder is an estate, a trust, a partnership or a corporation) and Jersey or the United States, as applicable, including, without limitation, such holder (or such fiduciary, settlor, beneficiary, member, shareholder or assessor) being or having been present therein, being or having been a citizen or resident thereof, being or having been engaged in a trade or business therein or having had a permanent establishment therein, or (B) the failure of such holder or the beneficial owner to comply with any certification, identification or information reporting requirements under the income tax laws and regulations of Jersey or the United States, as applicable, or any political subdivision or taxing authority thereof or therein to establish that such holder or beneficial owner is not a Jersey Tax Resident entitled without regard to any tax treaty, to an exemption from withholding or is a United States Alien as applicable;

- (ii) any estate, inheritance, gift, sales, transfer, personal property, or any similar tax, assessment or governmental charge;
- (iii) any tax, assessment or other governmental charge which is payable other than by withholding from payments of principal of or interest on such Note, Receipt or Coupon;
- (iv) any tax, assessment or other governmental charge imposed by reason of such holder's past or present status as a personal holding company, private foundation or other tax exempt organisation, passive foreign investment company, controlled foreign corporation with respect to the United States; a dealer in securities or a corporation that accumulates earnings to avoid United States federal income tax;
- (v) any tax, assessment or other governmental charge which is required to be withheld by a Paying Agent from payments of principal of or interest on any Note, if such payment can be made without such withholding by at least one other Paying Agent;
- (vi) any tax, assessment or other governmental charge imposed by reason of such holder's past or present status as the actual or constructive owner of 10 per cent. or more of the total combined voting power of all classes of stock of the Issuer or Guarantor entitled to vote;
- (vii) any tax, assessment, or other governmental charge payable by a holder, or by a third party on behalf of a holder, who is liable for such taxes, assessments or governmental charges in respect of any Note, Receipt or Coupon by reason of the holder or the third party's having some connection with Jersey other than the mere holding of the Note, Receipt or Coupon;
- (viii) any tax assessment, or other governmental charge payable by a holder, or by 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 complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the relevant Note (or the Certificate representing it), Receipt or Coupon is presented for payment;
- (ix) the presentation (where presentation is required) of a Note, Receipt or Coupon for payment on a date more than 30 days after the Relevant Date or the date on which such payment is fully provided for, whichever occurs later;
- (x) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (xi) any combination of items (i), (ii), (iii), (iv), (v), (vi), (vii), (viii), (ix) or (x)

nor shall Additional Amounts be paid with respect to a payment of principal of or interest on any Note, Receipt or Coupon to a holder that is not the beneficial owner of such Note, Receipt or Coupon to the extent that the beneficial owner thereof would not have been entitled to the payment of such Additional Amounts had such beneficial owner been the holder of such Note, Receipt or Coupon.

The Issuer undertakes that it will ensure that it maintains a paying agent in an EU Member State that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive.

As used in these Conditions, the term "**United States**" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other

areas subject to its jurisdiction; the term "**United States Alien**" means any person who is, for United States federal income tax purposes, as to the United States: (i) a foreign corporation; (ii) a foreign partnership any member of which is, as to the United States, a foreign corporation, a non-resident alien individual or a non-resident alien fiduciary of a foreign estate or trust; or (iii) a foreign estate or trust; and the term "**Jersey Tax Resident**" means in respect of any particular time any person who will be required by Jersey law to file a Jersey tax return in respect of the tax year of assessment which includes that time on the basis that such person is resident in Jersey for tax purposes.

As used in these Conditions, the term "**Relevant Date**" in respect of any Note, Receipt or Coupon means the date on which payment in respect of it 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 seven days after that on which notice is duly given to the Noteholder that, upon further presentation of the Note (or relative Certificate), Receipt or Coupon being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) "principal" shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 5 or any amendment or supplement to it, (ii) "interest" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 4 or any amendment or supplement to it and (iii) "principal" and/or "interest" shall be deemed to include any Additional Amounts that may be payable under this Condition.

8. **Prescription**

Claims against the Issuer and the Guarantor for payment in respect of the Notes, Receipts and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal or any Reference Asset Amount(s)) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

9. **Events of Default**

Condition 9 is amended in relation to the issue of Norwegian Notes, Swedish Notes and Finnish Notes. The applicable amendments are set out in the Annex (Part 2 for Norwegian Notes, Part 4 for Swedish Notes and Part 5 for Finnish Notes).

If one or more of the following events (herein referred to as "**Events of Default**") shall have occurred and be continuing, the holder of any Note may give written notice to the Issuer and the Fiscal Agent at their specified offices that such Note is immediately repayable, whereupon the Early Redemption Amount of such Note together with the accrued interest to the date of payment (if applicable) shall become immediately due and payable, unless such Event of Default shall have been cured by the Issuer or waived prior to receipt of such notice by the Issuer and the Fiscal Agent:

- (i) failure on the part of the Issuer to pay when due the principal of any of the Notes as and when the same shall become due and payable, whether at maturity, upon redemption or otherwise and such failure shall have continued for a period of 30 days;
- (ii) failure on the part of the Issuer to pay when due any instalment of interest upon any Notes as and when the same shall become due and payable, and such failure shall have continued for a period of 30 days;
- (iii) in respect of Notes issued by JPMIDL, JPMIDL is (or is, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of the debts of JPMIDL, or the assets of JPMIDL are declared en désastre;

- (iv) in respect of Notes issued by JPMIDL, an order is made by any competent court or an effective resolution passed for the winding-up or dissolution of JPMIDL, or JPMIDL ceases or 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 (as defined in the Agency Agreement) of the Noteholders;
- (v) in respect of Notes issued by JPMIDL, the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect;
- (vi) a court having a jurisdiction in the premises shall enter a decree or order for relief in respect of JPMCB in an involuntary case under any applicable United States federal or state bankruptcy, insolvency or other similar law now or hereafter in effect or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of JPMCB or for any substantial part of its property or ordering the winding up or liquidation of its affairs, and such decree or order shall remain unstayed and in effect for a period of 90 consecutive days; or
- (vii) JPMCB shall commence a voluntary case under any applicable United States federal or state bankruptcy, insolvency or other similar law now or hereafter in effect or consent to the entry of an order for relief in an involuntary case under any such law or consent to the appointment or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or (or similar official) of JPMCB or for any substantial part of its property, or make any general assignment for the benefit of creditors.

10. Meeting of Noteholders and Modifications

Condition 10 is amended in relation to the issue of Norwegian Notes, Swedish Notes and Finnish Notes. The applicable amendments are set out in the Annex (Part 2 for Norwegian Notes, Part 4 for Swedish Notes and Part 5 for Finnish Notes).

(a) Modifications and Waivers; Noteholders' Meetings

Certain modifications and amendments to the Agency Agreement, to these Conditions and to any applicable Final Terms may be made without the consent of the Noteholder or Couponholder in accordance with these Conditions and/or Clause 21 of the Agency Agreement, as applicable, including for the purpose of curing any ambiguity, or of correcting or supplementing any defective provisions contained therein, adding covenants for the benefit of holders of the Notes, Receipts and Coupons, surrendering rights or powers conferred on the Issuer, effecting succession or assumption as a result of a merger or similar transaction, or in any other manner which the Issuer and the Fiscal Agent may deem necessary or desirable and which will not materially adversely affect the interest of the holders of the Notes, Receipts or Coupons.

In addition, modifications and amendments to the Agency Agreement and to these Conditions may be made, and past defaults by the Issuer may be waived, with the written consent of the holders of at least a majority in aggregate principal amount of the Notes at the time outstanding, or of such lesser percentage as may act at a meeting of holders of the Notes held in accordance with the Agency Agreement; provided that, in no event may the Issuer, without the written consent or the affirmative notice of the holder of each outstanding Note affected thereby,

- (i) extend the stated maturity of the principal of or any instalment of interest on any such Note,
- (ii) reduce the principal amount or redemption price of, or interest on, any such Note;
- (iii) change the obligation of the Issuer to pay Additional Amounts;
- (iv) change the currency of payment of such Note or interest thereon;

- (v) impair the right to institute suit for the enforcement of any such payment on or with respect to any such Note;
- (vi) reduce the percentage in aggregate principal amount of Notes outstanding necessary to modify or amend the Agency Agreement or to waive any past default; or
- (vii) reduce the voting or quorum requirements or the percentage of aggregate principal amount of Notes outstanding required to take any other action authorised to be taken by the holders of a specified principal amount of Notes.

(b) ***Meetings***

The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Agency Agreement, a resolution passed at a meeting duly convened and held in accordance with the Agency Agreement by a majority of at least 75 per cent. of the aggregate principal amount of the Notes of the relevant Series or of all the Series, as the case may be, represented and voting at the meeting) of a modification of any of these Conditions or any provisions of the Agency Agreement. Such a meeting may be convened by the Issuer. At a meeting of the holders of the Notes for the purpose of approving a modification or amendment to, or obtaining a waiver of, any covenant or condition set forth in the Notes or the Agency Agreement, the holders of a clear majority in aggregate principal amount of the Notes at the time outstanding shall constitute a quorum. In the absence of a quorum at any such meeting, within 30 minutes of the time appointed for such meeting, the meeting may be adjourned for a period of not less than ten days; in the absence of a quorum at any such adjourned meeting, such adjourned meeting may be further adjourned for a period of not less than ten days; at the reconvening of any meeting further adjourned for lack of a quorum, the persons entitled to 25 per cent. in aggregate principal amount of the Notes at the time outstanding shall constitute a quorum for the taking of any action set forth in the notice of the original meeting. At a meeting or an adjourned meeting duly convened and at which a quorum is present as aforesaid, any resolution to modify or amend any of these Conditions or any provisions of the Agency Agreement (other than those items specified in Condition 10(a)(i) through (vii), or to waive compliance with, any of these Conditions shall be effectively passed if passed by the persons entitled to the lesser of (i) a clear majority in aggregate principal amount of the Notes then outstanding or (ii) 75 per cent. in aggregate principal amount of the Notes represented and voting at the meeting.

(c) ***Substitution***

The Issuer, or any previous substituted company, may at any time, without the consent of the Noteholders or the Couponholders, substitute for itself as principal debtor under the Notes, the Receipts, the Coupons and the Talons, any company (the "**Substitute**") from the JPMorgan Chase & Co. group. The substitution shall be made by a deed poll (the "**Deed Poll**"), to be substantially in the form scheduled to the Agency Agreement as Schedule 8, and may take place only if (i) the Substitute shall, by means of the Deed Poll, agree to indemnify each Noteholder and Couponholder against any tax, duty, assessment or governmental charge that is imposed on it by (or by any authority in or of) the jurisdiction of the country of the Substitute's residence for tax purposes and, if different, of its incorporation with respect to any Note, Receipt, Coupon, Talon or the Deed of Covenant and that would not have been so imposed had the substitution not been made, as well as against any tax, duty, assessment or governmental charge, and any cost or expense, relating to the substitution, (ii) where the Substitute is not the Guarantor, the obligations of the Substitute under the Deed Poll, the Notes, Receipts, Coupons, Talons and Deed of Covenant shall be unconditionally guaranteed by the Guarantor by means of the Deed Poll, (iii) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Deed Poll, the Notes, Receipts, Coupons, Talons and Deed of Covenant represent valid, legally binding and enforceable obligations of the Substitute and in the case of the Deed Poll of the Guarantor have been taken, fulfilled and done and are in full force and effect, (iv) the Substitute shall have become party to the Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it, (v) legal opinions addressed to the Noteholders shall have been delivered to them (care of the Fiscal Agent) from

a lawyer or firm of lawyers with a leading securities practice in each jurisdiction referred to in (i) above and in England as to the fulfilment of the preceding conditions of this paragraph (iii) and the other matters specified in the Deed Poll and (vi) the Issuer shall have given at least 14 days' prior notice of such substitution to the Noteholders, stating that copies, or pending execution the agreed text, of all documents in relation to the substitution that are referred to above, or that might otherwise reasonably be regarded as material to Noteholders, shall be available for inspection at the specified office of each of the Paying Agents. References in Condition 9 to obligations under the Notes shall be deemed to include obligations under the Deed Poll, and, where the Deed Poll contains a guarantee, the events listed in Condition 9 shall be deemed to include that guarantee not being (or being claimed by the guarantor not to be) in full force and effect.

So long as the Notes are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system (including, so long as the Notes are admitted to the Official List and traded on the Regulated Market thereon, the Luxembourg Stock Exchange), the Issuer shall notify such listing authority, stock exchange and/or quotation system of any substitution pursuant to this Condition 10(c), prepare a Base Prospectus Supplement if required to do so and, so long as the Notes are admitted to the Official List and traded on the Regulated Market of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, publish a notification in a daily newspaper with general circulation in Luxembourg (which is expected to be d'Wort).

11. **Replacement of Notes, Certificates, Receipts, Coupons and Talons**

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Fiscal Agent (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued. Upon the issuance of any replacement Note, the Issuer may require the payment of a sum sufficient to cover any tax or other governmental or issuance charge that may be imposed in connection with such replacement and any other expense (including the fees and expenses of the Fiscal Agent) connected therewith.

12. **Further Issues**

Condition 12 is amended in relation to the issue of Dutch Notes. The applicable amendments are set out in the Annex (Part 1).

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 (with the exception of the first Interest Payment and the Issue Price of the further notes) (so that, for the avoidance of doubt, references in the conditions of such notes to "Issue Date" shall be to the first issue date of the Notes) and so that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to "Notes" shall be construed accordingly.

13. **Notices**

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in London (which is expected

to be the Financial Times) and so long as the Notes are admitted to the Official List and traded on the Regulated Market of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, in a daily newspaper with general circulation in Luxembourg (which is expected to be the d'Wort) and on the website of the Luxembourg Stock Exchange (www.bourse.lu). If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

Notices to be given by any holder of Notes of a Series of Notes shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Fiscal Agent. While any of the Notes of this Series are represented by a Global Note or Global Certificate, such notice may be given by any holder of such Note to the Fiscal Agent via Euroclear, Clearstream, Luxembourg or any Alternative Clearing System, as the case may be, in such manner as the Fiscal Agent and Euroclear, Clearstream, Luxembourg or any Alternative Clearing System, as the case may be, may approve for this purpose.

14. **Currency Indemnity**

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

15. **Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

16. **Governing Law and Jurisdiction**

Condition 16 is amended in relation to the issue of Polish Notes and Finnish Notes. The applicable amendments are set out in the Annex (Part 3 for Polish Notes and Part 5 for Finnish Notes).

(a) **Governing Law**

The Notes, the Receipts, the Coupons and the Talons are governed by, and shall be construed in accordance with, English law.

(b) ***Jurisdiction***

The Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Receipts, Coupons or Talons (including their formation) and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons or Talons (including their formation) ("**Proceedings**") may be brought in such courts. Each of the Issuer and the Guarantor irrevocably submits to the jurisdiction of the courts of England and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. These submissions are made for the benefit of each of the holders of the Notes, Receipts, Coupons and Talons and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) ***Service of Process***

JPMIDL appoints the Company Secretary of J.P. Morgan Securities Ltd. of 125 London Wall, London EC2Y 5AJ and JPMCB appoints the Company Secretary of J.P. Morgan Europe Limited, 125 London Wall, London EC2Y 5AJ as their respective agent in England to receive, for them and on their behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to the relevant process agent (whether or not, it is forwarded to and received by JPMIDL or JPMCB, as the case may be). If for any reason the relevant process agent ceases to be able to act as such or no longer has an address in London, each of JPMIDL or JPMCB, as the case may be, irrevocably agrees to appoint a substitute process agent and shall immediately notify Noteholders of such appointment in accordance with Condition 13. Nothing shall affect the right to serve process in any manner permitted by law.

17. **Market Disruption Provisions and Notes Linked to Indices**

In relation to any Index Linked Interest Notes and/or Index Linked Redemption Notes, the provisions of, and the terms and expressions defined in Schedule A, in the case of a Composite Commodity Index, Schedule B in the case of a Multi-Exchange Index, Schedule C in the case of a Unitary Exchange Index or Schedule D in the case of a Proprietary Index (each, a "**Schedule**"), as the case may be, as may be specified (with or without amendment) in the applicable Final Terms, as being applicable to an Index, shall apply in relation to such Index, and Condition 5(h) and Condition 5(i) are amended accordingly pursuant to the terms of such Schedule as is stated to be applicable in relation to such Index and such Notes.

18. **Additional ADR Provisions**

In relation to any Equity Linked Interest Notes and/or Equity Linked Redemption Notes linked to ADRs, the provisions of, and the terms and expressions defined in, this Condition 18, shall, unless otherwise specified in the applicable Final Terms, apply to the ADRs for the purposes of the Notes, and Condition 5(h) and Condition 5(i) are amended as follows in relation to such Notes and such ADRs:

- (i) The definition of "Potential Adjustment Event" in Condition 5(j)(iv) shall include, in relation to the ADRs:
 - (A) the occurrence of any Potential Adjustment Event in relation to the Underlying Share or any other shares or securities represented by the ADRs; and
 - (B) the making of any amendment or supplement to the terms of the Deposit Agreement.
- (ii) The definition of "Merger Event" in Condition 5(j)(ii) shall include, in relation to ADRs, the occurrence of any Merger Event in relation to the Underlying Share.
- (iii) If the Deposit Agreement is terminated, then on or after the date of such termination, references to ADRs shall be replaced by references to the Underlying Share and the

Calculation Agent will adjust any relevant terms and will determine the effective date of such replacement and adjustments.

- (iv) The definitions of "Nationalisation" and "Insolvency" in Condition 5(j)(iv)(B) shall be construed in relation to the ADRs as if references herein to the ADRs of the Share Company were references to the Underlying Share.
- (v) The definition of "Market Disruption Event" in Condition 5(h) shall include, in relation to the ADRs, the occurrence of a Market Disruption Event in relation to the Underlying Share, and, only for the purpose of determining whether a Market Disruption Event has occurred in relation to an Underlying Share, each reference in these Conditions to "Share" or "Shares" shall be construed as a reference to "Underlying Share" or "Underlying Shares", respectively.

"ADRs" means the American depositary receipts specified in the applicable Final Terms

"Deposit Agreement" means the agreement or other instrument constituting the ADRs, as from time to time amended or supplemented in accordance with its terms

"Depository" means the depository of the ADRs appointed as such in under the terms of the Deposit Agreement or any successor depository thereunder

"Share Company" means (i) both the Depository and the Underlying Share Issuer in respect of the ADRs, and (ii) for all other purposes in relation to the Notes, the Depository

"Underlying Shares" shall be as specified in the applicable Final Terms

"Underlying Share Issuer" shall be as specified in the applicable Final Terms.

Schedule A

MARKET DISRUPTION – COMPOSITE COMMODITY INDEX

1. **Component Security** Each of the exchange traded futures contracts on physical commodities comprised in the Index.
2. **Disrupted Day** Any Scheduled Trading Day on which (i) the Index Sponsor fails to publish the level of the Index (provided that the Calculation Agent may, in its discretion, determine that such event instead results in the occurrence of an Index Disruption), (ii) the Related Exchange fails to open for trading during its regular trading session, or (iii) a Market Disruption Event has occurred.
3. **Early Closure** The closure on any Exchange Business Day of the Exchange in respect of any Component Security, or the Related Exchange, prior to its Scheduled Closing Time unless such earlier closing is announced by such Exchange or Related Exchange (as the case may be) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange or Related Exchange (as the case may be) on such Exchange Business Day, and (ii) the submission deadline for orders to be entered onto such Exchange or Related Exchange system for execution as at the relevant Valuation Time on such Exchange Business Day.
4. **Exchange** Each exchange on which any Component Security of the Index is, in the determination of the Calculation Agent, principally traded, or as otherwise determined by the Calculation Agent in its sole discretion, any successor to such Exchange or quotation system or any substitute exchange or quotation system to which trading in the Component Securities underlying the Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity to Component Securities underlying the Index on such temporary substitute exchange or quotation system as on the original Exchange).
5. **Exchange Business Day** Any Scheduled Trading Day on which (i) the Index Sponsor calculates and publishes the level of the Index, and (ii) the Related Exchange is open for trading during its regular trading session, notwithstanding the Related Exchange closing prior to its Scheduled Closing Time.
6. **Exchange Disruption** Any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for (i) any Component Security on the relevant Exchange in respect of such Component Security, or (ii) futures or options contracts relating to the Index on the relevant Related Exchange.
7. **Index Sponsor** The Index Sponsor specified in the applicable Final Terms and, failing that, the corporation(s) or other entity/ies that, in the determination of the Calculation Agent, (i) is/are responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the Index, and (ii) announces (directly or through an agent)

the level of the Index on a regular basis during each Scheduled Trading Day.

8. Market Disruption Event Either:
- (i) (a) the occurrence or existence, in respect of any Component Security, of:
 - (I) a Trading Disruption in respect of such Component Security, which the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded;
 - (II) an Exchange Disruption in respect of such Component Security, which the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded; or
 - (III) an Early Closure in respect of such Component Security; and
 - (b) the aggregate of all Component Securities in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists comprises 20 per cent. or more of the level of the Index; or
 - (ii) the occurrence or existence, in each case in respect of futures or options contracts relating to the Index, of (a) a Trading Disruption, or (b) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that ends at the Valuation Time in respect of the Related Exchange, or (c) an Early Closure.

For the purposes of determining whether a Market Disruption Event exists in respect of the Index at any time, if an Early Closure, an Exchange Disruption or a Trading Disruption occurs in respect of a Component Security at that time, then the relevant percentage contribution of that Component Security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that Component Security and (y) the overall level of the Index, in each case using the official opening weightings as published by the relevant Index Sponsor as part of the market "opening data" immediately before the occurrence of such Early Closure, Exchange Disruption or Trading Disruption, as the case may be, in respect of such Component Security.

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| 9. | Related Exchange | The principal exchange on which options and futures contracts on the Index are traded, if any, as determined by the Calculation Agent, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to the Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to the Index on such temporary substitute exchange or quotation system as on the original Related Exchange). |
| 10. | Scheduled Trading Day | Any day on which (i) the Index Sponsor is scheduled to publish the level of the Index, and (ii) the Related Exchange is scheduled to be open for trading for its regular trading session. |
| 11. | Trading Disruption | Any suspension or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (i) relating to any Component Security on the Exchange in respect of such Component Security, or (ii) in futures or options contracts relating to the Index on the Related Exchange. |
| 12. | Valuation Time | (i) For the purposes of determining whether an Early Closure, an Exchange Disruption or a Trading Disruption has occurred in respect of (a) any Component Security, the Scheduled Closing Time on the Exchange in respect of such Component Security (provided that, if the relevant Exchange closes prior to its Scheduled Closing Time, then the Valuation Time shall be such actual closing time), and (b) any options contracts or future contracts on the Index, the close of trading on the Related Exchange, and (ii) in all other circumstances, the time at which the official closing level of the Index is calculated and published by the Index Sponsor. |
| 13. | Amendments to the Conditions | <p>Condition 5(i)(iii)(B)</p> <p>Condition 5(i)(iii)(B) (<i>Index Modification, Index Cancellation and Index Disruption</i>) shall be deemed to be amended by inserting immediately after the words "(an Index Disruption" appearing in the fifteenth line thereof, the following words: " (provided that the Calculation Agent may, in its discretion, determine that such event instead results in the occurrence of a Disrupted Day)".</p> |

Schedule B

MARKET DISRUPTION – MULTI-EXCHANGE INDEX

1. Component Security Each component security in the Index.
2. Disrupted Day Any Scheduled Trading Day on which (i) the Index Sponsor fails to publish the level of the Index (provided that the Calculation Agent may, in its discretion, determine that such event instead results in the occurrence of an Index Disruption), (ii) the Related Exchange fails to open for trading during its regular trading session, or (iii) a Market Disruption Event has occurred.
3. Early Closure The closure on any Exchange Business Day of the Exchange in respect of any Component Security, or the Related Exchange, prior to its Scheduled Closing Time unless such earlier closing is announced by such Exchange or Related Exchange (as the case may be) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange or Related Exchange (as the case may be) on such Exchange Business Day, and (ii) the submission deadline for orders to be entered onto such Exchange or Related Exchange system for execution as at the relevant Valuation Time on such Exchange Business Day.
4. Exchange Each exchange on which any Component Security of the Index is, in the determination of the Calculation Agent, principally traded, or as otherwise determined by the Calculation Agent in its sole discretion, any successor to such Exchange or quotation system or any substitute exchange or quotation system to which trading in the Component Securities underlying the Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity to Component Securities underlying the Index on such temporary substitute exchange or quotation system as on the original Exchange).
5. Exchange Business Day Any Scheduled Trading Day on which (i) the Index Sponsor calculates and publishes the level of the Index, and (ii) the Related Exchange is open for trading during its regular trading session, notwithstanding the Related Exchange closing prior to its Scheduled Closing Time.
6. Exchange Disruption Any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for (i) any Component Security on the relevant Exchange in respect of such Component Security, or (ii) futures or options contracts relating to the Index on the relevant Related Exchange.
7. Index Sponsor The Index Sponsor specified in the applicable Final Terms and, failing that, the corporation(s) or other entity/ies that, in the determination of the Calculation Agent, (i) is/are responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the Index, and (ii) announces (directly or through an agent) the level of the Index on a regular basis during each

Scheduled Trading Day.

8. Market Disruption Event Either:
- (i) (a) the occurrence or existence, in respect of any Component Security, of:
 - (I) a Trading Disruption in respect of such Component Security, which the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded;
 - (II) an Exchange Disruption in respect of such Component Security, which the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded; or
 - (III) an Early Closure in respect of such Component Security; and
 - (b) the aggregate of all Component Securities in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists comprises 20 per cent. or more of the level of the Index; or
 - (ii) the occurrence or existence, in each case in respect of futures or options contracts relating to the Index, of (a) a Trading Disruption, or (b) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that ends at the Valuation Time in respect of the Related Exchange, or (c) an Early Closure.

For the purposes of determining whether a Market Disruption Event exists in respect of the Index at any time, if an Early Closure, an Exchange Disruption or a Trading Disruption occurs in respect of a Component Security at that time, then the relevant percentage contribution of that Component Security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that Component Security and (y) the overall level of the Index, in each case using the official opening weightings as published by the relevant Index Sponsor as part of the market "opening data" immediately before the occurrence of such Early Closure, Exchange Disruption or Trading Disruption, as the case may be, in respect of such Component Security.

9. Related Exchange The Related Exchange specified in the applicable Final Terms,

any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to the Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to the Index on such temporary substitute exchange or quotation system as on the original Related Exchange).

10. Scheduled Trading Day Any day on which (i) the Index Sponsor is scheduled to publish the level of the Index, and (ii) the Related Exchange is scheduled to be open for trading for its regular trading session.

11. Trading Disruption Any suspension or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (i) relating to any Component Security on the Exchange in respect of such Component Security, or (ii) in futures or options contracts relating to the Index on the Related Exchange.

12. Valuation Time (i) For the purposes of determining whether an Early Closure, an Exchange Disruption or a Trading Disruption has occurred in respect of (a) any Component Security, the Scheduled Closing Time on the Exchange in respect of such Component Security (provided that, if the relevant Exchange closes prior to its Scheduled Closing Time, then the Valuation Time shall be such actual closing time), and (b) any options contracts or future contracts on the Index, the close of trading on the Related Exchange, and (ii) in all other circumstances, the time at which the official closing level of the Index is calculated and published by the Index Sponsor.

13. Amendments to the **Condition 5(i)(iii)(B)**
 Conditions Condition 5(i)(iii)(B) (*Index Modification, Index Cancellation and Index Disruption*) shall be deemed to be amended by inserting immediately after the words "(an "**Index Disruption**"") appearing in the fifteenth line thereof, the following words: " (provided that the Calculation Agent may, in its discretion, determine that such event instead results in the occurrence of a Disrupted Day)".

Schedule C

MARKET DISRUPTION – UNITARY EXCHANGE INDEX

1. Disrupted Day As defined in Condition 5(h) (*General Provisions applicable to Index Linked Redemption Notes and Equity Linked Redemption Notes*).
2. Early Closure As defined in Condition 5(h) (*General Provisions applicable to Index Linked Redemption Notes and Equity Linked Redemption Notes*).
3. Exchange The Exchange specified in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the shares underlying the Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the shares underlying the Index on such temporary substitute exchange or quotation system as on the original Exchange).
4. Exchange Business Day As defined in Condition 5(h) (*General Provisions applicable to Index Linked Redemption Notes and Equity Linked Redemption Notes*).
5. Exchange Disruption As defined in Condition 5(h) (*General Provisions applicable to Index Linked Redemption Notes and Equity Linked Redemption Notes*).
6. Index Sponsor The Index Sponsor specified in the applicable Final Terms, and, failing that, the corporation(s) or other entity/ies that, in the determination of the Calculation Agent, (i) is/are responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the Index, and (ii) announces (directly or through an agent) the level of the Index on a regular basis during each Scheduled Trading Day.
7. Market Disruption Event As defined in Condition 5(h) (*General Provisions applicable to Index Linked Redemption Notes and Equity Linked Redemption Notes*).
8. Related Exchange The Related Exchange specified in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to the Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to the Index on such temporary substitute exchange or quotation system as on the original Related Exchange).
9. Scheduled Trading Day As defined in Condition 5(h) (*General Provisions applicable to Index Linked Redemption Notes and Equity Linked Redemption Notes*).
10. Trading Disruption As defined in Condition 5(h) (*General Provisions applicable to Index Linked Redemption Notes and Equity Linked Redemption Notes*).

11. Valuation Time

(i) For the purposes of determining whether a Market Disruption Event has occurred in respect of (a) any component security, the Scheduled Closing Time on the Exchange in respect of such component security (provided that, if the relevant Exchange closes prior to its Scheduled Closing Time, then the Valuation Time shall be such actual closing time), and (b) any options contracts or future contracts on the Index, the close of trading on the Related Exchange, and (ii) in all other circumstances, the time at which the official closing level of the Index is calculated and published by the Index Sponsor.

Schedule D

MARKET DISRUPTION – PROPRIETARY INDEX

1. Disrupted Day Each Scheduled Trading Day on which a Market Disruption Event has occurred (provided that the Calculation Agent may, in its discretion, determine that the occurrence of such event instead results in the occurrence of an Index Disruption).
2. Index Sponsor The Index Sponsor specified in the applicable Final Terms, and, failing that, the corporation(s) or other entity/ies that, in the determination of the Calculation Agent, (i) is/are responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the Index, and (ii) announces (directly or through an agent) the level of the Index on a regular basis during each Scheduled Trading Day.
3. Market Disruption Event The failure by the Index Sponsor to calculate and publish the level of the Index on any Scheduled Trading Day.
4. Scheduled Trading Day Any day on which the Index Sponsor is scheduled to publish the level of the Index.
5. Valuation Time The time at which the Index Sponsor calculates and publishes the official closing level of the Index.
6. Amendments to the Conditions **Condition 5(i)(iii)(B)**
Condition 5(i)(iii)(B) (Index Modification, Index Cancellation and Index Disruption) shall be deemed to be amended by inserting immediately after the words "(an "**Index Disruption**")" appearing in the fifteenth line thereof, the following words: " (provided that the Calculation Agent may, in its discretion, determine that such event instead results in the occurrence of a Disrupted Day)".

CREDIT DEFINITIONS ANNEX TO THE CONDITIONS

(1) SECTION 1: GENERAL DEFINITIONS

Section 1.1. Not referenced.

Section 1.2. Not referenced.

Section 1.3. Not referenced.

Section 1.4. Effective Date.

"**Effective Date**" means the Issue Date or such other date specified in the applicable Final Terms.

Section 1.5. Trade Date.

"**Trade Date**" means the date specified in the applicable Final Terms.

Section 1.6. Scheduled Termination Date.

"**Scheduled Termination Date**" means the date specified as such hereon.

Section 1.7. Not referenced.

Section 1.8. Event Determination Date.

"**Event Determination Date**" means the first date on which both the Credit Event Notice and, if applicable, the Notice of Publicly Available Information are effective.

Section 1.9. Notice Delivery Period.

"**Notice Delivery Period**" means the period from and including the Effective Date to and including (a) the Scheduled Termination Date; (b) the Grace Period Extension Date if (i) Grace Period Extension is specified as applicable hereon, (ii) the Credit Event that is the subject of the Credit Event Notice is a Failure to Pay that occurs after the Scheduled Termination Date and (iii) the Potential Failure to Pay with respect to such Failure to Pay occurs on or prior to the Scheduled Termination Date; or (c) the Repudiation/Moratorium Evaluation Date if (i) the Credit Event that is the subject of the Credit Event Notice is a Repudiation/Moratorium that occurs after the Scheduled Termination Date, (ii) the Potential Repudiation/Moratorium with respect to such Repudiation/Moratorium occurs on or prior to the Scheduled Termination Date and (iii) the Repudiation/Moratorium Extension Condition is satisfied.

Section 1.10. Not referenced.

Section 1.11. Grace Period Extension Date.

"**Grace Period Extension Date**" means, if (a) Grace Period Extension is specified as applicable hereon and (b) a Potential Failure to Pay occurs on or prior to the Scheduled Termination Date, the date that is the number of days in the Grace Period after the date of such Potential Failure to Pay. If Grace Period Extension is not specified as applicable hereon, Grace Period Extension shall not apply.

Section 1.12. Grace Period; Grace Period Business Day.

(a) "**Grace Period**" means:

- (i) subject to clauses (ii) and (iii), the applicable grace period with respect to payments under the relevant Obligation under the terms of such Obligation in effect as of the later of the Trade Date and the date as of which such Obligation is issued or incurred;
- (ii) if Grace Period Extension is specified in the applicable Final Terms as applicable, a Potential Failure to Pay has occurred on or prior to the Scheduled Termination Date and the applicable grace period cannot, by its terms, expire on or prior to the Scheduled Termination Date, the Grace Period shall be deemed to be the lesser of such grace

period and the period specified as such hereon or, if no period is specified, thirty calendar days; and

- (iii) if, at the later of the Trade Date and the date as of which an Obligation is issued or incurred, no grace period with respect to payments or a grace period with respect to payments of less than three Grace Period Business Days is applicable under the terms of such Obligation, a Grace Period of three Grace Period Business Days shall be deemed to apply to such Obligation; provided that, unless Grace Period Extension is specified as applicable hereon, such deemed Grace Period shall expire no later than the Scheduled Termination Date.

- (b) **"Grace Period Business Day"** means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the place or places and on the days specified for that purpose in the relevant Obligation and if a place or places are not so specified, in the jurisdiction of the Obligation Currency.

Section 1.13. Potential Failure to Pay.

"Potential Failure to Pay" means the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations, without regard to any grace period or any conditions precedent to the commencement of any grace period applicable to such Obligations, in accordance with the terms of such Obligations at the time of such failure.

Section 1.14. Not referenced.

Section 1.15. Calculation Agent City.

"Calculation Agent City" means the city specified as such hereon or, if a city is not so specified, the city in which the office through which the Calculation Agent is acting is located.

Section 1.16. Business Day.

"Business Day" means for the purposes of Condition 5(k) a day on which commercial banks and foreign exchange markets are generally open to settle payments in the place or places and on the days specified for that purpose hereon, a TARGET Settlement Day (if "TARGET" or "TARGET Settlement Day" is specified for that purpose hereon), or if a place or places or such terms are not so specified, a day on which commercial banks and foreign exchange markets are generally open to settle payments in the jurisdiction of the currency of the Notes.

Section 1.17. Calculation Agent City Business Day.

"Calculation Agent City Business Day" means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the Calculation Agent City.

Section 1.18. Affiliate.

"Affiliate" means, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, **"control"** of any entity or person means ownership of a majority of the voting power of the person.

Section 1.19. Not referenced.

Section 1.20. Not referenced.

Section 1.21. Not referenced.

(2) **SECTION 2: GENERAL TERMS**

Section 2.1. Reference Entity.

"Reference Entity" means the entity or entities specified as such hereon or such other entities specified to be Reference Entities pursuant to the provisions of Condition 5(k) and any Successor.

Section 2.2. Provisions for Determining a Successor.

- (a) **"Successor"** means in relation to a Reference Entity that is not a Sovereign, the entity or entities, if any, determined as set forth below:
- (i) if one entity directly or indirectly succeeds to seventy-five per cent or more of the Relevant Obligations of the Reference Entity by way of a Succession Event, that entity will be the sole Successor;
 - (ii) if only one entity directly or indirectly succeeds to more than twenty-five per cent (but less than seventy-five per cent) of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than twenty-five per cent of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entity that succeeds to more than twenty-five per cent of the Relevant Obligations will be the sole Successor;
 - (iii) if more than one entity each directly or indirectly succeeds to more than twenty-five per cent of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than twenty-five per cent of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entities that succeed to more than twenty-five per cent of the Relevant Obligations will each be a Successor;
 - (iv) if one or more entities each directly or indirectly succeeds to more than twenty-five per cent of the Relevant Obligations of the Reference Entity by way of a Succession Event, and more than twenty-five per cent of the Relevant Obligations of the Reference Entity remain with the Reference Entity, each such entity and the Reference Entity will each be a Successor;
 - (v) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than twenty-five per cent of the Relevant Obligations of the Reference Entity and the Reference Entity continues to exist, there will be no Successor and the Reference Entity will not be changed in any way as a result of the Succession Event; and
 - (vi) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than twenty-five per cent of the Relevant Obligations of the Reference Entity and the Reference Entity ceases to exist, the entity which succeeds to the greatest percentage of Relevant Obligations (or, if two or more entities succeed to an equal percentage of Relevant Obligations, the entity from among those entities which succeeds to the greatest percentage of obligations of the Reference Entity) will be the sole Successor.

The Calculation Agent will be responsible for determining, as soon as reasonably practicable after it becomes aware of the relevant Succession Event (but no earlier than fourteen calendar days after the legally effective date of the Succession Event), and with effect from the legally effective date of the Succession Event, whether the relevant thresholds set forth above have been met, or which entity qualifies under Section 2.2(a)(vi), as applicable. In calculating the percentages used to determine whether the relevant thresholds set forth above have been met, or which entity qualifies under Section 2.2(a)(vi), as applicable, the Calculation Agent shall use, in respect of each applicable Relevant Obligation included in such calculation, the amount of the liability in respect of such Relevant Obligation listed in the Best Available Information.

- (b) **"Succession Event"** means an event such as a merger, consolidation, amalgamation, transfer of assets or liabilities, demerger, spin-off or other similar event in which one entity succeeds to the obligations of another entity, whether by operation of law or pursuant to any agreement. Notwithstanding the foregoing, "Succession Event" shall not include an event in which the holders of obligations of the Reference Entity exchange such obligations for the obligations of

another entity, unless such exchange occurs in connection with a merger, consolidation, amalgamation, transfer of assets or liabilities, demerger, spin-off or other similar event.

- (c) For purposes of Section 2.2, "**succeed**" means, with respect to a Reference Entity and its Relevant Obligations (or, as applicable, obligations), that a party other than such Reference Entity (i) assumes or becomes liable for such Relevant Obligations (or, as applicable, obligations) whether by operation of law or pursuant to any agreement or (ii) issues Bonds that are exchanged for Relevant Obligations (or, as applicable, obligations), and in either case such Reference Entity is no longer an obligor (primarily or secondarily) or guarantor with respect to such Relevant Obligations (or, as applicable, obligations). The determinations required pursuant to Section 2.2(a) shall be made, in the case of an exchange offer, on the basis of the outstanding principal balance of Relevant Obligations tendered and accepted in the exchange and not on the basis of the outstanding principal balance of Bonds for which Relevant Obligations have been exchanged.
- (d) Where:
 - (i) a Reference Obligation has been specified;
 - (vi) one or more Successors to the Reference Entity have been identified; and
 - (vii) any one or more such Successors have not assumed the Reference Obligation,a Substitute Reference Obligation will be determined in accordance with the provisions of Section 2.23.
- (e) Where, pursuant to Section 2.2(a)(iii) or (iv), more than one Successor has been identified in respect of a Reference Entity (the "**Original Reference Entity**"):
 - (i) each Successor will be deemed to be a Reference Entity for the purposes of Condition 5(k);
 - (ii) the Reference Entity Notional Amount applicable to each Successor shall be equal to the Reference Entity Notional Amount of the Original Reference Entity divided by the number of Successors; and
 - (iii) Condition 5(k) shall be amended to the extent deemed necessary by the Calculation Agent to preserve the economic effect of the Notes.
- (f) "**Relevant Obligations**" means the Obligations constituting Bonds and Loans of the Reference Entity outstanding immediately prior to the effective date of the Succession Event, excluding any debt obligations outstanding between the Reference Entity and any of its Affiliates, as determined by the Calculation Agent. The Calculation Agent will determine the entity which succeeds to such Relevant Obligations on the basis of the Best Available Information. If the date on which the Best Available Information becomes available or is filed precedes the legally effective date of the relevant Succession Event, any assumptions as to the allocation of obligations between or among entities contained in the Best Available Information will be deemed to have been fulfilled as of the legally effective date of the Succession Event, whether or not this is in fact the case.
- (g) "**Best Available Information**" means:
 - (i) in the case of a Reference Entity which files information with its primary Notes regulator or primary stock exchange that includes unconsolidated, pro forma financial information which assumes that the relevant Succession Event has occurred or which provides such information to its shareholders, creditors or other persons whose approval of the Succession Event is required, that unconsolidated, pro forma financial information and, if provided subsequently to the provision of unconsolidated, pro forma financial information but before the Calculation Agent makes its determination for the purposes of this Section 2.2, other relevant information that is contained in any written communication provided by the Reference Entity to its primary Notes

regulator, primary stock exchange, shareholders, creditors or other persons whose approval of the Succession Event is required; or

- (ii) in the case of a Reference Entity which does not file with its primary Notes regulators or primary stock exchange, and which does not provide to shareholders, creditors or other persons whose approval of the Succession Event is required, the information contemplated in (i) above, the best publicly available information at the disposal of the Calculation Agent to allow it to make a determination for the purposes of this Section 2.2.

Information which is made available more than fourteen calendar days after the legally effective date of the Succession Event shall not constitute Best Available Information

- (a) In relation to a Sovereign Reference Entity, "**Successor**" means any direct or indirect successor(s) to that Reference Entity irrespective of whether such successor(s) assumes any of the obligations of such Reference Entity.

Section 2.3. Reference Obligation.

"**Reference Obligation**" means each obligation specified as such or of a type described hereon (if any are so specified or described) and any Substitute Reference Obligation.

Section 2.4. Reference Price.

"**Reference Price**" means the percentage specified as such hereon or, if a percentage is not so specified, one hundred per cent.

Section 2.5. Not referenced.

Section 2.6. Not referenced.

Section 2.7. Not referenced.

Section 2.8. Not referenced.

Section 2.9. Not referenced.

Section 2.10. Not referenced.

Section 2.11. Business Day Convention.

- (a) "**Business Day Convention**" means the convention for adjusting any relevant date if it would otherwise fall on a day that is not a Business Day. The following terms, when used in conjunction with the term "Business Day Convention" and a date applicable to Condition 5(k), shall mean that an adjustment will be made if that date would otherwise fall on a day that is not a Business Day so that:
 - (i) if "**Following**" is specified, that date will be the first following day that is a Business Day;
 - (ii) if "**Modified Following**" or "**Modified**" is specified, that date will be the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day; and
 - (iii) if "**Preceding**" is specified, that date will be the first preceding day that is a Business Day.
- (b) The Business Day Convention applicable to a date that is specified in the applicable Final Terms to be subject to adjustment in accordance with an applicable Business Day Convention shall be the Business Day Convention specified for that date hereon or, if a Business Day Convention is not so specified, the "Following" Business Day Convention, subject to Sections 1.4 and 1.6, shall apply to that date.

- (c) In the event that the last day of any period calculated by reference to calendar days in Section 1.9, 1.12(a)(ii), 2.2(a), 2.2(g), 3.2(d), 3.4, 4.2(d)(ii), or 4.2(g) or in any other Section of the Conditions falls on a day that is not a Business Day, such last day shall be subject to adjustment in accordance with the applicable Business Day Convention.

Section 2.12. Not referenced.

Section 2.13. Not referenced.

Section 2.14. Obligation.

"**Obligation**" means (a) any obligation of a Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable hereon, as provider of any Qualifying Guarantee) determined pursuant to the method described in Section 2.20 (but excluding any Excluded Obligation), (b) each Reference Obligation, unless specified in the applicable Final Terms as an Excluded Obligation, and (c) any other obligation of a Reference Entity specified as such hereon.

Section 2.15. Deliverable Obligation.

"**Deliverable Obligation**" means, subject to Sections 2.32(a) and 2.33(a):

- (a) any obligation of a Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable hereon, as provider of any Qualifying Guarantee) determined pursuant to the method described in Section 2.20 (but excluding any Excluded Deliverable Obligation) that (i) is payable in an amount equal to its outstanding principal balance or Due and Payable Amount, as applicable, (ii) is not subject to any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in Section 4.1(a)-(d)) or right of set off by or of a Reference Entity or any applicable Underlying Obligor and (iii) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the Delivery Date, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the outstanding principal balance or Due and Payable Amount being Delivered apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement;
- (b) subject to the second paragraph of Section 2.20(b)(i), each Reference Obligation, unless specified in the applicable Final Terms as an Excluded Deliverable Obligation;
- (c) solely in relation to a Restructuring Credit Event applicable to a Sovereign Reference Entity, any Sovereign Restructured Deliverable Obligation (but excluding any Excluded Deliverable Obligation) that (i) is payable in an amount equal to its outstanding principal balance or Due and Payable Amount, as applicable, (ii) is not subject to any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in Section 4.1(a)-(d)) or right of set off by or of a Reference Entity or, as applicable, an Underlying Obligor and (iii) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the Delivery Date, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the outstanding principal balance or Due and Payable Amount being Delivered apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement; and
- (d) any other obligation of a Reference Entity specified as such hereon.

Section 2.16. Sovereign Restructured Deliverable Obligation.

"**Sovereign Restructured Deliverable Obligation**" means an Obligation of a Sovereign Reference Entity (a) in respect of which a Restructuring that is the subject of the relevant Credit Event Notice has occurred and (b) described by the Deliverable Obligation Category specified in the applicable Final Terms, and, subject to Section 2.21(c), having each of the Deliverable Obligation Characteristics, if any, specified in the applicable Final Terms, in each case, immediately preceding the date on which

such Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring without regard to whether the Obligation would satisfy such Deliverable Obligation Category or Deliverable Obligation Characteristics after such Restructuring.

Section 2.17. Excluded Obligation.

"**Excluded Obligation**" means any obligation of a Reference Entity specified as such or of a type described hereon.

Section 2.18. Excluded Deliverable Obligation

"**Excluded Deliverable Obligation**" means any obligation of a Reference Entity specified as such or of a type described hereon.

Section 2.19. Method for Determining Obligations. For purposes of Section 2.14(a), the term "Obligation" may be defined as each obligation of each Reference Entity described by the Obligation Category specified in the applicable Final Terms and having each of the Obligation Characteristics, if any, specified in the applicable Final Terms, in each case, as of the date of the event which constitutes the Credit Event which is the subject of the Credit Event Notice. The following terms shall have the following meanings:

- (a) "**Obligation Category**" means Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan, only one of which shall be specified in the applicable Final Terms, and:
 - (i) "**Payment**" means any obligation (whether present or future, contingent or otherwise) for the payment or repayment of money, including, without limitation, Borrowed Money;
 - (ii) "**Borrowed Money**" means any obligation (excluding an obligation under a revolving credit arrangement for which there are no outstanding, unpaid drawings in respect of principal) for the payment or repayment of borrowed money (which term shall include, without limitation, deposits and reimbursement obligations arising from drawings pursuant to letters of credit);
 - (iii) "**Reference Obligations Only**" means any obligation that is a Reference Obligation and no Obligation Characteristics shall be applicable to Reference Obligations Only;
 - (iv) "**Bond**" means any obligation of a type included in the "Borrowed Money" Obligation Category that is in the form of, or represented by, a bond, note (other than notes delivered pursuant to Loans), certificated debt security or other debt security and shall not include any other type of Borrowed Money;
 - (v) "**Loan**" means any obligation of a type included in the "Borrowed Money" Obligation Category that is documented by a term loan agreement, revolving loan agreement or other similar credit agreement and shall not include any other type of Borrowed Money; and
 - (vi) "**Bond or Loan**" means any obligation that is either a Bond or a Loan.
- (b) "**Obligation Characteristics**" means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed and Not Domestic Issuance, and:
 - (i) (A) "**Not Subordinated**" means an obligation that is not Subordinated to (i) the most senior Reference Obligation in priority of payment or (ii) if no Reference Obligation is specified in the applicable Final Terms, any unsubordinated Borrowed Money obligation of the Reference Entity. For purposes of determining whether an obligation satisfies the "Not Subordinated" Obligation Characteristic or Deliverable Obligation Characteristic, the ranking in priority of payment of each Reference Obligation shall be determined as of the later of (1) the Trade Date; and (2) the date on which such Reference Obligation was issued

or incurred and shall not reflect any change to such ranking in priority of payment after such later date.

- (B) "**Subordination**" means, with respect to an obligation (the "**Subordinated Obligation**") and another obligation of the Reference Entity to which such obligation is being compared (the "**Senior Obligation**"), a contractual, trust or similar arrangement providing that (i) upon the liquidation, dissolution, reorganization or winding up of the Reference Entity, claims of the holders of the Senior Obligation will be satisfied prior to the claims of the holders of the Subordinated Obligation or (ii) the holders of the Subordinated Obligation will not be entitled to receive or retain payments in respect of their claims against the Reference Entity at any time that the Reference Entity is in payment arrears or is otherwise in default under the Senior Obligation. "Subordinated" will be construed accordingly. For purposes of determining whether Subordination exists or whether an obligation is Subordinated with respect to another obligation to which it is being compared, the existence of preferred creditors arising by operation of law or of collateral, credit support or other credit enhancement arrangements shall not be taken into account, except that, notwithstanding the foregoing, priorities arising by operation of law shall be taken into account where the Reference Entity is a Sovereign.
- (ii) "**Specified Currency**" means an obligation that is payable in the currency or currencies specified as such hereon (or, if Specified Currency is specified in the applicable Final Terms and no currency is so specified, any of the lawful currencies of Canada, Japan, Switzerland, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies, which currencies shall be referred to collectively as the "**Standard Specified Currencies**");
- (iii) "**Not Sovereign Lender**" means any obligation that is not primarily owed to a Sovereign or Supranational Organization, including, without limitation, obligations generally referred to as "Paris Club debt";
- (iv) "**Not Domestic Currency**" means any obligation that is payable in any currency other than the Domestic Currency;
- (v) "**Not Domestic Law**" means any obligation that is not governed by the laws of (A) the relevant Reference Entity, if such Reference Entity is a Sovereign, or (B) the jurisdiction of organization of the relevant Reference Entity, if such Reference Entity is not a Sovereign;
- (viii) "**Listed**" means an obligation that is quoted, listed or ordinarily purchased and sold on an exchange; and
- (ix) "**Not Domestic Issuance**" means any obligation other than an obligation that was, at the time the relevant obligation was issued (or reissued, as the case may be) or incurred, intended to be offered for sale primarily in the domestic market of the relevant Reference Entity. Any obligation that is registered or qualified for sale outside the domestic market of the relevant Reference Entity (regardless of whether such obligation is also registered or qualified for sale within the domestic market of the relevant Reference Entity) shall be deemed not to be intended for sale primarily in the domestic market of the Reference Entity.

Section 2.20. Method for Determining Deliverable Obligations. For purposes of Section 2.15, the term "**Deliverable Obligation**" may be defined as each obligation of each Reference Entity described by the Deliverable Obligation Category specified in the applicable Final Terms, and, subject to Section 2.21(c), having each of the Deliverable Obligation Characteristics, if any, specified in the applicable Final Terms, in each case, as of the Delivery Date. The following terms shall have the following meanings:

- (a) "**Deliverable Obligation Category**" means one of Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan (each as defined in Section 2.19(a), except

that, for the purpose of determining Deliverable Obligations, Section 2.19(a)(iii) (Reference Obligations Only) shall be amended to state that no Deliverable Obligation Characteristics shall be applicable to Reference Obligations Only).

(b) **"Deliverable Obligation Characteristics"** means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed, Not Contingent, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer, and:

(i) **"Not Contingent"** means any obligation having as of the Delivery Date and all times thereafter an outstanding principal balance or, in the case of obligations that are not Borrowed Money, a Due and Payable Amount, that pursuant to the terms of such obligation may not be reduced as a result of the occurrence or non-occurrence of an event or circumstance (other than payment). A Convertible Obligation, an Exchangeable Obligation and an Accreting Obligation shall satisfy the Not Contingent Deliverable Obligation Characteristic if such Convertible Obligation, Exchangeable Obligation or Accreting Obligation otherwise meets the requirements of the preceding sentence so long as, in the case of a Convertible Obligation or an Exchangeable Obligation, the right (A) to convert or exchange such obligation or (B) to require the issuer to purchase or redeem such obligation (if the issuer has exercised or may exercise the right to pay the purchase or redemption price, in whole or in part, in Equity Notes) has not been exercised (or such exercise has been effectively rescinded) on or before the Delivery Date.

If a Reference Obligation is a Convertible Obligation or an Exchangeable Obligation, then such Reference Obligation may be included as a Deliverable Obligation only if the rights referred to in clauses (A) and (B) of this Section 2.20(b)(i) have not been exercised (or such exercise has been effectively rescinded) on or before the Delivery Date.

(i) **"Assignable Loan"** means a Loan that is capable of being assigned or novated to, at a minimum, commercial banks or financial institutions (irrespective of their jurisdiction of organization) that are not then a lender or a member of the relevant lending syndicate, without the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the applicable borrower if a Reference Entity is guaranteeing such Loan) or any agent;

(ii) **"Consent Required Loan"** means a Loan that is capable of being assigned or novated with the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the relevant borrower if a Reference Entity is guaranteeing such Loan) or any agent;

(iii) **"Direct Loan Participation"** means a Loan in respect of which, pursuant to a participation agreement, the Issuer is capable of creating, or procuring the creation of, a contractual right in favour of the Holders that provides the Holders with recourse to the participation seller for a specified share in any payments due under the relevant Loan which are received by such participation seller, any such agreement to be entered into between the Holders and either (A) the Issuer (to the extent the Issuer is then a lender or a member of the relevant lending syndicate), or (B) a Qualifying Participation Seller (if any) (to the extent such Qualifying Participation Seller is then a lender or a member of the relevant lending syndicate);

(iv) **"Transferable"** means an obligation that is transferable to institutional investors without any contractual, statutory or regulatory restriction, provided that none of the following shall be considered contractual, statutory or regulatory restrictions:

(A) contractual, statutory or regulatory restrictions that provide for eligibility for resale pursuant to Rule 144A or Regulation S promulgated under the United States Notes Act of 1933, as amended (and any contractual, statutory or regulatory restrictions promulgated under the laws of any jurisdiction having a similar effect in relation to the eligibility for resale of an obligation); or

- (B) restrictions on permitted investments such as statutory or regulatory investment restrictions on insurance companies and pension funds;
- (v) "**Maximum Maturity**" means an obligation that has a remaining maturity from the Physical Settlement Date of not greater than the period specified in the applicable Final Terms;
- (vi) "**Accelerated or Matured**" means an obligation under which the total amount owed, whether at maturity, by reason of acceleration, upon termination or otherwise (other than amounts in respect of default interest, indemnities, tax gross-ups and other similar amounts), is, or on or prior to the Delivery Date will be, due and payable in full in accordance with the terms of such obligation, or would have been but for, and without regard to, any limitation imposed under any applicable insolvency laws; and
- (vii) "**Not Bearer**" means any obligation that is not a bearer instrument unless interests with respect to such bearer instrument are cleared via the Euroclear system, Clearstream International or any other internationally recognized clearing system.

Section 2.21. Interpretation of Provisions. Unless this Section 2.21 is stated hereon to be not applicable:

- (a) If the Obligation Characteristic "Listed" is specified in the applicable Final Terms, it shall be construed as though Listed had been specified as an Obligation Characteristic only with respect to Bonds and shall only be relevant if Bonds are covered by the selected Obligation Category;
- (b) If (i) either of the Deliverable Obligation Characteristics "Listed" or "Not Bearer" is specified in the applicable Final Terms, it shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Bonds and shall only be relevant if Bonds are covered by the selected Deliverable Obligation Category; (ii) the Deliverable Obligation Characteristic "Transferable" is specified in the applicable Final Terms, it shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Deliverable Obligations that are not Loans (and shall only be relevant to the extent that obligations other than Loans are covered by the selected Deliverable Obligation Category); or (iii) any of the Deliverable Obligation Characteristics "Assignable Loan", "Consent Required Loan" or "Direct Loan Participation" is specified in the applicable Final Terms, it shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Loans and shall only be relevant if Loans are covered by the selected Deliverable Obligation Category;
- (c) If any of Payment, Borrowed Money, Loan or Bond or Loan is specified as the Deliverable Obligation Category and more than one of Assignable Loan, Consent Required Loan and Direct Loan Participation are specified as Deliverable Obligation Characteristics, the Deliverable Obligations may include any Loan that satisfies any one of such Deliverable Obligation Characteristics specified and need not satisfy all such Deliverable Obligation Characteristics; and
- (d) In the event that an Obligation or a Deliverable Obligation is a Qualifying Guarantee, the following will apply:
 - (i) For purposes of the application of the Obligation Category or the Deliverable Obligation Category, the Qualifying Guarantee shall be deemed to satisfy the same category or categories as those that describe the Underlying Obligation.
 - (ii) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, both the Qualifying Guarantee and the Underlying Obligation must satisfy on the relevant date each of the applicable Obligation Characteristics or the Deliverable Obligation Characteristics, if any, specified in the applicable Final Terms from the following list: Specified Currency, Not Sovereign Lender, Not Domestic Currency and Not Domestic Law. For these purposes, unless otherwise specified in the applicable Final Terms, (A) the lawful currency of any of

Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro shall not be a Domestic Currency and (B) the laws of England and the laws of the State of New York shall not be a Domestic Law.

- (iii) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, only the Qualifying Guarantee must satisfy on the relevant date the Obligation Characteristic or the Deliverable Obligation Characteristic of Not Subordinated, if specified in the applicable Final Terms.
- (iv) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, only the Underlying Obligation must satisfy on the relevant date each of the applicable Obligation Characteristics or the Deliverable Obligation Characteristics, if any, specified in the applicable Final Terms from the following list: Listed, Not Contingent, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer.
- (v) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics to an Underlying Obligation, references to the Reference Entity shall be deemed to refer to the Underlying Obligor.
- (vi) The terms "outstanding principal balance" and "Due and Payable Amount" (as they are used in various other Sections), when used in connection with Qualifying Guarantees are to be interpreted to be the then "outstanding principal balance" or "Due and Payable Amount", as applicable, of the Underlying Obligation which is supported by a Qualifying Guarantee.

Section 2.22. Qualifying Participation Seller.

"**Qualifying Participation Seller**" means any participation seller that meets the requirements specified in the applicable Final Terms. If no such requirements are specified, there shall be no Qualifying Participation Seller.

Section 2.23. Qualifying Guarantee.

"**Qualifying Guarantee**" means an arrangement evidenced by a written instrument pursuant to which a Reference Entity irrevocably agrees (by guarantee of payment or equivalent legal arrangement) to pay all amounts due under an obligation (the "Underlying Obligation") for which another party is the obligor (the "Underlying Obligor") and that is not at the time of the Credit Event Subordinated to any unsubordinated Borrowed Money obligation of the Underlying Obligor (with references in the definition of Subordination to the Reference Entity deemed to refer to the Underlying Obligor). Qualifying Guarantees shall exclude any arrangement (i) structured as a surety bond, financial guarantee insurance policy, letter of credit or equivalent legal arrangement or (ii) pursuant to the terms of which the payment obligations of the Reference Entity can be discharged, reduced, assigned or otherwise altered as a result of the occurrence or non-occurrence of an event or circumstance (other than payment). The benefit of a Qualifying Guarantee must be capable of being Delivered together with the Delivery of the Underlying Obligation.

Section 2.24. Qualifying Affiliate Guarantee.

"**Qualifying Affiliate Guarantee**" means a Qualifying Guarantee provided by a Reference Entity in respect of an Underlying Obligation of a Downstream Affiliate of that Reference Entity.

Section 2.25. Downstream Affiliate and Voting Shares.

- (a) "**Downstream Affiliate**" means an entity, at the date of the event giving rise to the Credit Event which is the subject of the Credit Event Notice, the Delivery Date or the time of identification of a Substitute Reference Obligation (as applicable), whose outstanding Voting Shares are more than 50 percent owned, directly or indirectly, by the Reference Entity.
- (b) "**Voting Shares**" shall mean those shares or other interests that have the power to elect the board of directors or similar governing body of an entity.

Section 2.26. Sovereign.

"**Sovereign**" means any state, political subdivision or government, or any agency, instrumentality, ministry, department or other authority (including, without limiting the foregoing, the central bank) thereof.

Section 2.27. Sovereign Agency.

"**Sovereign Agency**" means any agency, instrumentality, ministry, department or other authority (including, without limiting the foregoing, the central bank) of a Sovereign..

Section 2.28. Supranational Organization.

"**Supranational Organization**" means any entity or organization established by treaty or other arrangement between two or more Sovereigns or the Sovereign Agencies of two or more Sovereigns and includes, without limiting the foregoing, the International Monetary Fund, European Central Bank, International Bank for Reconstruction and Development and European Bank for Reconstruction and Development.

Section 2.29. Domestic Currency.

"**Domestic Currency**" means the currency specified as such hereon and any successor currency. If no currency is so specified, the Domestic Currency shall be the lawful currency and any successor currency of (a) the relevant Reference Entity, if the Reference Entity is a Sovereign, or (b) the jurisdiction in which the relevant Reference Entity is organized, if the Reference Entity is not a Sovereign. In no event shall Domestic Currency include any successor currency if such successor currency is the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro (or any successor currency to any such currency).

Section 2.30. Substitute Reference Obligation.

"**Substitute Reference Obligation**" means one or more obligations of the Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable hereon, as provider of any Qualifying Guarantee) that will replace one or more Reference Obligations, identified by the Calculation Agent in accordance with the following procedures:

- (a) In the event that (i) a Reference Obligation is redeemed in whole or (ii) in the opinion of the Calculation Agent (A) the aggregate amounts due under any Reference Obligation have been materially reduced by redemption or otherwise (other than due to any scheduled redemption, amortization or prepayments), (B) any Reference Obligation is an Underlying Obligation with a Qualifying Guarantee of a Reference Entity and, other than due to the existence or occurrence of a Credit Event, the Qualifying Guarantee is no longer a valid and binding obligation of such Reference Entity enforceable in accordance with its terms, or (C) for any other reason, other than due to the existence or occurrence of a Credit Event, any Reference Obligation is no longer an obligation of a Reference Entity, the Calculation Agent shall identify one or more Obligations to replace such Reference Obligation.
- (b) Any Substitute Reference Obligation or Substitute Reference Obligations shall be an Obligation that (1) ranks *pari passu* (or, if no such Obligation exists, then, at the Issuer's option, an Obligation that ranks senior) in priority of payment with such Reference Obligation (with the ranking in priority of payment of such Reference Obligation being determined as of the later of (A) the Trade Date specified in the applicable Final Terms and (B) the date on which such Reference Obligation was issued or incurred and not reflecting any change to such ranking in priority of payment after such later date), (2) preserves the economic equivalent, as closely as practicable as determined by the Calculation Agent, of the delivery and payment obligations under the Conditions and (3) is an obligation of a Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable hereon, as provider of a Qualifying Guarantee). The Substitute Reference Obligation or Substitute Reference Obligations identified by the Calculation Agent shall, without further action, replace such Reference Obligation or Reference Obligations.

- (c) If more than one specific Reference Obligation is identified as a Reference Obligation, any of the events set forth under Section 2.30(a) has occurred with respect to one or more but not all of the Reference Obligations, and the Calculation Agent determines that no Substitute Reference Obligation is available for one or more of such Reference Obligations, each Reference Obligation for which no Substitute Reference Obligation is available shall cease to be a Reference Obligation.
- (d) If more than one specific Reference Obligation is identified as a Reference Obligation, any of the events set forth under Section 2.30(a) has occurred with respect to all of the Reference Obligations, and the Calculation Agent determines that at least one Substitute Reference Obligation is available for any such Reference Obligation, then each such Reference Obligation shall be replaced by a Substitute Reference Obligation and each Reference Obligation for which no Substitute Reference Obligation is available will cease to be a Reference Obligation.
- (e) If (i) more than one specific Reference Obligation is identified as a Reference Obligation, any of the events set forth under Section 2.30(a) has occurred with respect to all of the Reference Obligations and the Calculation Agent determines that no Substitute Reference Obligation is available for any of the Reference Obligations, or (ii) only one specific Reference Obligation is identified as a Reference Obligation, any of the events set forth under Section 2.30(a) has occurred with respect to such Reference Obligation and the Calculation Agent determines that no Substitute Reference Obligation is available for that Reference Obligation, then the Calculation Agent shall continue to attempt to identify a Substitute Reference Obligation until the latest of the Scheduled Termination Date, the Grace Period Extension Date (if any) and the Repudiation/Moratorium Evaluation Date (if any). If (i) either Cash Settlement is applicable and the Cash Settlement Amount is determined by reference to a Reference Obligation or Physical Settlement is applicable and the Reference Obligation is the only Deliverable Obligation and (ii) on or prior to the latest of the Scheduled Termination Date, the Grace Period Extension Date or the Repudiation/Moratorium Evaluation Date, a Substitute Reference Obligation has not been identified, the Issue's Obligations to pay the Cash Settlement Amount or Deliver the Reference Obligation as the case may be, shall cease as of the latest of the Scheduled Termination Date, the Grace Period Extension Date or the Repudiation/Moratorium Evaluation Date.
- (f) For purposes of identification of a Reference Obligation, any change in the Reference Obligation's CUSIP or ISIN number or other similar identifier will not, in and of itself, convert such Reference Obligation into a different Obligation.

Section 2.31. Not referenced.

Section 2.32. Restructuring Maturity Limitation and Fully Transferable Obligation.

- (a) If Physical Settlement and "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" are specified in the applicable Final Terms and Restructuring is the only Credit Event specified in a Credit Event Notice delivered by the Issuer, then a Deliverable Obligation may be specified (or deemed specified pursuant to Condition 5(k)(b)(vii)) in the Notice of Physical Settlement only if it (i) is a Fully Transferable Obligation and (ii) has a final maturity date not later than the Restructuring Maturity Limitation Date.
- (b) "**Fully Transferable Obligation**" means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Eligible Transferees without the consent of any person being required, in the case of any Deliverable Obligation other than Bonds. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation shall not be considered to be a requirement for consent for purposes of this Section 2.32(b).

For purposes of determining whether a Deliverable Obligation satisfies the requirements of the definition of Fully Transferable Obligation, such determination shall be made as of the Delivery Date

for the Deliverable Obligation, taking into account only the terms of the Deliverable Obligation and any related transfer or consent documents which have been obtained by the Issuer.

- (a) **"Restructuring Maturity Limitation Date"** means the date that is the earlier of (x) thirty months following the Restructuring Date and (y) the latest final maturity date of any Restructured Bond or Loan, provided, however, that under no circumstances shall the Restructuring Maturity Limitation Date be earlier than the Scheduled Termination Date or later than thirty months following the Scheduled Termination Date and if it is, it shall be deemed to be the Scheduled Termination Date or thirty months following the Scheduled Termination Date, as the case may be.
- (b) **"Restructuring Date"** means, with respect to a Restructured Bond or Loan, the date on which a Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.
- (c) **"Restructured Bond or Loan"** means an Obligation which is a Bond or Loan and in respect of which a Restructuring that is the subject of a Credit Event Notice has occurred.
- (d) **"Eligible Transferee"** means each of the following:
 - (i) (A) any bank or other financial institution;
 - (B) an insurance or reinsurance company;
 - (C) a mutual fund, unit trust or similar collective investment vehicle (other than an entity specified in clause (ii)(A) below); and
 - (D) a registered or licensed broker or dealer (other than a natural person or proprietorship);

provided, however, in each case that such entity has total assets of at least USD 500,000,000;

- (ii) an Affiliate of an entity specified in the preceding clause (i);
- (iii) each of a corporation, partnership, proprietorship, organization, trust or other entity
 - (A) that is an investment vehicle (including, without limitation, any hedge fund, issuer of collateralized debt obligations, commercial paper conduit or other special purpose vehicle) that (1) has total assets of at least USD 100,000,000 or (2) is one of a group of investment vehicles under common control or management having, in the aggregate, total assets of at least USD 100,000,000;
 - (B) that has total assets of at least USD 500,000,000; or
 - (C) the obligations of which under an agreement, contract or transaction are guaranteed or otherwise supported by a letter of credit or keepwell, support or other agreement by an entity described in clauses (i), (ii), (iii)(B) or (iv) of this Section 2.32(f); and
- (iv) a Sovereign, Sovereign Agency or Supranational Organization.

All references in this Section 2.32(f) to USD include equivalent amounts in other currencies.

Section 2.33. Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation.

- (a) If Physical Settlement and "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" are specified in the applicable Final Terms and Restructuring is the only Credit Event specified in a Credit Event Notice delivered by the Issuer, then a Deliverable Obligation may be specified (or deemed specified pursuant to Condition 5(k)(b)(vii)) in the Notice of Physical Settlement only if it (i) is a Conditionally Transferable Obligation and (ii) has a final maturity date not later than the applicable Modified Restructuring Maturity Limitation Date.

- (b) **"Conditionally Transferable Obligation"** means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Modified Eligible Transferees without the consent of any person being required, in the case of any Deliverable Obligation other than Bonds, provided, however, that a Deliverable Obligation other than Bonds will be a Conditionally Transferable Obligation notwithstanding that consent of the Reference Entity or the guarantor, if any, of a Deliverable Obligation other than Bonds (or the consent of the relevant obligor if a Reference Entity is guaranteeing such Deliverable Obligation) or any agent is required for such novation, assignment or transfer so long as the terms of such Deliverable Obligation provide that such consent may not be unreasonably withheld or delayed. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation shall not be considered to be a requirement for consent for purposes of this Section 2.33(b).
- (i) Where Modified Restructuring Maturity Limitation under this Section 2.33 applies and a Deliverable Obligation is a Conditionally Transferable Obligation with respect to which consent is required to novate, assign or transfer, then if the requisite consent is refused (whether or not a reason is given for such refusal and, where a reason is given for such refusal, regardless of that reason), or is not received by the Physical Settlement Date (in which case it shall be deemed to have been refused), the Issuer shall promptly notify the Holders of such refusal (or deemed refusal) and Condition 5(k)(b)(vii) shall apply.
- (ii) For purposes of determining whether a Deliverable Obligation satisfies the requirements of the definition of Conditionally Transferable Obligation, such determination shall be made as of the Delivery Date for the Deliverable Obligation, taking into account only the terms of the Deliverable Obligation and any related transfer or consent documents which have been obtained by the Issuer.
- (c) **"Modified Restructuring Maturity Limitation Date"** means, with respect to a Deliverable Obligation, the date that is the later of (x) the Scheduled Termination Date and (y) 60 months following the Restructuring Date in the case of a Restructured Bond or Loan, or 30 months following the Restructuring Date in the case of all other Deliverable Obligations.
- (d) **"Restructuring Date"** means, with respect to a Restructured Bond or Loan, the date on which a Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.
- (e) **"Restructured Bond or Loan"** means an Obligation which is a Bond or Loan and in respect of which a Restructuring that is the subject of a Credit Event Notice has occurred.
- (f) **"Modified Eligible Transferee"** means any bank, financial institution or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, Notes and other financial assets.

(3) **SECTION 3: CONDITIONS TO SETTLEMENT**

Section 3.1. Not referenced.

Section 3.2. Conditions to Settlement.

- (a) **"Conditions to Settlement"** means (i) if Cash Settlement is specified in the applicable Final Terms, Credit Event Notice and, if specified as applicable hereon, Notice of Publicly Available Information and (ii) if Physical Settlement is specified in the applicable Final Terms, Credit Event Notice and Notice of Physical Settlement, and, if specified as applicable hereon, Notice of Publicly Available Information;
- (b) **Credit Event Notice.** The Credit Event Notice Condition to Settlement may be satisfied by the delivery of a Credit Event Notice by the Issuer to the Holders that is effective during the Notice Delivery Period;

- (c) **Notice of Publicly Available Information.** The Notice of Publicly Available Information Condition to Settlement is satisfied by the delivery of a Notice of Publicly Available Information by the Issuer to the Holders that is effective during the Notice Delivery Period; and
- (d) **Notice of Physical Settlement.** The Notice of Physical Settlement Condition to Settlement is satisfied by the delivery by the Issuer of a Notice of Physical Settlement to the Holders that is effective no later than thirty calendar days after the Event Determination Date. For purposes of determining whether the Notice of Physical Settlement Condition to Settlement has been satisfied, the effective date of delivery of the Notice of Physical Settlement (whether or not subsequently changed) shall be used.

Section 3.3. Credit Event Notice.

"**Credit Event Notice**" means an irrevocable notice from the Issuer to the Holders that describes a Credit Event that occurred at or after 12:01 a.m., Greenwich Mean Time, on the Effective Date and at or prior to 11:59 p.m., Greenwich Mean Time, on the latest of:

- (a) the Scheduled Termination Date;
- (b) the Grace Period Extension Date if:
 - (i) Grace Period Extension is specified as applicable hereon;
 - (ii) the Credit Event that is the subject of the Credit Event Notice is a Failure to Pay that occurs after the Scheduled Termination Date; and
 - (iii) the Potential Failure to Pay with respect to such Failure to Pay occurs at or prior to 11:59 p.m., Greenwich Mean Time, on the Scheduled Termination Date; and
- (c) the Repudiation/Moratorium Evaluation Date if:
 - (i) the Credit Event that is the subject of the Credit Event Notice is a Repudiation/Moratorium that occurs after the Scheduled Termination Date;
 - (ii) the Potential Repudiation/Moratorium with respect to such Repudiation/ Moratorium occurs at or prior to 11:59 p.m., Greenwich Mean Time, on the Scheduled Termination Date; and
 - (iii) the Repudiation/Moratorium Extension Condition is satisfied,

unless an alternative time is specified in the applicable Final Terms.

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

Section 3.4. Notice of Physical Settlement.

"**Notice of Physical Settlement**" means a notice from the Issuer to the Holders that contains a detailed description of the Deliverable Obligations that the Issuer will, subject to Condition 5(k)(b), Deliver to the Holders, including the outstanding principal balance or Due and Payable Amount of each such Deliverable Obligation to be Delivered and, if available, the CUSIP or ISIN number (if such identifying number is not available, the rate and tenor of the Deliverable Obligation). The Issuer may notify the Holders (in the manner given as aforesaid) that the Issuer is changing one or more Deliverable Obligations to be Delivered (to the extent such Deliverable Obligation has not previously been Delivered) or the detailed description thereof, but each such notice must be effective on or prior to the Physical Settlement Date (determined without reference to any such change). Notwithstanding the foregoing, the Issuer may correct any errors or inconsistencies in the detailed description of the Deliverable Obligations by notice to the Holders prior to the relevant Delivery Date.

Section 3.5. Publicly Available Information. "Publicly Available Information" means:

- (a) information that reasonably confirms any of the facts relevant to the determination that the Credit Event or Potential Repudiation/Moratorium, as applicable, described in a Credit Event Notice or Repudiation/Moratorium Extension Notice has occurred and which (i) has been published in or on not less than the Specified Number of Public Sources, regardless of whether the reader or user thereof pays a fee to obtain such information; provided that, if the Issuer or any of its Affiliates is cited as the sole source of such information, then such information shall not be deemed to be Publicly Available Information unless the Issuer or its Affiliate is acting in its capacity as trustee, fiscal agent, administrative agent, clearing agent or paying agent for an Obligation, (ii) is information received from or published by (A) a Reference Entity (or a Sovereign Agency in respect of a Reference Entity which is a Sovereign) or (B) a trustee, fiscal agent, administrative agent, clearing agent or paying agent for an Obligation, (iii) is information contained in any petition or filing instituting a proceeding described in Section 4.2(d) against or by a Reference Entity or (iv) is information contained in any order, decree, notice or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body.
- (b) In the event that the Issuer is (i) the sole source of information in its capacity as trustee, fiscal agent, administrative agent, clearing agent or paying agent for an Obligation and (ii) a holder of the Obligation with respect to which a Credit Event has occurred, the Issuer shall be required to deliver to the Holders a certificate signed by a Managing Director (or other substantively equivalent title) of the Issuer, which shall certify the occurrence of a Credit Event with respect to a Reference Entity.
- (c) In relation to any information of the type described in Section 3.5(a)(ii), (iii) and (iv), the party receiving such information may assume that such information has been disclosed to it without violating any law, agreement or understanding regarding the confidentiality of such information and that the party delivering such information has not taken any action or entered into any agreement or understanding with the Reference Entity or any Affiliate of the Reference Entity that would be breached by, or would prevent, the disclosure of such information to third parties.
- (d) Publicly Available Information need not state (i) in relation to Section 2.25, the percentage of Voting Shares owned, directly or indirectly, by the Reference Entity and (ii) that such occurrence (A) has met the Payment Requirement or Default Requirement, (B) is the result of exceeding any applicable Grace Period or (C) has met the subjective criteria specified in certain Credit Events.

Section 3.6. Notice of Publicly Available Information.

"**Notice of Publicly Available Information**" means an irrevocable notice from the Issuer to the Holders that cites Publicly Available Information confirming the occurrence of the Credit Event or Potential Repudiation/Moratorium, as applicable, described in the Credit Event Notice or Repudiation/Moratorium Extension Notice. In relation to a Repudiation/Moratorium Credit Event, the Notice of Publicly Available Information must cite Publicly Available Information confirming the occurrence of both clauses (i) and (ii) of the definition of Repudiation/ Moratorium. The notice given must contain a copy, or a description in reasonable detail, of the relevant Publicly Available Information. If Notice of Publicly Available Information is applicable and a Credit Event Notice or Repudiation/Moratorium Extension Notice, as applicable, contains Publicly Available Information, such Credit Event Notice or Repudiation/ Moratorium Extension Notice will also be deemed to be a Notice of Publicly Available Information.

Section 3.7. Public Source.

"**Public Source**" means each source of Publicly Available Information specified as such hereon (or, if a source is not so specified, each of Bloomberg Service, Dow Jones Telerate Service, Reuter Monitor Money Rates Services, Dow Jones News Wire, Wall Street Journal, New York Times, Nihon Keizai Shinbun, Asahi Shinbun, Yomiuri Shinbun, Financial Times, La Tribune, Les Echos and The Australian Financial Review (and successor publications), the main source(s) of business news in the country in which the Reference Entity is organized and any other internationally recognized published or electronically displayed news sources).

Section 3.8. Specified Number.

"Specified Number" means the number of Public Sources specified in the applicable Final Terms (or, if a number is not so specified, two).

Section 3.9. Credit Event Notice After Restructuring. Unless specified otherwise hereon, upon the occurrence of a Restructuring Credit Event:

- (a) the Issuer may deliver multiple Credit Event Notices with respect to such Restructuring Credit Event, each such Credit Event Notice setting forth the amount of the relevant Reference Entity Notional Amount to which such Credit Event Notice applies (the "**Exercise Amount**");
- (b) if the Issuer has delivered a Credit Event Notice that specifies an Exercise Amount that is less than the then outstanding Reference Entity Notional Amount, the Conditions shall, with effect from the date such Credit Event Notice is effective, be construed as if references to Reference Entity Notional Amount were to the Exercise Amount and the outstanding Reference Entity Notional Amount shall be reduced by an amount equal to the relevant Exercise Amount. Thereafter the Issuer shall make such amendments to the Conditions as it deems necessary in its sole discretion to preserve the economic effect of the Notes;
- (c) the Exercise Amount in connection with a Credit Event Notice describing a Credit Event other than a Restructuring must be equal to the then outstanding Reference Entity Notional Amount (and not a portion thereof); and
- (d) the Exercise Amount in connection with a Credit Event Notice describing a Restructuring must be an amount that is at least 1,000,000 units of the currency (or, if Japanese Yen, 100,000,000 units) in which the Reference Entity Notional Amount is denominated or an integral multiple thereof or the entire then outstanding Reference Entity Notional Amount.

(4) SECTION 4: CREDIT EVENTS

Section 4.1. Credit Event.

"Credit Event" means, one or more of Bankruptcy, Failure to Pay, Obligation Acceleration, Obligation Default, Repudiation/Moratorium or Restructuring, as specified in the applicable Final Terms. If an occurrence would otherwise constitute a Credit Event, such occurrence will constitute a Credit Event whether or not such occurrence arises directly or indirectly from, or is subject to a defence based upon:

- (a) any lack or alleged lack of authority or capacity of a Reference Entity to enter into any Obligation or, as applicable, an Underlying Obligor to enter into any Underlying Obligation, (b) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation or, as applicable, any Underlying Obligation, however described, (c) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described, or (d) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described.

Section 4.2. Bankruptcy.

"Bankruptcy" means a Reference Entity (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (b) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due; (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (d) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding up or liquidation or (ii) is not dismissed, discharged, stayed or restrained in each case within thirty calendar days of the institution or presentation thereof; (e) has a resolution passed for its winding up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (f) seeks or becomes subject to the appointment of an administrator,

provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (g) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within thirty calendar days thereafter; or (h) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (a) to (g) (inclusive).

Section 4.3. Obligation Acceleration.

"**Obligation Acceleration**" means one or more Obligations in an aggregate amount of not less than the Default Requirement have become due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default or other similar condition or event (however described), other than a failure to make any required payment, in respect of a Reference Entity under one or more Obligations.

Section 4.4. Obligation Default.

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

Section 4.5. Failure to Pay.

"**Failure to Pay**" means, after the expiration of any applicable Grace Period (after the satisfaction of any conditions precedent to the commencement of such Grace Period), the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations, in accordance with the terms of such Obligations at the time of such failure.

Section 4.6. Repudiation/Moratorium.

- (a) "**Repudiation/Moratorium**" means the occurrence of both of the following events: (i) an authorized officer of a Reference Entity or a Governmental Authority (x) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, one or more Obligations in an aggregate amount of not less than the Default Requirement or (y) declares or imposes a moratorium, standstill, roll-over or deferral, whether de facto or de jure, with respect to one or more Obligations in an aggregate amount of not less than the Default Requirement and (ii) a Failure to Pay, determined without regard to the Payment Requirement, or a Restructuring, determined without regard to the Default Requirement, with respect to any such Obligation occurs on or prior to the Repudiation/Moratorium Evaluation Date.
- (b) "**Repudiation/Moratorium Evaluation Date**" means, if a Potential Repudiation/Moratorium occurs on or prior to the Scheduled Termination Date, (i) if the Obligations to which such Potential Repudiation/Moratorium relates include Bonds, the date that is the later of (A) the date that is 60 days after the date of such Potential Repudiation/Moratorium and (B) the first payment date under any such Bond after the date of such Potential Repudiation/Moratorium (or, if later, the expiration date of any applicable Grace Period in respect of such payment date) and (ii) if the Obligations to which such Potential Repudiation/Moratorium relates do not include Bonds, the date that is 60 days after the date of such Potential Repudiation/Moratorium.
- (c) "**Potential Repudiation/Moratorium**" means the occurrence of an event described in clause (i) of the definition of Repudiation/Moratorium.
- (d) The "**Repudiation/Moratorium Extension Condition**" is satisfied by the delivery of a Repudiation/Moratorium Extension Notice and, if specified as applicable hereon, Notice of Publicly Available Information by the Issuer to the Holders that is effective during the period described in clause (a) of the definition of Notice Delivery Period.

- (e) **"Repudiation/Moratorium Extension Notice"** means an irrevocable notice from the Issuer to the Holders that describes a Potential Repudiation/Moratorium that occurred on or after the Effective Date and on or prior to the Scheduled Termination Date. A Repudiation/Moratorium Extension Notice must contain a description in reasonable detail of the facts relevant to the determination that a Potential Repudiation/Moratorium has occurred and indicate the date of the occurrence. The Potential Repudiation/Moratorium that is the subject of the Repudiation/Moratorium Extension Notice need not be continuing on the date the Repudiation/Moratorium Extension Notice is effective.

Section 4.7. Restructuring.

- (a) **"Restructuring"** means that, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs in a form that binds all holders of such Obligation, is agreed between the Reference Entity or a Governmental Authority and a sufficient number of holders of such Obligation to bind all holders of the Obligation or is announced (or otherwise decreed) by a Reference Entity or a Governmental Authority in a form that binds all holders of such Obligation, and such event is not expressly provided for under the terms of such Obligation in effect as of the later of the Trade Date and the date as of which such Obligation is issued or incurred:
- (i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals;
 - (ii) a reduction in the amount of principal or premium payable at maturity or at scheduled redemption dates;
 - (iii) a postponement or other deferral of a date or dates for either (A) the payment or accrual of interest or (B) the payment of principal or premium;
 - (iv) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation; or
 - (v) any change in the currency or composition of any payment of interest or principal to any currency which is not a Permitted Currency.

"Permitted Currency" means (1) the legal tender of any Group of 7 country (or any country that becomes a member of the Group of 7 if such Group of 7 expands its membership) or (2) the legal tender of any country which, as of the date of such change, is a member of the Organization for Economic Cooperation and Development and has a local currency long-term debt rating of either AAA or higher assigned to it by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. or any successor to the rating business thereof, Aaa or higher assigned to it by Moody's Investors Service, Inc. or any successor to the rating business thereof or AAA or higher assigned to it by Fitch Ratings or any successor to the rating business thereof.

- (b) Notwithstanding the provisions of Section 4.7(a), none of the following shall constitute a Restructuring:
- (i) the payment in euros of interest or principal in relation to an Obligation denominated in a currency of a Member State of the European Union that adopts or has adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union;
 - (ii) the occurrence of, agreement to or announcement of any of the events described in Section 4.7(a)(i) to (v) due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and
 - (iii) the occurrence of, agreement to or announcement of any of the events described in Section 4.7(a)(i) to (v) in circumstances where such event does not directly or

indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity.

- (c) For purposes of Sections 4.7(a), 4.7(b) and 4.9, the term Obligation shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable hereon, as provider of any Qualifying Guarantee. In the case of a Qualifying Guarantee and an Underlying Obligation, references to the Reference Entity in Section 4.7(a) shall be deemed to refer to the Underlying Obligor and the reference to the Reference Entity in Section 4.7(b) shall continue to refer to the Reference Entity.

Section 4.8. Certain Definitions Relating to Credit Events.

- (a) **"Default Requirement"** means the amount specified as such hereon or its equivalent in the relevant Obligation Currency or, if Default Requirement is not so specified, USD 10,000,000 or its equivalent in the relevant Obligation Currency, in either case as of the occurrence of the relevant Credit Event.
- (b) **"Governmental Authority"** means any de facto or de jure government (or any agency, instrumentality, ministry or department thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of a Reference Entity or of the jurisdiction of organization of a Reference Entity.
- (c) **"Obligation Currency"** means the currency or currencies in which an Obligation is denominated.
- (d) **"Payment Requirement"** means the amount specified as such hereon or its equivalent in the relevant Obligation Currency or, if Payment Requirement is not so specified, USD 1,000,000 or its equivalent in the relevant Obligation Currency, in either case as of the occurrence of the relevant Failure to Pay or Potential Failure to Pay, as applicable.

Section 4.9. Limitation on Obligations in Connection with Section 4.7. Unless Multiple Holder Obligation is specified as not applicable hereon, then, notwithstanding anything to the contrary in Section 4.7, the occurrence of, agreement to or announcement of any of the events described in Section 4.7(a)(i) to (v) shall not be a Restructuring unless the Obligation in respect of any such events is a Multiple Holder Obligation.

"Multiple Holder Obligation" means an Obligation that (i) at the time of the event which constitutes a Restructuring Credit Event is held by more than three holders that are not Affiliates of each other and (ii) with respect to which a percentage of holders (determined pursuant to the terms of the Obligation as in effect on the date of such event) at least equal to sixty-six-and-two-thirds is required to consent to the event which constitutes a Restructuring Credit Event.

- (5) **SECTION 5: NOT REFERENCED**
- (6) **SECTION 6: NOT REFERENCED**
- (7) **SECTION 7: TERMS RELATING TO CASH SETTLEMENT**

Section 7.1. Not referenced.

Section 7.2. Not referenced.

Section 7.3. Cash Settlement Amount.

"Cash Settlement Amount" means the amount specified as such hereon or, if an amount is not specified, the greater of (a) (i) the relevant Reference Entity Notional Amount multiplied by (ii) the Reference Price minus the Final Price and (b) zero.

Section 7.4. Final Price.

"**Final Price**" means the price of the Reference Obligation, expressed as a percentage, determined in accordance with the specified Valuation Method.

Section 7.5. Valuation Method.

(a) The following Valuation Methods may be specified in the applicable Final Terms for a Reference Entity with only one Reference Obligation and only one Valuation Date:

- (i) "**Market**" means the Market Value determined by the Calculation Agent with respect to the Valuation Date; or
- (ii) "**Highest**" means the highest Quotation obtained by the Calculation Agent (or in accordance with Section 7.7(b)) with respect to the Valuation Date.

If no such Valuation Method is specified in the applicable Final Terms, the Valuation Method shall be Highest.

(b) The following Valuation Methods may be specified in the applicable Final Terms for a Reference Entity with only one Reference Obligation and more than one Valuation Date:

- (i) "**Average Market**" means the unweighted arithmetic mean of the Market Values determined by the Calculation Agent with respect to each Valuation Date; or
- (ii) "**Highest**" means the highest Quotation obtained by the Calculation Agent (or in accordance with Section 7.7(b)) with respect to any Valuation Date; or
- (iii) "**Average Highest**" means the unweighted arithmetic mean of the highest Quotations obtained by the Calculation Agent (or in accordance with Section 7.7(b)) with respect to each Valuation Date.

If no such Valuation Method is specified, the Valuation Method shall be Average Highest.

(c) The following Valuation Methods may be specified in the applicable Final Terms for a Reference Entity with more than one Reference Obligation and only one Valuation Date:

- (i) "**Blended Market**" means the unweighted arithmetic mean of the Market Values for each Reference Obligation determined by the Calculation Agent with respect to the Valuation Date; or
- (ii) "**Blended Highest**" means the unweighted arithmetic mean of the highest Quotations obtained by the Calculation Agent (or in accordance with Section 7.7(b)) for each Reference Obligation with respect to the Valuation Date

If no such Valuation Method is specified, the Valuation Method shall be Blended Highest.

(d) The following Valuation Methods may be specified in the applicable Final Terms for a Reference Entity with more than one Reference Obligation and more than one Valuation Date:

- (i) "**Average Blended Market**" means, using values with respect to each Valuation Date determined by the Calculation Agent in accordance with the Blended Market Valuation Method, the unweighted arithmetic mean of the values so determined with respect to each Valuation Date; or
- (ii) "**Average Blended Highest**" means, using values with respect to each Valuation Date determined by the Calculation Agent in accordance with the Blended Highest Valuation Method, the unweighted arithmetic mean of the values so determined with respect to each Valuation Date

If no such Valuation Method is specified, the Valuation Method shall be Average Blended Highest.

- (e) Notwithstanding Section 7.5(a) through (d), if Quotations include Weighted Average Quotations or fewer than two Full Quotations, the Valuation Method shall be Market, Average Market, or Blended Market or Average Blended Market, as the case may be.

Section 7.6. Market Value.

"**Market Value**" means, with respect to an Obligation on a Valuation Date, (a) if more than three Full Quotations are obtained, the arithmetic mean of such Full Quotations, disregarding the Full Quotations having the highest and lowest values (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (b) if exactly three Full Quotations are obtained, the Full Quotation remaining after disregarding the highest and lowest Full Quotations (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (c) if exactly two Full Quotations are obtained, the arithmetic mean of such Full Quotations; (d) if fewer than two Full Quotations are obtained and a Weighted Average Quotation is obtained, such Weighted Average Quotation; (e) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained, subject to Section 7.7(b), an amount as determined by the Calculation Agent on the next Business Day on which two or more Full Quotations or a Weighted Average Quotation is obtained; and (f) if two or more Full Quotations or a Weighted Average Quotation are not obtained within the additional five Business Day period set forth in Section 7.7(b), the Market Value shall be determined as provided in Section 7.7(b).

Section 7.7. Quotation.

"**Quotation**" means each Full Quotation and the Weighted Average Quotation obtained and expressed as a percentage with respect to a Valuation Date in the manner that follows:

- (a) The Calculation Agent shall attempt to obtain Full Quotations with respect to each Valuation Date from five or more Dealers. If the Calculation Agent is unable to obtain two or more such Full Quotations on the same Business Day within three Business Days of a Valuation Date, then on the next following Business Day (and, if necessary, on each Business Day thereafter until the tenth Business Day following the relevant Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from five or more Dealers and, if two or more Full Quotations are not available, a Weighted Average Quotation.
- (b) If the Calculation Agent is unable to obtain two or more Full Quotations or a Weighted Average Quotation on the same Business Day on or prior to the tenth Business Day following the applicable Valuation Date, then the party that is not the Calculation Agent may attempt to obtain Full Quotations from five or more Dealers and, if two or more Full Quotations are not available, a Weighted Average Quotation. If the Calculation Agent is able to obtain two or more Full Quotations or a Weighted Average Quotation on the same Business Day within an additional five Business Days, the Calculation Agent shall use such Full Quotations or Weighted Average Quotation to determine the Final Price in accordance with the specified Valuation Method. If such party is unable to obtain two or more Full Quotations or a Weighted Average Quotation on the same Business Day within an additional five Business Days, the Quotations shall be deemed to be any Full Quotation obtained from a Dealer at the Valuation Time on such fifth Business Day or, if no Full Quotation is obtained, the weighted average of any firm quotations for the Reference Obligation obtained from Dealers at the Valuation Time on such fifth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations were not obtained on such day.
- (c)
 - (i) If "Include Accrued Interest" is specified in the applicable Final Terms in respect of Quotations, such Quotations shall include accrued but unpaid interest; (ii) if "Exclude Accrued Interest" is specified in the applicable Final Terms in respect of Quotations, such Quotations shall not include accrued but unpaid interest; and (iii) if neither "Include Accrued Interest" nor "Exclude Accrued Interest" is specified in the applicable Final Terms in respect of Quotations, the Calculation Agent shall determine based on then current market practice in the market of the Reference Obligation, whether such Quotations shall include or exclude accrued but

unpaid interest. All Quotations shall be obtained in accordance with this specification or determination.

- (d) If any Quotation obtained with respect to an Accreting Obligation is expressed as a percentage of the amount payable in respect of such obligation at maturity, such Quotation will instead be expressed as a percentage of the outstanding principal balance (as defined in Section 8.7(a)(i)) for purposes of determining the Final Price.

Section 7.8. Valuation Date.

"**Valuation Date**" means:

- if "**Single Valuation Date**" is specified in the applicable Final Terms, the date that is the number of Business Days specified in the applicable Final Terms after satisfaction of all Conditions to Settlement or, if the number of Business Days is not so specified, five Business Days, and (b) if "**Multiple Valuation Dates**" is specified in the applicable Final Terms, each of the following dates:
 - (i) the date that is the number of Business Days specified in the applicable Final Terms after satisfaction of all Conditions to Settlement (or, if the number of Business Days is not so specified, five Business Days); and
 - (ii) each successive date that is the number of Business Days specified in the applicable Final Terms (or, if the number of Business Days is not so specified, five Business Days) after the date on which the Calculation Agent obtains a Market Value with respect to the immediately preceding Valuation Date.

When "Multiple Valuation Dates" is specified, the total number of Valuation Dates shall be equal to the number of Valuation Dates specified in the applicable Final Terms (or, if the number of Valuation Dates is not so specified, five Valuation Dates).

If neither Single Valuation Date nor Multiple Valuation Dates is specified in the applicable Final Terms, Single Valuation Date shall apply.

Section 7.9. Quotation Method. The applicable Quotation Method may be specified in the applicable Final Terms by reference to one of the following terms:

- (a) "**Bid**" means that only bid quotations shall be requested from Dealers;
- (b) "**Offer**" means that only offer quotations shall be requested from Dealers; or
- (c) "**Mid-market**" means that bid and offer quotations shall be requested from Dealers and shall be averaged for purposes of determining a relevant Dealer's quotation.

If a Quotation Method is not specified in the applicable Final Terms, Bid shall apply.

Section 7.10. Full Quotation.

"**Full Quotation**" means, in accordance with the Quotation Method, each firm quotation obtained from a Dealer at the Valuation Time, to the extent reasonably practicable, for an amount of the Reference Obligation with an outstanding principal balance equal to the Quotation Amount.

Section 7.11. Weighted Average Quotation.

"**Weighted Average Quotation**" means, in accordance with the Quotation Method, the weighted average of firm quotations obtained from Dealers at the Valuation Time, to the extent reasonably practicable, each for an amount of the Reference Obligation with an outstanding principal balance of as large a size as available but less than the Quotation Amount (but of a size equal to the Minimum Quotation Amount or, if quotations of a size equal to the Minimum Quotation Amount are not available, quotations as near in size as practicable to the Minimum Quotation Amount) that in the aggregate are approximately equal to the Quotation Amount.

Section 7.12. Quotation Amount.

"Quotation Amount" means the amount specified as such hereon (which may be specified by reference to an amount in a currency or by reference to Representative Amount) or, if no amount is so specified, the relevant Reference Entity Notional Amount (or, in either case, its equivalent in the relevant Obligation Currency converted by the Calculation Agent in a commercially reasonable manner by reference to exchange rates in effect at the time that the relevant Quotation is being obtained).

Section 7.13. Minimum Quotation Amount.

"Minimum Quotation Amount" means the amount specified as such hereon (or its equivalent in the relevant Obligation Currency) or, if no amount is so specified, the lower of (a) USD 1,000,000 (or its equivalent in the relevant Obligation Currency) and (b) the Quotation Amount.

Section 7.14. Valuation Time.

"Valuation Time" means the time specified as such hereon or, if no time is so specified, 11:00 a.m. in the principal trading market for the Reference Obligation.

Section 7.15. Dealer.

"Dealer" means a dealer in obligations of the type of Obligation(s) for which Quotations are to be obtained, including each Dealer specified in the applicable Final Terms. If no Dealers are specified in the applicable Final Terms, the Calculation Agent shall select the Dealers in good faith and in a commercially reasonable manner. Upon a Dealer no longer being in existence (with no successors), or not being an active dealer in the obligations of the type for which Quotations are to be obtained, the Calculation Agent may substitute any other Dealer(s) for one or more of the foregoing.

Section 7.16. Representative Amount.

"Representative Amount" means an amount that is representative for a single transaction in the relevant market and at the relevant time, such amount to be determined by the Calculation Agent

(8) **SECTION 8: TERMS RELATING TO PHYSICAL SETTLEMENT**

Section 8.1. Not referenced.

Section 8.2. Deliver.

"Deliver" means to deliver, novate, transfer (including, in the case of a Qualifying Guarantee, transfer of the benefit of the Qualifying Guarantee), assign or sell, as appropriate, in the manner customary for the settlement of the applicable Deliverable Obligations (which shall include executing all necessary documentation and taking any other necessary actions), in order to convey all right, title and interest in the Deliverable Obligations specified in the Notice of Physical Settlement to the Holders free and clear of any and all liens, charges, claims or encumbrances (including, without limitation, any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in Section 4.1(a) (d)) or right of set off by or of the Reference Entity or, as applicable, an Underlying Obligor); provided that to the extent that the Deliverable Obligations consist of Direct Loan Participations, "Deliver" means to create (or procure the creation) of a participation in favour of the Holders and to the extent that the Deliverable Obligations consist of Qualifying Guarantees, "Deliver" means to Deliver both the Qualifying Guarantee and the Underlying Obligation. "Delivery" and "Delivered" will be construed accordingly. In the case of a Loan, Delivery shall be effected using documentation substantially in the form of the documentation customarily used in the relevant market for Delivery of such Loan at that time.

Section 8.3. Delivery Date.

"Delivery Date" means, with respect to a Deliverable Obligation, the date such Deliverable Obligation is Delivered.

Section 8.4. Physical Settlement Date.

"**Physical Settlement Date**" means (i) the last day of the longest Physical Settlement Period following the satisfaction of all applicable Conditions to Settlement or (ii) such other date specified in the applicable Final Terms.

Section 8.5. Physical Settlement Amount.

"**Physical Settlement Amount**" means the relevant Reference Entity Notional Amount multiplied by the Reference Price.

Section 8.6. Physical Settlement Period.

"**Physical Settlement Period**" means the number of Business Days specified as such hereon or, if a number of Business Days is not so specified, then, with respect to a Deliverable Obligation specified in the Notice of Physical Settlement, the longest number of Business Days for settlement in accordance with then current market practice of such Deliverable Obligation, as determined by the Calculation Agent.

Section 8.7. Provisions Applicable to Convertible, Exchangeable and Accreting Obligations.

- (a) (i) with respect to any Accreting Obligation, "**outstanding principal balance**" means the Accreted Amount thereof.
- (ii) With respect to any Exchangeable Obligation that is not an Accreting Obligation, "outstanding principal balance" shall exclude any amount that may be payable under the terms of such obligation in respect of the value of the Equity Notes for which such obligation is exchangeable.
- (b) (i) "**Accreted Amount**" means, with respect to an Accreting Obligation, an amount equal to (A) the sum of (1) the original issue price of such obligation and (2) the portion of the amount payable at maturity that has accreted in accordance with the terms of the obligation (or as otherwise described below), less (B) any cash payments made by the obligor thereunder that, under the terms of such obligation, reduce the amount payable at maturity (unless such cash payments have been accounted for in clause (A)(2) above), in each case calculated as of the earlier of (x) the date on which any event occurs that has the effect of fixing the amount of a claim in respect of principal and (y) the Delivery Date or applicable Valuation Date, as the case may be. Such Accreted Amount shall include any accrued and unpaid periodic cash interest payments (as determined by the Calculation Agent) only if "Include Accrued Interest" is specified as being applicable. If an Accreting Obligation is expressed to accrete pursuant to a straight-line method or if such Obligation's yield to maturity is not specified in, nor implied from, the terms of such Obligation, then, for purposes of clause (A)(2) above, the Accreted Amount shall be calculated using a rate equal to the yield to maturity of such Obligation. Such yield shall be determined on a semiannual bond equivalent basis using the original issue price of such obligation and the amount payable at the scheduled maturity of such obligation, and shall be determined as of the earlier of (x) the date on which any event occurs that has the effect of fixing the amount of a claim in respect of principal and (y) the Delivery Date or applicable Valuation Date, as the case may be. The Accreted Amount shall exclude, in the case of an Exchangeable Obligation, any amount that may be payable under the terms of such obligation in respect of the value of the Equity Notes for which such obligation is exchangeable.
- (ii) "**Accreting Obligation**" means any obligation (including, without limitation, a Convertible Obligation or an Exchangeable Obligation), the terms of which expressly provide for an amount payable upon acceleration equal to the original issue price (whether or not equal to the face amount thereof) plus an additional amount or amounts (on account of original issue discount or other accruals of interest or principal not payable on a periodic basis) that will or may accrete, whether or not (A) payment of such additional amounts is subject to a contingency or determined by reference to a formula or index, or (B) periodic cash interest is also payable.
- (iii) "**Convertible Obligation**" means any obligation that is convertible, in whole or in part, into Equity Notes solely at the option of holders of such obligation or a trustee or

similar agent acting for the benefit only of holders of such obligation (or the cash equivalent thereof, whether the cash settlement option is that of the issuer or of (or for the benefit of) the holders of such obligation).

- (iv) **"Equity Notes"** means:
 - (A) in the case of a Convertible Obligation, equity Notes (including options and warrants) of the issuer of such obligation or depositary receipts representing those equity Notes of the issuer of such obligation together with any other property distributed to or made available to holders of those equity Notes from time to time; and
 - (B) in the case of an Exchangeable Obligation, equity Notes (including options and warrants) of a person other than the issuer of such obligation or depositary receipts representing those equity Notes of a person other than the issuer of such obligation together with any other property distributed to or made available to holders of those equity Notes from time to time.
- (v) **"Exchangeable Obligation"** means any obligation that is exchangeable, in whole or in part, for Equity Notes solely at the option of holders of such obligation or a trustee or similar agent acting for the benefit only of holders of such obligation (or the cash equivalent thereof, whether the cash settlement option is that of the issuer or of (or for the benefit of) the holders of such obligation).

Section 8.8. Due and Payable Amount.

"Due and Payable Amount" means the amount that is due and payable under (and in accordance with the terms of) a Deliverable Obligation on the Delivery Date, whether by reason of acceleration, maturity, termination or otherwise (excluding sums in respect of default interest, indemnities, tax gross-ups and other similar amounts).

Section 8.9. Currency Amount.

"Currency Amount" means, whenever an amount is denominated in a currency other than the currency in which the Notes are denominated and is specified herein to be determined by reference to a Currency Amount, such amount converted to the relevant currency in which the Notes are denominated using the Currency Rate.

Section 8.10. Currency Rate.

"Currency Rate" means the rate determined by the Calculation Agent in a commercially reasonable manner

Section 8.11. Not referenced.

(9) **SECTION 9: SUPPLEMENT APPLICABLE TO U.S. AND OTHER SIMILARLY TREATED REFERENCE ENTITIES (THE "U.S. SUPPLEMENT")**

If it is specified in the applicable Final Terms that the U.S. Supplement is applicable then Sections 1 to 8 (inclusive) above shall be amended as follows:

- I. Condition 5(k)(v) is amended by deleting Section 2.18(a) in its entirety and replacing it with the following:

Section 2.25. Downstream Affiliate and Voting Shares.

(a) "**Downstream Affiliate**" means an entity whose outstanding Voting Shares were, at the date of issuance of the Qualifying Guarantee, more than 50 per cent. owned, directly or indirectly, by the Reference Entity

- II. Condition 5(k)(v) is amended by deleting Section 2.21(d)(ii) and (iii) in their entirety and replacing them with the following Section 2.21(d)(ii) and re-numbering the clauses accordingly in Section 2.21(d):

Section 2.21. Interpretation of Provisions.

(d)(ii) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, both the Qualifying Guarantee and the Underlying Obligation must satisfy on the relevant date each of the applicable Obligation Characteristics or Deliverable Obligation Characteristics, if any, specified in the related Confirmation from the following list: Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency and Not Domestic Law. For these purposes, unless otherwise specified in the applicable Final Terms, (A) the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro shall not be a Domestic Currency and (B) the laws of England and the laws of the State of New York shall not be a Domestic Law.

- III. Condition 5(k)(v) is hereby amended by deleting Section 2.23 in its entirety and replacing it with the following:

Section 2.23. Qualifying Guarantee.

"**Qualifying Guarantee**" means an arrangement evidenced by a written instrument pursuant to which a Reference Entity irrevocably agrees (by guarantee of payment or equivalent legal arrangement) to pay all amounts due under an obligation (the "**Underlying Obligation**") for which another party is the obligor (the "**Underlying Obligor**"). Qualifying Guarantees shall exclude any arrangement (i) structured as a surety bond, financial guarantee insurance policy, letter of credit or equivalent legal arrangement or (ii) pursuant to the terms of which the payment obligations of the Reference Entity can be discharged, reduced or otherwise altered or assigned (other than by operation of law) as a result of the occurrence or non-occurrence of an event or circumstance (other than payment). The benefit of a Qualifying Guarantee must be capable of being Delivered together with the Delivery of the Underlying Obligation.

- IV. Condition 5(k)(v) is hereby supplemented by adding the following phrase to the end of Section 4.9(a): "provided that any Obligation that is a Bond shall be deemed to satisfy the requirement in Section 4.9(a)(ii)."

(10) **SECTION 10: ADDITIONAL PROVISIONS FOR PHYSICALLY SETTLED DEFAULT SWAPS - MONOLINE INSURER AS REFERENCE ENTITY (THE "MONOLINE SUPPLEMENT")**

If it is specified in the applicable Final Terms that the Monoline Supplement is applicable then Sections 1 to 8 (inclusive) above shall be amended and/or supplemented as follows:

(a) **Qualifying Policy.**

"**Qualifying Policy**" means a financial guaranty insurance policy or similar financial guarantee pursuant to which a Reference Entity irrevocably guarantees or insures all Instrument Payments (as defined below) of an instrument that constitutes Borrowed Money (modified as set forth below) (the "**Insured Instrument**") for which another party (including a special purpose entity or trust) is the obligor (the "**Insured Obligor**"). Qualifying Policies shall exclude any arrangement (i) structured as a surety bond, letter of credit or equivalent legal arrangement or (ii) pursuant to the express contractual terms of which the payment obligations of the Reference Entity can be discharged or reduced as a result of the occurrence or non-occurrence of an event or circumstance (other than the payment of Instrument Payments). The benefit of a Qualifying Policy must be capable of being Delivered together with the Delivery of the Insured Instrument.

"**Instrument Payments**" means (A) in the case of any Insured Instrument that is in the form of a pass-through certificate or similar funded beneficial interest, (x) the specified periodic distributions in respect of interest or other return on the Certificate Balance on or prior to the ultimate distribution of the Certificate Balance and (y) the ultimate distribution of the Certificate Balance on or prior to a specified date and (B) in the case of any other Insured Instrument, the scheduled payments of principal and interest, in the case of both (A) and (B) (1) determined without regard to limited recourse or reduction provisions of the type described in paragraph (d) below and (2) excluding sums in respect of default interest, indemnities, tax gross-ups, make-whole amounts, early redemption premiums and other similar amounts (whether or not guaranteed or insured by the Qualifying Policy).

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

(b) **Obligation and Deliverable Obligation.** Sections 2.14(a) and 2.15(a) are hereby amended by adding "or Qualifying Policy" after "or as provider of a Qualifying Affiliate Guarantee".

(c) **Interpretation of Provision.** In the event that an Obligation or a Deliverable Obligation is a Qualifying Policy, the terms of Section 2.21(d) will apply, with references to the Qualifying Guarantee, the Underlying Obligation and the Underlying Obligor deemed to include the Qualifying Policy, the Insured Instrument and the Insured Obligor, respectively, except that:

- (i) the Obligation Category Borrowed Money and the Obligation Category and Deliverable Obligation Category Bond shall be deemed to include distributions payable under an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, the Deliverable Obligation Category Bond shall be deemed to include such an Insured Instrument, and the terms "obligation" and "obligor" as used in Condition 5(k) in respect of such an Insured Instrument shall be construed accordingly;
- (ii) references in the definitions of Assignable Loan and Consent Required Loan to the guarantor and guaranteeing shall be deemed to include the insurer and insuring, respectively;
- (iii) neither the Qualifying Policy nor the Insured Instrument must satisfy on the relevant date the Deliverable Obligation Characteristic of Accelerated or Matured, whether or not that characteristic is otherwise specified as applicable hereon;
- (iv) if the Assignable Loan, Consent Required Loan, Direct Loan Participation or Transferable Deliverable Obligation Characteristics are specified in the applicable Final Terms and if the benefit of the Qualifying Policy is not transferred as part of any

transfer of the Insured Instrument, the Qualifying Policy must be transferable at least to the same extent as the Insured Instrument;

- (v) with respect to an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, the term "**outstanding principal balance**" shall mean the outstanding Certificate Balance and "**maturity**", as such term is used in the Maximum Maturity Deliverable Obligation Characteristic, shall mean the specified date by which the Qualifying Policy guarantees or insures, as applicable, that the ultimate distribution of the Certification Balance will occur; and
 - (vi) for the avoidance of doubt, the amendments to Section 2.21(d) provided in Section 9(II) shall not be construed to apply to Qualifying Policies and Insured Instruments.
- (d) **Not Contingent.** An Insured Instrument will not be regarded as failing to satisfy the Not Contingent Deliverable Obligation Characteristic solely because such Insured Instrument is subject to provisions limiting recourse in respect of such Insured Instrument to the proceeds of specified assets (including proceeds subject to a priority of payments) or reducing the amount of any Instrument Payments owing under such Insured Instrument, provided that such provisions are not applicable to the Qualifying Policy by the terms thereof and the Qualifying Policy continues to guarantee or insure, as applicable, the Instrument Payments that would have been required to be made absent any such limitation or reduction.
- (e) **Deliver.** For purposes of Section 8.2, "**Deliver**" with respect to an obligation that is a Qualifying Policy means to Deliver both the Insured Instrument and the benefit of the Qualifying Policy (or a custodial receipt issued by an internationally recognised custodian representing an interest in such an Insured Instrument and the related Qualifying Policy), and "Delivery" and "Delivered" will be construed accordingly.
- (f) **Provisions for Determining a Successor.** Section 2.2(c) is hereby amended by adding "or insurer" after "or guarantor".
- (g) **Substitute Reference Obligation.** Section 2.30 is hereby amended by adding "or Qualifying Policy" after "or as provider of a Qualifying Affiliate Guarantee" in the definition of Substitute Reference Obligation and paragraph (b) thereof. For purposes of Section 2.30(a)(ii)(B), references to the Qualifying Guarantee and the Underlying Obligation shall be deemed to include the Qualifying Policy and the Insured Instrument, respectively.
- (h) **Restructuring:**
- (i) With respect to an Insured Instrument that is in the form of a pass-through certificate of similar funded beneficial interest or a Qualifying Policy with respect thereto, Section 4.7(a)(i) to (v) is hereby amended to read as follows:
 - (i) a reduction in the rate or amount of the Instrument Payments described in clause (A)(x) of the definition thereof that are guaranteed or insured by the Qualifying Policy;
 - (ii) a reduction in the amount of the Instrument Payments described in clause (A)(y) of the definition thereof that are guaranteed or insured by the Qualifying Policy;
 - (iii) a postponement or other deferral of a date or dates for either (A) the payment or accrual of the Instrument Payments described in clause (A)(x) of the definition thereof or (B) the payment of the Instrument Payments described in clause (A)(y) of the definition thereof, in each case that are guaranteed or insured by the Qualifying Policy;
 - (iv) a change in the ranking in priority of payment of (A) any Obligation under a Qualifying Policy in respect of Instrument Payments, causing the Subordination of such Obligation to any other Obligation or (B) any Instrument Payments, causing the Subordination of such Insured Instrument to any other instrument in the form of a pass-through certificate or similar funded beneficial interest issued by the Insured Obligor, it being understood that, for this purpose, Subordination

will be deemed to include any such change that results in a lower ranking under a priority of payments provision applicable to the relevant Instrument Payments; or

- (v) any change in the currency or composition of any payment of Instrument Payments that are guaranteed or insured by the Qualifying Policy to any currency which is not a Permitted Currency.
- (ii) Section 4.7(b)(iii) is hereby amended by adding "or, in the case of Qualifying Policy and an Insured Instrument, where (A) the Qualifying Policy continues to guarantee or insure, as applicable, that the same Instrument Payments will be made on the same dates on which the Qualifying Policy guaranteed or insured that such Instrument Payments would be made prior to such event and (VB) such event is not a change in the ranking in the priority of payment of the Qualifying Policy" after "Reference Entity".
- (iii) Section 4.7 is hereby amended by the insertion of clause (d) as follows:

For purposes of Section 4.7(a), and 4.7(b) and 4.9, the term Obligation shall be deemed to include Insured Instruments for which the Reference Entity is acting as provider of a Qualifying Policy. In the case of a Qualifying Policy and an Insured Instrument, references to the Reference Entity in Section 4.7(a) shall be deemed to refer to the Insured Obligor and the reference to the Reference Entity in Section 4.7(b) shall continue to refer to the Reference Entity.

- (i) **Fully Transferable Obligation and Conditionally Transferable Obligation.** In the event that a Fully Transferable Obligation or Conditionally Transferable Obligation is a Qualifying Policy, the Insured Instrument must meet the requirements of the relevant definition and, if the benefit of the Qualifying Policy is not transferred as part of any transfer of the Insured Instrument, the Qualifying Policy must be transferable at least to the same extent as the Insured Instrument. References in the definition of Conditionally Transferable Obligation to the guarantor and guaranteeing shall be deemed to include the insurer and insuring, respectively. With respect to an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, the term "**final maturity date**", as such term is used in Sections 2.32(a) and 2.33(a) and the definition of Restructuring Maturity Limitation Date, shall mean the specified date by which the Qualifying Policy guarantees or insures, as applicable, that the ultimate distribution of the Certificate Balance will occur.
- (j) **Other Provisions.** For purposes of Sections 2.15(a)(ii), 4.1, 8.2, 9.1 and 9.2(a), references to the Underlying Obligation and the Underlying Obligor shall be deemed to include Insured Instruments and the Insured Obligor, respectively. Any transfer or similar fee reasonably incurred by the Issuer in connection with the Delivery of a Qualifying Policy and payable to the Reference Entity shall be payable by the Holder and the Issuer equally on the Delivery Date or Latest Permissible Physical Settlement Date, as applicable.

ANNEX

PART 1

AMENDMENTS TO THE GENERAL CONDITIONS OF THE NOTES IN RESPECT OF DUTCH NOTES

For the purposes of all Dutch Notes the General Conditions of the Notes shall be amended as set forth below in this part 3 of this Annex.

The Notes (each as defined in the Base Prospectus, as applicable) shall be read as (i) "**Dutch Notes Other Than Participation Notes**" with regards to any tranche of Dutch Notes Other Than Participation Notes issued by the relevant Issuer and designated as "Dutch Notes" in item 43 (Other terms or special conditions) of the relevant Final Terms, (ii) "**Dutch Participation Notes**" with regards to any tranche of Participation Notes issued by the relevant Issuer and designated as "Dutch Notes" in item 39 (Other terms or special conditions) of the relevant Final Terms and/or (iii) Dutch Notes respectively.

1. Form and Transfer of the Dutch Notes

The following paragraph shall be added to Condition 1 (*Form, Denomination and Title*):

The Dutch Notes will be cleared through the *Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.* ("**Euroclear Netherlands**") as specified in the relevant Final Terms. In the case of a Global Note deposited with Euroclear Netherlands, the rights of holders of the Dutch Notes will be exercised in accordance with the Dutch Securities Giro Transfer Act (*Wet giraal effectenverkeer*).

In the case of a Global Note deposited with Euroclear Netherlands, interests in the Global Note will be transferable only in accordance with the provisions of the Dutch Act on Giro Transfers of Securities (*Wet giraal effectenverkeer*) and the rules and procedures for the time being of Euroclear Netherlands and its participants (*aangesloten instellingen*) and all transactions in (including transfer of) the Dutch Notes, in the open market or otherwise, must be effected through participants of Euroclear Netherlands. The bearer of the Global Note will be the only person entitled to receive payments in respect of the Global Note. Each person who is for the time being shown in the records of Euroclear Netherlands or any of its participants as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear Netherlands or such participant as to the nominal amounts of Dutch Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the relevant Issuer, the Guarantor (as applicable) and any Paying Agent as the holder of such nominal amount of such Dutch Notes for all purposes.

Except as otherwise ordered by a court of competent jurisdiction or as otherwise required by law, the relevant Issuer, the Guarantor (as applicable) and any Paying Agent may, as long as the Dutch Notes are represented by a Global Note, treat any person who is for the time being shown as the holder of a particular nominal amount of Dutch Notes in the records of Euroclear Netherlands or a participant (*aangesloten instelling*) within the meaning of the Dutch Act on Giro Transfers of Securities (*Wet giraal effectenverkeer*) (in which regard any certificate or other document issued by Euroclear Netherlands or such participant shall be conclusive and binding except in the case of manifest error) as the holder of such nominal amount of Dutch Notes (and, if definitive Dutch Notes have been issued, treat the bearer of such Dutch Note as its absolute owner for all purposes (whether or not such Dutch Note shall be overdue and notwithstanding any notice of ownership or writing thereon or any notice of previous loss or theft thereof)).

2. Notices

The following paragraph shall be added to Condition 13 (*Notices*):

Any notice regarding the Dutch Notes shall be validly given if published in at least one daily newspaper of wide circulation in the Netherlands, which for the time being shall be *Het*

Financieele Dagblad, and as long as the Dutch Notes are listed on Euronext Amsterdam, in the official list of Euronext Amsterdam N.V. (*Officiële Prijscourant*).

ANNEX

PART 2

AMENDMENTS TO THE TERMS AND CONDITIONS IN RESPECT OF NORWEGIAN NOTES

For the purposes of all Norwegian Notes the Conditions shall be amended as forth in below in this Part 3 of this Norwegian Annex.

The following sentence is added immediately prior to Condition 1:

"Any references in the Conditions to "shown hereon" or "specified in the applicable Final Terms" shall be deemed to be instead, to "set forth in the relevant Final Terms" in each case."

(a) Form, Denomination and Title

Condition 1 is deleted and replaced by the following:

"The Notes are issued in registered form ("**Registered Notes**"), in uncertificated and dematerialised book-entry form in accordance with the Norwegian Securities Register Act (in Norwegian: lov om registrering av finansielle instrumenter 2002 5. juli nr. 64) ("**Norwegian Notes**") in the Specified Denomination(s) set forth in the relevant Final Terms.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, an Index Linked Redemption Note, an Equity Linked Interest Note, an Equity Linked Redemption Note, a Credit Linked Note, an Instalment Note, a Dual Currency Note, a Partly Paid Note or a Participation Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis set forth in the relevant Final Terms.

The Norwegian Notes shall be regarded as Registered Notes for the purposes of these Conditions save to the extent the Conditions are inconsistent with Norwegian laws, regulations and operating procedures applicable to and/or issued by the VPS for the time being (the "**VPS Rules**") in the relevant Final Terms. No physical notes or certificates will be issued in respect of Norwegian Notes and the provisions in these Conditions relating to presentation, surrendering or replacement of such physical notes or certificates shall not apply to the Norwegian Notes.

Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept with VPS in accordance with the provisions of the Agency Agreement (the "**VPS Register**"). In respect of Norwegian Notes the VPS Register means the register maintained by the Norwegian Agent on behalf of the Issuer in accordance with the Norwegian VPS Rules. The Issuer shall be entitled to obtain information from VPS in accordance with the VPS Rules. Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it and no person shall be liable for so treating the holder.

In these Conditions, "**Noteholder**" or "**holder**" means the person in whose name a Registered Note is registered in the VPS Register and, in respect of Norwegian Notes, shall also include also any person duly authorised to act as a nominee (in Norwegian: *forvalter*) and registered as a holder of the Notes.

Capitalised terms have the meanings given to them herein, the absence of any such meaning indicating that such term is not applicable to the Notes."

(b) Exchanges of Exchangeable Bearer Notes and Transfers of Registered Notes

- (i) Conditions 2(b) through (d), shall be deleted and replaced by the following:

"One or more Norwegian Notes may be transferred in accordance with the VPS Rules. In the case of an exercise of option resulting in Norwegian Notes of the same holding having different terms, separate Notes registered with the VPS Register shall be issued in respect of those Norwegian Notes of that holding having the same terms. Such Notes shall only be issued against surrender of the existing Norwegian Notes in accordance with the VPS Rules. Each new Norwegian Note to be issued pursuant to the above, shall be available for delivery within three business days of receipt of the request and the surrender of the Norwegian Notes for exchange. Delivery of the new Norwegian Note(s) shall be made to the same VPS account on which the original Norwegian Notes were registered. In this condition, "**business day**" means a day, other than a Saturday or Sunday on which the VPS is open for business.

Exchange and transfer of Norwegian Notes on registration, transfer, partial redemption or exercise of an option shall be effected without charge by or on behalf of the Issuer or the Norwegian Agent, put upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Norwegian Agent may require)."

- (ii) Condition 2(f) shall be deleted and replaced by the following:

"No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days before any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 5(d), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date. No Noteholder may require the transfer of a Norwegian Note to be registered during a period which is the equivalent of any such closed period pursuant to the then applicable VPS Rules."

(c) Redemption, Purchase and Options

- (i) The second paragraph of Condition 5(d) shall be amended to read:

"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. The notice shall also specify the closed period for the purposes of Condition 2(f)."

- (ii) The third paragraph of Condition 5(d) shall be deleted and replaced by the following:

"In the case of a partial redemption or a partial exercise of an Issuer's option, the Norwegian Notes to be redeemed shall be selected individually by lot in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements including in accordance with the VPS Rules. So long as the Notes are admitted to the Official List and traded on the Regulated Market of the Luxembourg Stock Exchange and the rules of that Stock Exchange so require, the Issuer shall, once in each year in which there has been a partial redemption of the Notes, cause to be published in a leading newspaper of general circulation in Luxembourg a notice specifying the aggregate nominal amount of Notes outstanding and a list of the Notes drawn for redemption but not surrendered. In respect of Norwegian Notes, the notice to Noteholders shall also specify the Notes or amounts of the Notes to be redeemed or in respect of which such option has been so exercised and any procedures for partial redemptions laid down in the VPS Rules that will be observed."

- (iii) The second paragraph of Condition 5(e) shall be deleted and replaced by the following:

"To exercise such option or any other Noteholders' option that may be set out hereon the holder must (in the case of Norwegian Notes) register in the relevant VPS account a transfer restriction in favour of the Norwegian Agent and deliver to the Norwegian Agent a duly completed option exercise notice (the "**Exercise Notice**") in the form obtainable from the Norwegian Agent within the notice period. An Exercise Notice in respect of Norwegian Notes will not be take effect against the Issuer before the date on which the relevant Norwegian Notes have been transferred to the account designated by the Norwegian Agent or blocked for further transfer by the Norwegian Agent (such date will be the first date of a closed period for the purposes of Condition 2(f). No Norwegian Note so transferred or blocked and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer."

(d) Payments, Talons, Payment Disruption and Physical Delivery

- (i) A new paragraph shall be inserted in Condition 6(b) as Condition 6(b)(iii) and it shall read:

"Payments of principal and/or interest in respect of Norwegian Notes shall be made to the Noteholders on the due date for such payment, or such other business day falling closer to the due date as then may be stipulated in the VPS Rules. Notwithstanding Condition 6(b)(ii), such day shall be the Record Date in respect of Norwegian Notes."

- (ii) A new second paragraph shall be inserted Condition 6(e) and it shall read:

"In respect of each Tranche of Norwegian Notes, the Issuer shall procure to at all times maintain a securities register which shall be a duly authorised central securities depository under the Norwegian Securities Register Act and a Norwegian agent with such duly authorised central securities depository duly authorised as such under Norwegian law."

(e) Taxation

- (i) A new paragraph shall be inserted in Condition 7 as Condition 7(xii) and it shall read:

"Holders of Norwegian Notes who are not United States persons will be required to provide the Norwegian Agent or relevant account administrator in respect of the Norwegian Notes, as the case may be, with the appropriate IRS Form W-8. In general, this form will require a holder who holds the Notes for its own account to certify that it is not a United States person, and that it beneficially owns any payments made on the Notes. Holders who hold Notes as an agent or other intermediary on behalf of another person may need to provide additional forms.

Norwegian Notes are in registered form and US federal withholding tax at a rate of 30 per cent will be deducted from payments of interest on the Notes made to holders who have not provided the Norwegian Agent or relevant account administrator in respect of the Norwegian Notes, as the case may be, with a valid Form W-8. No additional amounts will be payable by or on behalf of the Issuer in respect of any amounts so deducted."

(f) Events of Default

- (i) The introduction of the first paragraph of Condition 9 shall be deleted and replaced by the following:

"If one or more of the following events (herein referred to as "**Events of Default**") shall have occurred and be continuing, the holder of any Note may give written notice to the Issuer and the Fiscal Agent at their specified offices that such Note is immediately (or, in the case of Norwegian Notes, on such later date on which the relevant Notes have been transferred to the account designated by the Norwegian Agent and blocked for further transfer by said Agent (such date will be the first date of a

closed period for the purposes of Condition 2(f)) repayable, whereupon the Early Redemption Amount of such Note together with the accrued interest to the date of payment (if applicable) shall become immediately due and payable, unless such Event of Default shall have been cured by the Issuer or waived prior to receipt of such notice by the Issuer and the Fiscal Agent:"

(g) Meetings of Noteholders and Modifications

- (i) The first paragraph of Condition 10(c) shall be amended to read:

"The Issuer, or any previous substituted company, may at any time, without the consent of the Noteholders, substitute for itself as principal debtor under the Notes, any company (the "**Substitute**") from the JPMorgan Chase & Co. group. The substitution shall be made by a deed poll (the "**Deed Poll**"), to be substantially in the form scheduled to the Agency Agreement as Schedule 8, and may take place only if (i) the Substitute shall, by means of the Deed Poll, agree to indemnify each Noteholder against any tax, duty, assessment or governmental charge that is imposed on it by (or by any authority in or of) the jurisdiction of the country of the Substitute's residence for tax purposes and, if different, of its incorporation with respect to any Note or the Deed of Covenant and that would not have been so imposed had the substitution not been made, as well as against any tax, duty, assessment or governmental charge, and any cost or expense, relating to the substitution, (ii) where the Substitute is not the Guarantor, the obligations of the Substitute under the Deed Poll, the Notes and Deed of Covenant shall be unconditionally guaranteed by the Guarantor by means of the Deed Poll, (iii) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Deed Poll, the Notes and Deed of Covenant represent valid, legally binding and enforceable obligations of the Substitute and in the case of the Deed Poll of the Guarantor have been taken, fulfilled and done and are in full force and effect, (iv) the Substitute shall have become party to the Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it, (v) legal opinions addressed to the Noteholders shall have been delivered to them (care of the Fiscal Agent) from a lawyer or firm of lawyers with a leading securities practice in each jurisdiction referred to in (i) above and in England as to the fulfilment of the preceding conditions of this paragraph (iii) and the other matters specified in the Deed Poll, (vi) in respect of the Norwegian Notes, the VPS, if required, has given its consent to the substitution and (vii) the Issuer shall have given at least 14 days' prior notice of such substitution to the Noteholders, stating that copies, or pending execution the agreed text, of all documents in relation to the substitution that are referred to above, or that might otherwise reasonably be regarded as material to Noteholders, shall be available for inspection at the specified office of each of the Paying Agents. References in Condition 9 to obligations under the Notes shall be deemed to include obligations under the Deed Poll, and, where the Deed Poll contains a guarantee, the events listed in Condition 9 shall be deemed to include that guarantee not being (or being claimed by the guarantor not to be) in full force and effect."

(h) Further Issues

- (i) A new paragraph shall be inserted in Condition 12 following the first paragraph and shall read:

"In respect of Norwegian Notes, each holder agrees and gives consent to the VPS to provide the Norwegian Agent, upon request, information registered with the VPS relating to the Notes and the Noteholders in order (i) to assess whether US federal withholding tax as described in Condition 7(xii) is applicable, and (ii) that the Norwegian Agent may provide any relevant Norwegian authorities, including the Financial Supervisory Authority of Norway (in Norwegian: *Kredittilsynet*) and the Norwegian tax authorities with any information required under applicable Norwegian laws. Such information shall include, but not be limited to, the identity of the registered holder of the Notes, the residency of the registered holder of the Notes, the number of Notes registered with the relevant holder, the address of the relevant holder, the

account operator in respect of the relevant VPS account (in Norwegian: *Kontofører*) and whether or not the Notes are registered in the name of a nominee and the identity of any such nominee."

ANNEX

PART 3

AMENDMENTS TO THE TERMS AND CONDITIONS OF THE BASE PROSPECTUS FOR POLISH NOTES

BNP Paribas Securities Services, Frankfurt will act as paying agent and fiscal agent in connection with the Polish Notes, and Bank Handlowy w Warszawie S.A., with its registered seat in Warsaw, Poland, will act as the Polish information agent in connection with the Polish Notes.

The Polish Notes will be cleared through the depository and settlement system operated by the NDS, acting as the clearing system for the Polish Notes.

The Polish Notes shall be registered in the securities account maintained for the NDS by Clearstream, Luxembourg. The Polish Notes shall be registered by Clearstream, Luxembourg in this account and then reflected on depository accounts maintained by the NDS for its participants. Such participants shall subsequently register the Polish Notes in the securities accounts maintained for their clients purchasing the Polish Notes. Such registration in these securities accounts shall identify the holder of a securities account as an owner of Polish Notes ("**Polish Noteholder**").

The Polish Notes shall be dematerialized in the meaning of the Polish Act on Trading in Financial Instruments of July 29, 2005, and the right of ownership of the Polish Notes will be determined by the registration of the Polish Notes in securities accounts. Any prospective purchaser of Polish Notes should hold a securities account with an institution authorized to maintain securities accounts in Poland. Trading in the Polish Notes on a regulated market in Poland shall only be possible with the intermediation of an entity conducting brokerage activity. The transfer of ownership of the Polish Notes (even if performed other than on a regulated market) is completed when an appropriate entry in a securities account is made.

The Polish Noteholders shall not receive any transferable certificates representing the Notes.

The settlement of sale and purchase transactions executed on the regulated market in respect of the Polish Notes in the NDS, shall take place on a registration-against-payment basis two Warsaw business days after the date of the relevant transaction. The transfer and redemption of the Polish Notes as well as any payment of interest to the holders of the Polish Notes will be conducted according to the NDS regulations.

A detailed description of the settlement of transactions related to the Polish Notes will be provided in the relevant Final Terms.

1. Amendments to the Conditions

1.1 The following paragraphs are inserted in Condition 1, immediately prior to the final paragraph of Condition 1:

"A Tranche of Notes, if so specified in the applicable Final Terms, may be cleared through the depository and settlement system operated by the Polish National Depository of Securities (Krajowy Depozyt Papierów Wartościowych S.A.) (the "**NDS**"), acting as the clearing system for the Notes offered publicly or admitted to trading on a regulated market in Poland. Such Notes (the "**Polish Notes**") shall be registered in the securities account maintained for the NDS by Clearstream, Luxembourg. The Notes shall be registered by Clearstream, Luxembourg in this account and then reflected in depository accounts maintained by the NDS for its participants. Such participants shall subsequently register the Polish Notes in the securities accounts maintained for their clients purchasing the Polish Notes. Such registration in these securities accounts shall identify the holder of the securities account as an owner of Polish Notes.

The transfer and redemption of the Polish Notes registered in securities accounts maintained in Poland, as well as any payment of interest to holders of such Polish Notes, will be conducted according to the NDS regulations."

- 1.2 The following Condition 2(g) is inserted immediately after Condition 2(f):

"The Polish Notes shall be dematerialized within the meaning of the Polish Act on Trading in Financial Instruments of July 29, 2005, and the right of ownership of the Polish Notes will be determined by the registration of the Polish Notes in securities accounts. Any prospective purchaser of the Polish Notes should hold a securities account with an institution authorized to maintain securities accounts in Poland. Trading in the Polish Notes on a regulated market in Poland shall only be possible with the intermediation of a brokerage house. The transfer of ownership of the Polish Notes performed other than on a regulated market, shall be completed when an appropriate entry in a securities account is made.

The holders of the Polish Notes shall not receive any certificates representing the Notes."

- 1.3 The following paragraph is inserted into Condition 16(a), immediately after the existing paragraph of Condition 16(a):

"The participation agreement between the NDS and the Issuer will be governed by Polish law. All civil law disputes concerning the economic rights related to participation in the depository and settlement system operated by the NDS between the Issuer and the NDS or any NDS participant, will be submitted to the jurisdiction of the arbitration court at the NDS in Warsaw."

2. Information relating to clearing and settling the Polish Notes

The settlement of sale and purchase transactions executed on the regulated market in respect of the Polish Notes in the NDS, shall take place on a registration-against-payment basis two Warsaw business days after the date of the relevant transaction.

The transfer and redemption of the Polish Notes registered in securities accounts maintained in Poland, as well as any payment of interest to holders of such Polish Notes, will be conducted according to the NDS regulations.

ANNEX

PART 4

AMENDMENTS TO THE TERMS AND CONDITIONS IN RESPECT OF SWEDISH NOTES

For the purposes of all Swedish Notes the Conditions shall be amended as forth in below in this Part 5 of this Annex.

(a) **Form, Denomination and Title**

- (i) The first paragraph of Condition 1 shall be amended to read:

"The Notes are issued in uncertificated and dematerialised book-entry form in accordance with the Swedish Financial Instruments Accounts Act (Sw. *lag (1998:1479) om kontoföring av finansiella instrument*) ("**Swedish Notes**") in each case in the Specified Denomination(s) shown hereon."

- (ii) The fourth paragraph of Condition 1 shall be amended to read:

"Registered Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder. The Swedish Notes shall be regarded as Registered Notes for the purposes of these Conditions save to the extent the Conditions are inconsistent with Swedish laws, regulations and operating procedures applicable to and/or issued by the Swedish central securities depository (the "**Swedish CSD Rules**") designated as registrar (Sw.: *central värdepappersförvarare*) for the Swedish Notes in the relevant Final Terms (which is expected to be VPC AB) (in respect of Swedish Notes, the "**Registrar**"). No physical notes or certificates will be issued in respect of Swedish Notes and the provisions relating to presentation, surrendering or replacement of such bearer instruments shall not apply, provided that if holders of at least 20 per cent. in aggregate principal amount of the relevant Swedish Notes (the "**Definitive Notes Threshold**") give notice (a "**Definitive Notes Request Notice**") to the Issuer that they require their Notes to be in definitive bearer form, all the Notes shall, with effect from the date of the Definitive Notes Request Notice (not later than 90 days thereafter) as the Issuer shall notify Noteholders (the "**Definitive Notes Exchange Date**"), be in definitive bearer form and the Notes shall be Bearer Notes. The Issuer shall on the Definitive Notes Exchange Date provide the Swedish Issuing Agent with the relevant Swedish Notes in definitive bearer form and the Swedish Issuing Agent shall hold such Notes available at its specified office for collection by the respective Noteholder or, as the case may be, any other person entitled to receive the Notes in definitive bearer form, in each case pursuant to registrations made in the records of VPC as of the fifteenth day before the Definitive Notes Exchange Date. No transfers of Notes as Swedish Notes shall be permitted on or after such fifteenth day. With effect from the Definitive Notes Exchange Date the Notes shall cease to become Bearer Notes (provided that the amendments to Condition 4(j) shall continue to apply to any Swedish Notes which have become Bearer Notes as set out above) and VPC shall cease to be the Registrar. The Swedish Issuing Agent shall continue to act as Fiscal Agent and Paying Agent in respect of the Notes. On the date of receipt of the Definitive Notes Request Notice, the Issuer shall determine whether the Definitive Notes Threshold has been reached on the basis of the aggregate principal amount of Notes held on that date by those Noteholders who have on or prior to that date given a Definitive Notes Request Notice. Promptly after receipt of any Definitive Notes Request Notice, the Issuer shall notify VPC and the Fiscal Agent. Any Definitive Notes Request Notice to the Issuer pursuant to this paragraph shall be given by the relevant Noteholders by notice in writing in English to the Issuer at its registered office, marked for the attention of the General Counsel Europe, Legal and Compliance Department and shall take effect upon receipt. All Swedish Notes are subject to, and all Notes issued in definitive bearer form following a Definitive Notes Request Notice will contain 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 OF THE UNITED STATES.

- (iii) The sixth paragraph of Condition 1 shall be amended to read:

"Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). In respect of Swedish Notes the Register means the register maintained by the Registrar on behalf of the Issuer in accordance with the Swedish CSD Rules and title to Swedish Notes shall pass by registration in the Register. The Issuer shall be entitled to obtain information from the Register in accordance with the Swedish CSD Rules. Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder."

- (iv) The seventh paragraph of Condition 1 shall be amended to read:

"In these Conditions, "**Noteholder**" means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), "**holder**" (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes. In respect of Swedish Notes the reference to a person in whose name a Registered Note is registered shall include also any person duly authorised to act as a nominee (*Sw. förvaltare*) and registered for the Notes."

(b) Exchanges of Exchangeable Bearer Notes and Transfers of Registered Notes

- (i) Condition 2(f) shall be amended to read:

"No Noteholder may require the transfer of a Registered Note to be registered or an Exchangeable Bearer Note to be exchanged for one or more Registered Note(s) (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days before any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 5(d), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date. An Exchangeable Bearer Note called for redemption may, however, be exchanged for one or more Registered Note(s) in respect of which the Certificate is simultaneously surrendered not later than the relevant Record Date. No Noteholder may require the transfer of a Swedish Note to be registered during a period which is the equivalent of any such closed period pursuant to the then applicable Swedish CSD Rules."

(c) Interest and other Calculations

- (i) The first paragraph of the definition of "Day Count Fraction" and the definitions of "Calculation Period", "Interest Accrual Period" and "Interest Period" in Condition 4(j) shall, in respect of any Swedish Notes, be amended to read:

"**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 or, in the case of Swedish Notes, from but excluding the first such day to and including the last) (whether or not constituting an Interest Period, the "**Calculation Period**");

"Interest Accrual Period" means the period beginning on (but excluding or, in the case of Swedish Notes, and including) the Interest Commencement Date and ending on (and including or, in the case of Swedish Notes, but excluding) the first Interest Period Date and each successive period beginning on (but excluding or, in the case of Swedish Notes, and including) an Interest Period Date and ending on (and including or, in the case of Swedish Notes, but excluding) the next succeeding Interest Period Date."; and

"Interest Period" means the period beginning on (but excluding or, in the case of Swedish Notes, and including) the Interest Commencement Date and ending on (and including or, in the case of Swedish Notes, but excluding) the first Interest Payment Date and each successive period beginning on (but excluding or, in the case of Swedish Notes, and including) an Interest Payment Date and ending on (and including or, in the case of Swedish Notes, but excluding) the next succeeding Interest Payment Date."

(d) Redemption, Purchase and Options

- (i) The second paragraph of Condition 5(d) shall be amended to read:

"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. The notice shall also specify the closed period for the purposes of Condition 2(f) and the Record Date for the purposes of Condition 6(b)."

- (ii) The third paragraph of Condition 5(d) shall be amended to read:

"In the case of a partial redemption or a partial exercise of an Issuer's option, the notice to Noteholders shall also contain the certificate numbers of the Notes to be redeemed or in respect of which such option has been exercised, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements. So long as the Notes are admitted to the Official List and traded on the Regulated Market of the Luxembourg Stock Exchange and the rules of that Stock Exchange so require, the Issuer shall, once in each year in which there has been a partial redemption of the Notes, cause to be published in a leading newspaper of general circulation in Luxembourg a notice specifying the aggregate nominal amount of Notes outstanding and a list of the Notes drawn for redemption but not surrendered. In respect of Swedish Notes, the notice to Noteholders shall also specify the Notes or amounts of the Notes to be redeemed or in respect of which such option has been so exercised and the procedures for partial redemptions laid down in the Swedish CSD Rules will be observed."

- (iii) The second paragraph of Condition 5(e) shall be amended to read:

"To exercise such option or any other Noteholders' option that may be set out hereon the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice (the "**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. An Exercise Notice in respect of Swedish Notes will not be take effect against the Issuer before the date on which the relevant Notes have been transferred to the account designated by the Issuing Agent and blocked for further transfer by said Agent (such date will be the first date of a closed period for the purposes of Condition 2(f). No Note or Certificate so deposited or transferred and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer."

(e) Payments, Talons, Payment Disruption and Physical Delivery

- (i) A new paragraph shall be inserted Condition 6(b) as Condition 6(b)(iii) and it shall read:

"Payments of principal and/or interest in respect of Swedish Notes shall be made to the Noteholders registered as such on the fifth business day (as defined by the then applicable Swedish CSD Rules) before the due date for such payment, or such other business day falling closer to the due date as then may be stipulated in said rules and will be made in accordance with said rules. Notwithstanding Condition 6(b)(ii), such day shall be the Record Date in respect of Swedish Notes."

- (ii) A new second paragraph shall be inserted Condition 6(e) and it shall read:

"In respect of each Tranche of Swedish Notes, the Issuer shall at all times maintain a Registrar which shall be a duly authorised central securities depository under the Swedish Financial Instruments Accounts Act and an Issuing Agent in duly authorised as such under the Swedish Financial Instruments Accounts Act."

(f) Events of Default

- (i) The introduction to the first paragraph of Condition 9 shall be amended to read:

"If one or more of the following events (herein referred to as "**Events of Default**") shall have occurred and be continuing, the holder of any Note may give written notice to the Issuer and the Fiscal Agent at their specified offices that such Note is immediately (or, in the case of Swedish Notes, on such later date on which the relevant Notes have been transferred to the account designated by the Issuing Agent and blocked for further transfer by said Agent (such date will be the first date of a closed period for the purposes of Condition 2(f)) repayable, whereupon the Early Redemption Amount of such Note together with the accrued interest to the date of payment (if applicable) shall become immediately due and payable, unless such Event of Default shall have been cured by the Issuer or waived prior to receipt of such notice by the Issuer and the Fiscal Agent:"

(g) Meetings of Noteholders and Modifications

- (i) The first paragraph of Condition 10(c) shall be amended to read:

"The Issuer, or any previous substituted company, may at any time, without the consent of the Noteholders or the Couponholders, substitute for itself as principal debtor under the Notes, the Receipts, the Coupons and the Talons, any company (the "**Substitute**") from the JPMorgan Chase & Co. group. The substitution shall be made by a deed poll (the "**Deed Poll**"), to be substantially in the form scheduled to the Agency Agreement as Schedule 8, and may take place only if (i) the Substitute shall, by means of the Deed Poll, agree to indemnify each Noteholder and Couponholder against any tax, duty, assessment or governmental charge that is imposed on it by (or by any authority in or of) the jurisdiction of the country of the Substitute's residence for tax purposes and, if different, of its incorporation with respect to any Note, Receipt, Coupon, Talon or the Deed of Covenant and that would not have been so imposed had the substitution not been made, as well as against any tax, duty, assessment or governmental charge, and any cost or expense, relating to the substitution, (ii) where the Substitute is not the Guarantor, the obligations of the Substitute under the Deed Poll, the Notes, Receipts, Coupons, Talons and Deed of Covenant shall be unconditionally guaranteed by the Guarantor by means of the Deed Poll, (iii) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Deed Poll, the Notes, Receipts, Coupons, Talons and Deed of Covenant represent valid, legally binding and enforceable obligations of the Substitute and in the case of the Deed Poll of the Guarantor have been taken, fulfilled and done and are in full force and effect, (iv) the Substitute shall have become party to the Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it, (v) legal opinions addressed to the Noteholders shall have been delivered to them (care of the Fiscal Agent) from a lawyer or firm of lawyers with a leading securities practice in each jurisdiction referred to in (i) above and in England as to the fulfilment of the preceding conditions of this paragraph (iii) and the other matters specified in the Deed Poll, (vi) in respect of the Swedish Notes, the Registrar has given

its consent to the substitution (which consent shall not be unreasonably withheld or delayed) and (vii) the Issuer shall have given at least 14 days' prior notice of such substitution to the Noteholders, stating that copies, or pending execution the agreed text, of all documents in relation to the substitution that are referred to above, or that might otherwise reasonably be regarded as material to Noteholders, shall be available for inspection at the specified office of each of the Paying Agents. References in Condition 9 to obligations under the Notes shall be deemed to include obligations under the Deed Poll, and, where the Deed Poll contains a guarantee, the events listed in Condition 9 shall be deemed to include that guarantee not being (or being claimed by the guarantor not to be) in full force and effect."

ANNEX

PART 5

AMENDMENTS TO THE TERMS AND CONDITIONS IN RESPECT OF THE FINNISH NOTES

A. General

For the purpose of this Base Prospectus, "Finnish Notes" means any Tranche of Notes issued by one or more of the Issuers and designated as "Finnish Notes" in item 34 ("Form of Notes") of the relevant Final Terms.

The Finnish Notes are being offered into Finland to Finnish investors, including retail investors, according to the Base Prospectus, the Finnish translation of the Summary Note set out in the Base Prospectus and the relevant Final Terms. According to the article 18 of the Prospectus Directive, the *Commission de Surveillance du Secteur Financier* of Luxembourg has been requested to provide the Finnish Financial Supervisory Authority (Fin. Rahoitustarkastus) with a certificate of approval attesting that the Base Prospectus have been drawn up in accordance with the Prospectus Directive.

The Finnish Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. The Finnish Notes will be issued in accordance with the procedures described in the provisions of United States Treasury Regulation § 1.163-5(c)(2)(i)(D) (the "**D Rules**").

The Finnish Notes will be registered in uncertificated book entry form with the Finnish Central Securities Depository, Urho Kekkosenkatu 5 C, 00101 Helsinki, Finland (the "**APK**") and the Finnish Issuing Agent is expected to be Handelsbanken, Aleksanterinkatu 11, 00100 Helsinki, Finland (the "**Finnish Issuing Agent**"). Finnish Notes registered in APK are negotiable instruments and not subject to any restrictions on free negotiability under Finnish law.

B. Amendments to the Terms and Conditions in respect of the Finnish Notes

For the purposes of all Finnish Notes the Conditions shall be amended as forth in below in this Part B of this Annex 5.

(a) Form, Denomination and Title

- (i) The first paragraph of Condition 1 shall be amended to read:

"The Notes are issued in bearer form ("**Bearer Notes**", which expression includes Notes that are specified to be Exchangeable Bearer Notes), in registered form ("**Registered Notes**"), in uncertificated and dematerialised book-entry form in accordance with the Finnish Act on the Book-Entry System (Fin. laki arvo-osuus järjestelmästä (826/1991)) ("**Finnish Notes**") or in bearer form exchangeable for Registered Notes ("**Exchangeable Bearer Notes**") in each case in the Specified Denomination(s) shown hereon."

- (ii) The fourth paragraph of Condition 1 shall be amended to read:

"Registered Notes are represented by registered certificates ("Certificates") and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder. The Finnish Notes shall be regarded as Registered Notes for the purposes of these Conditions save to the extent the Conditions are inconsistent with Finnish laws, regulations and operating procedures applicable to and/or issued by the APK (the "**APK Rules**"), which is designated as registrar for the Finnish Notes in the relevant Final Terms (in respect of Finnish Notes, the "**Registrar**"). No physical Notes or certificates will be issued in respect of Finnish Notes and the provisions relating to presentation, surrendering or replacement of such bearer instruments shall not apply, provided that if holders of at least 20 per cent. in aggregate principal amount of the relevant Finnish Notes (the "**Definitive Notes Threshold**") give notice (a "**Definitive Notes Request Notice**") to the Issuer that they

require their Notes to be in definitive bearer form, all the Notes shall, subject to applicable law and the rules and procedure of the APK, with effect from such date (not later than 90 days after the date of the Definitive Notes Request Notice) as the Issuer shall notify Noteholders (the "**Definitive Notes Exchange Date**"), be in definitive bearer form and the Notes shall be Bearer Notes. The Issuer shall on the Definitive Notes Exchange Date provide the Finnish Issuing Agent with the relevant Finnish Notes in definitive bearer form and the Finnish Issuing Agent shall hold such Notes available at its specified office for collection by the respective Noteholder or, as the case may be, any other person entitled to receive the Notes in definitive bearer form, in each case pursuant to registrations made in the records of the APK as of the fifteenth day before the Definitive Notes Exchange Date. No transfers of Notes as Finnish Notes shall be permitted on or after such fifteenth day. For these purposes the Issuer shall have the right to request the APK to provide a list of the registrations made in its records with respect to the Finnish Notes. With effect from the Definitive Notes Exchange Date the Notes shall become Bearer Notes and the APK shall cease to be the Registrar. The Finnish Issuing Agent shall continue to act as Fiscal Agent and Paying Agent in respect of any Finnish Notes which have become Bearer Notes as set out above. On the date of receipt of the Definitive Notes Request Notice, the Issuer shall determine whether the Definitive Notes Threshold has been reached on the basis of the aggregate principal amount of Notes held on that date by those Noteholders who have on or prior to that date given a Definitive Notes Request Notice. Promptly after receipt of any Definitive Notes Request Notice, the Issuer shall notify the APK and the Fiscal Agent. Any Definitive Notes Request Notice to the Issuer pursuant to this paragraph shall be given by the relevant Noteholders by notice in writing in English to the Issuer at its registered office, marked for the attention of the General Counsel Europe, Legal and Compliance Department and shall take effect upon receipt. Notes issued in definitive bearer form following a Definitive Notes Request Notice will contain 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 OF THE UNITED STATES."

- (iii) The sixth paragraph of Condition 1 shall be amended to read:

"Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). In respect of Finnish Notes the Register means the register maintained by the Registrar on behalf of the Issuer in accordance with the APK Rules and title to the Finnish Notes shall pass by transfer from a Noteholder's book-entry securities account to another securities book-entry account within the APK (except where the Finnish Notes are nominee-registered and are transferred from one account to another account with the same nominee). The Issuer shall be entitled to obtain information from the Register in accordance with the APK Rules. Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder."

- (iv) The seventh paragraph of Condition 1 shall be amended to read:

"In these Conditions, "**Noteholder**" means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered or the person on whose book-entry securities account the Finnish Notes are held including a nominee account holder (as the case may be), "**holder**" (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered or the person on whose book-entry securities account the Finnish Notes are held including a nominee account holder

(as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes."

(b) Redemption and Purchase

- (i) The second paragraph of Condition 5(d) shall be amended to read:

"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. The notice shall also specify the closed period for the purposes of Condition 2(f). Any such redemption shall, in the case of Finnish Notes, be in accordance with the APK Rules."

- (ii) The third paragraph of Condition 5(d) shall be amended to read:

"In the case of a partial redemption, the notice to Noteholders shall also contain the certificate numbers of the Notes to be redeemed or in respect of which such option has been exercised, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements. So long as the Notes are admitted to the Official List and traded on the Regulated Market of the Luxembourg Stock Exchange and the rules of that Stock Exchange so require, the Issuer shall, once in each year in which there has been a partial redemption of the Notes, cause to be published in a leading newspaper of general circulation in Luxembourg a notice specifying the aggregate nominal amount of Notes outstanding and a list of the Notes drawn for redemption but not surrendered. In respect of Finnish Notes, the notice to Noteholders shall also specify the Notes or amounts of the Notes to be redeemed and the procedures for partial redemptions laid down in the APK Rules."

- (iii) The second paragraph of Condition 5(e) shall be amended to read:

"To exercise such option or any other Noteholders' option that may be set out in the applicable Final Terms the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice (the "**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. An Exercise Notice in respect of Finnish Notes will not be take effect against the Issuer before the date on which the relevant Notes have been transferred to the account designated by the Issuing Agent and blocked for further transfer by said Agent (such date will be the first date of a closed period for the purposes of Condition 2(f)). No Note or Certificate so deposited or transferred and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer."

(c) Payments, Talons, Payment Disruption and Physical Delivery

- (i) A new paragraph shall be inserted Condition 6(b) as Condition 6(b)(iii) and it shall read:

"Payments of principal and/or interest in respect of Finnish Notes shall be made to the Noteholders in accordance with the APK Rules. Notwithstanding Condition 6(b)(ii), the Record Date in respect of Finnish Notes shall be the first business day before the due date for payment. Noteholders will not be entitled to any interest or other compensation for any delay after the due date in receiving the amount due as a result of the due date for payment not being a business day."

- (ii) A new second paragraph shall be inserted Condition 6(e) and it shall read:

"In respect of each Tranche of Finnish Notes, the Issuer shall at all times maintain a Registrar which shall be the duly authorised Finnish central securities depository under

the Finnish Act on the Book-Entry System and a Finnish Issuing Agent duly authorised as an account operator (Fin. tilinhoitajayhteisö) under the Act on the Book-Entry System."

(d) Events of Default

- (i) The introduction of the first paragraph of Condition 9 shall be amended to read:

"If one or more of the following events (herein referred to as "**Events of Default**") shall have occurred and be continuing, the holder of any Note may give written notice to the Issuer and the Fiscal Agent at their specified offices that such Note is immediately (or, in the case of Finnish Notes, on such later date on which the relevant Notes have been transferred to the account designated by the Finnish Issuing Agent and blocked for further transfer by the Finnish Issuing Agent (such date will be the first date of a closed period for the purposes of Condition 2(f)) repayable, whereupon the Early Redemption Amount of such Note together with the accrued interest to the date of payment (if applicable) shall become immediately due and payable, unless such Event of Default shall have been cured by the Issuer or waived prior to receipt of such notice by the Issuer and the Fiscal Agent:"

(e) Meetings of Noteholders and Modifications

- (i) The first paragraph of Condition 10(c) shall be amended to read:

"The Issuer, or any previous substituted company, may at any time, without the consent of the Noteholders or the Couponholders, substitute for itself as principal debtor under the Notes, the Receipts, the Coupons and the Talons, any company (the "**Substitute**") from the JPMorgan Chase & Co. group. The substitution shall be made by a deed poll (the "**Deed Poll**"), to be substantially in the form scheduled to the Agency Agreement as Schedule 8, and may take place only if (i) the Substitute shall, by means of the Deed Poll, agree to indemnify each Noteholder and Couponholder against any tax, duty, assessment or governmental charge that is imposed on it by (or by any authority in or of) the jurisdiction of the country of the Substitute's residence for tax purposes and, if different, of its incorporation with respect to any Note, Receipt, Coupon, Talon or the Deed of Covenant and that would not have been so imposed had the substitution not been made, as well as against any tax, duty, assessment or governmental charge, and any cost or expense, relating to the substitution, (ii) where the Substitute is not the Guarantor, the obligations of the Substitute under the Deed Poll, the Notes, Receipts, Coupons, Talons and Deed of Covenant shall be unconditionally guaranteed by the Guarantor by means of the Deed Poll, (iii) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Deed Poll, the Notes, Receipts, Coupons, Talons and Deed of Covenant represent valid, legally binding and enforceable obligations of the Substitute and in the case of the Deed Poll of the Guarantor have been taken, fulfilled and done and are in full force and effect, (iv) the Substitute shall have become party to the Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it, (v) legal opinions addressed to the Noteholders shall have been delivered to them (care of the Fiscal Agent) from a lawyer or firm of lawyers with a leading securities practice in each jurisdiction referred to in (i) above and in England as to the fulfilment of the preceding conditions of this paragraph (iii) and the other matters specified in the Deed Poll, (vi) in respect of the Finnish Notes, the Registrar has given its consent to the substitution (which consent shall not be unreasonably withheld or delayed) and (vii) the Issuer shall have given at least 14 days' prior notice of such substitution to the Noteholders, stating that copies, or pending execution the agreed text, of all documents in relation to the substitution that are referred to above, or that might otherwise reasonably be regarded as material to Noteholders, shall be available for inspection at the specified office of each of the Paying Agents. References in Condition 9 to obligations under the Notes shall be deemed to include obligations under the Deed Poll, and, where the Deed Poll contains a guarantee, the events listed in Condition 9 shall be deemed to include that guarantee not being (or being claimed by the guarantor not to be) in full force and effect."

(f) **Governing Law and Jurisdiction**

With respect to Finnish Notes, Condition 16 shall be deleted and replaced with the following:

"(a) ***Governing Law***

The Notes, Receipts, Coupons and Talons are governed by, and shall be construed in accordance with, the laws of Finland.

(b) ***Jurisdiction***

Any dispute, controversy or claim arising out of or in connection with this Agreement or the breach, termination or invalidity thereof, shall be finally settled by arbitration in accordance with the Finnish Act on Arbitration.

The arbitration tribunal shall convene in the city of Helsinki, Finland, and the arbitration procedure shall be conducted in the English language."

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Initial Issue of Notes

Upon the initial deposit of a Global Note with a depository (including any common depository for Euroclear and Clearstream, Luxembourg, if applicable) (the "**Depository**") for Euroclear and Clearstream, Luxembourg or such other clearing system(s) as may be specified in the relevant Final Terms (the "**Specified Clearing System(s)**") or registration of Registered Notes in the name of any nominee for the Clearing System(s) and delivery of the relative Global Certificate to the Depository, the Clearing System(s) will credit each clearing system participant with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Notes that are initially deposited with the Depository may also be credited to the accounts of subscribers with (if indicated in the relevant Final Terms) other clearing systems through direct or indirect accounts with the Specified Clearing System(s) held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with the Specified Clearing System(s) or other clearing systems.

Relationship of Accountholders with Specified Clearing System(s)

Each of the persons shown in the records of a Specified Clearing System as the holder of a Note represented by a Global Note or a Global Certificate must look solely to such Specified Clearing System for his share of each payment made by the relevant Issuer to (i) the bearer of such Global Note or (ii) the holder of such Global Certificate, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of such Specified Clearing System. Such persons shall have no claim directly against the relevant Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the relevant Issuer will be discharged by payment to (i) the bearer of such Global Note or (ii) the holder of such Global Certificate, as the case may be, in respect of each amount so paid.

Exchange

1. Temporary Global Notes

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if requested by the holder, for Definitive Notes (in which event such holder's interests in the temporary Global Note will be exchanged for Definitive Notes and such holder's Definitive Notes will be removed, upon issuance, from the Specified Clearing System and may not be readmitted into the Specified Clearing System), provided that any Exchange for Definitive Notes made pursuant to or as a result of the request of a holder will be, in all circumstances, at such requesting holder's expense.

Each temporary Global Note that is also an Exchangeable Bearer Note will be exchangeable for Registered Notes represented by a permanent Global Certificate on or after the Exchange Date, subject to compliance with the Conditions (including the certification requirements of Condition 2) in addition to any permanent Global Note or Definitive Notes for which it may be exchangeable.

2. Temporary Global Certificates

Each temporary Global Certificate will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole or in part upon certification as to beneficial ownership of the Notes by a non-U.S. Person in the form set out in the Agency Agreement for interests in a permanent Global Certificate or, if so provided in the relevant Final Terms, for Definitive Certificates.

3. Permanent Global Notes

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under "Partial Exchange of Permanent Global Notes", in part for Definitive Notes or, in the case of 3.2 below, Registered Notes represented by a permanent Global Certificate (subject to compliance with the Conditions, including the certification requirements of Condition 2) or, if so provided in the relevant Final Terms, for Definitive Certificates:

- 3.1 by the relevant Issuer giving notice to the Noteholders and the Fiscal Agent of its intention to effect such exchange;
- 3.2 if the permanent Global Note is an Exchangeable Bearer Note, by the holder giving notice to the Fiscal Agent of its election to exchange the whole or a part of such Global Note for Registered Notes; or
- 3.3 otherwise (1) if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or any other clearing system (an "**Alternative Clearing System**") and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise), or has announced an intention permanently to cease business or in fact closes or (2) if principal in respect of any Note represented by such Global Note is not paid when due by the holder giving notice to the Fiscal Agent of its election for such exchange; or
- 3.4 otherwise, in the case of an Exchange for Definitive Notes, if requested by the holder (such request, a "**Holder's Request**") (in which event such holder's interests in the permanent Global Note will be exchanged for Definitive Notes and such holder's Definitive Notes will be removed, upon issuance, from the Specified Clearing System and may not be readmitted into the Specified Clearing System), provided that any Exchange for Definitive Notes made pursuant to or as a result of the request of a holder will be, in all circumstances, at such requesting holder's expense.

4. Permanent Global Certificates

Each permanent Global Certificate will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not in part for Definitive Certificates:

- 4.1 by the relevant Issuer giving notice to the Noteholders and the Registrar of its intention to effect such exchange; or
- 4.2 otherwise (1) if the permanent Global Certificate is held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise), or has announced an intention permanently to cease business or in fact closes or (2) if principal in respect of any Note represented by such Global Certificate is not paid when due by the holder giving notice to the Registrar of its election for such exchange.

5. 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, such permanent Global Note will be exchangeable in part on one or more occasions (1) for Registered Notes if the permanent Global Note is an Exchangeable Bearer Note and the part submitted for exchange is to be exchanged for Registered Notes, or (2) for Definitive Notes (i) if principal in respect of any Notes is not paid when due, (ii) if so provided in, and in accordance with, the Conditions (which will be set out in the relevant Final Terms) relating to Partly Paid Notes or (iii) following a Holder's Request pursuant to 3.4 above, solely with respect to such requesting holder's interests in the permanent Global Note.

6. Delivery of Notes

On or after any due date for exchange the holder of a Global Note or a Global Certificate may surrender such Global Note or Global Certificate, respectively, or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent. In exchange for any Global Note or Global Certificate, or the part thereof to be exchanged, the relevant Issuer

will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange, (ii) in the case of a Global Note exchangeable for Definitive Notes, deliver, or procure the delivery of, duly executed and authenticated Definitive Notes in an aggregate nominal amount equal to that of the whole or that part of the Global Note that is being exchanged, (iii) in the case of a Global Note that is also an Exchangeable Bearer Note, deliver, or procure the delivery of, duly executed and authenticated Global Certificate or Definitive Certificate, as the case may be, in an aggregate nominal amount equal to that of the whole or that part of the Global Note that is being exchanged for such Global Certificate or Definitive Certificate, (iv) in the case of a temporary Global Certificate exchangeable for a permanent Global Certificate, deliver, or procure the delivery of, a permanent Global Certificate in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Certificate that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Certificate to reflect such exchange and (v) in the case of a Global Certificate exchangeable for Definitive Certificates, deliver, or procure the delivery of, duly executed and authenticated Definitive Certificate in an aggregate nominal amount equal to that of the whole or that part of the Global Certificate that is being exchanged. In this Base Prospectus, "**Definitive Notes**" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon) and "**Definitive Certificates**" means, in relation to any Exchangeable Bearer Note or Global Certificate, the definitive Registered Notes for which such Exchangeable Bearer Note or Global Certificate may be exchanged. Definitive Notes will be security printed and Definitive Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Agency Agreement. On exchange in full of each permanent Global Note or permanent Global Certificate, the relevant Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes or Definitive Certificates, respectively.

7. **Exchange Date**

"**Exchange Date**" means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of an exchange for Registered Notes five days, or in the case of failure to pay principal in respect of any Notes when due 30 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 Fiscal Agent is located and in the city in which the relevant clearing system is located.

Amendment to Conditions

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, 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 certain of those provisions:

(a) **Payments or Deliveries**

No payment and/or delivery falling due after the Exchange Date will be made on any Global Note or Global Certificate unless exchange for an interest in a permanent Global Note, a permanent Global Certificate or for Definitive Notes or Definitive Certificates is improperly withheld or refused. All payments and/or deliveries on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments and/or deliveries in respect of Notes represented by a Global Note will be made against presentation for endorsement and, if no further payment and/or delivery falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Fiscal

Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. All payments and/or deliveries in respect of Notes represented by a Global Certificate will be made to the person shown on the Register and, if no further payment and/or delivery falls to be made in respect of the Notes, surrender of that Global Certificate to or to the order of the Registrar. A record of each payment so made will be endorsed on each Global Note or, in respect of a Global Certificate, registered in the Register, as the case may be, which endorsement or registration will be *prima facie* evidence that such payment has been made in respect of the Notes.

(b) **Prescription**

Claims against the relevant Issuer in respect of Notes that are represented by a permanent Global Note or a permanent Global Certificate will become void unless it is presented for payment within a period of 10 years (in the case of principal or any Reference Asset Amount(s)) and 5 years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 7).

(c) **Meetings**

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

(d) **Cancellation**

Cancellation of any Note represented by a permanent Global Note or a permanent Global Certificate that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note or permanent Global Certificate, as the case may be.

(e) **Purchase**

Notes represented by a permanent Global Note or a permanent Global Certificate may only be purchased by the relevant Issuer, the Guarantor (in relation to Notes issued by JPMIDL) or any of their respective subsidiaries if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

(f) **Issuer's Option**

Any option of the relevant Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note or a permanent Global Certificate shall be exercised by the relevant Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the relevant Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg or any other clearing system (as the case may be).

(g) **Noteholders' Options**

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note or a permanent Global Certificate may be exercised by the holder of the permanent Global Note or the permanent Global Certificate giving notice to the Fiscal Agent or the Registrar, respectively within the time limits relating

to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time presenting the permanent Global Note to the Fiscal Agent (or to a Paying Agent acting on behalf of the Fiscal Agent) or the permanent Global Certificate to the Registrar, as the case may be, for notation.

(h) **Events of Default**

Each Global Note and each Global Certificate provides that the holder of the Global Note or the Registered Notes represented by the Global Certificate may cause such Global Note or Global Certificate, respectively, or a portion thereof, to become due and repayable in the circumstances described in Condition 9 by stating in the notice to the Fiscal Agent or the Registrar, as applicable, the nominal amount of such Global Note or Global Certificate that is becoming due and repayable. If principal and/or any Reference Asset Amount(s) in respect of any Note is not paid and/or delivered when due, the holder of a Global Note or a Registered Note represented by the Global Certificate may elect for direct enforcement rights against the relevant Issuer and the Guarantor (in relation to Notes issued by JPMIDL) under the terms of a Deed of Covenant executed as a deed by the Issuers and the Guarantor on 18 August 2006 to come into effect in relation to the whole or a part of such Global Note or Global Certificate in favour of the persons entitled to such part of such Global Note or such Global Certificate, as the case may be, as accountholders with a clearing system. Following any such acquisition of direct rights, the Global Note or, as the case may be, the Global Certificate and the corresponding entry in the register kept by the Registrar will become void as to the specified portion of the Global Note or Global Certificate, as the case may be. However, no such election may be made in respect of Notes represented by a Global Note or a Global Certificate unless the transfer of the whole or a part of the holding of Notes represented by such Global Note or Global Certificate, respectively, shall have been improperly withheld or refused.

(i) **Notices**

So long as any Notes are represented by a Global Note or a Global Certificate and such Global Note or Global Certificate is held on behalf of a clearing system, notices to the holders of Notes 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 or Global Certificate, as the case may be, except that so long as the Notes are admitted to the Official List and traded on the Regulated Market of the Luxembourg Stock Exchange and the rules of that exchange so require, notices shall also be published in a leading newspaper having general circulation in Luxembourg (which is expected to be *d'Wort*) and on the website of the Luxembourg Stock Exchange (www.bourse.lu)

(j) **Partly Paid Notes**

The provisions relating to Partly Paid Notes are not set out in this Base Prospectus, but will be contained in the relevant Final Terms and thereby in the Global Notes or the Global Certificates. While any instalments of the subscription moneys due from the holder of Partly Paid Notes are overdue, no interest in a Global Note or a Global Certificate representing such Notes may be exchanged for an interest in a permanent Global Note, permanent Global Certificate or for Definitive Notes or Definitive Certificates (as the case may be). If any Noteholder fails to pay any instalment due on any Partly Paid Notes within the time specified, the relevant Issuer may forfeit such Notes and shall have no further obligation to their holder in respect of them.

(k) **Dutch Notes**

For any Dutch Notes which are held through Euroclear Netherlands (as specified in the Final Terms), the rights of holders will be exercised in accordance with the Dutch Act on Giro Transfers of Securities (*Wet giraal effectenverkeer*). Permanent Global Notes will not be exchangeable for Definitive Registered Notes.

USE OF PROCEEDS

The net proceeds from each issue of the Notes will be used by the relevant Issuer for its general corporate purposes (including hedging arrangements). To the extent that the net proceeds of an issue of Notes are not applied for the purposes of making profit and/or hedging certain risks, the relevant Final Terms shall contain further information including the principal intended uses and the order of priority in which such uses are ranked.

FORM OF GUARANTEE

The following is the form of the Guarantee made by the Guarantor:

Guarantee

JPMorgan Chase Bank, National Association (the "**Guarantor**") hereby irrevocably and unconditionally guarantees, as primary obligor and not merely as surety, the due and punctual settlement in full of all obligations due and owing by J.P. Morgan International Derivatives Ltd. ("**JPMIDL**") under the issuance of Notes by JPMIDL in connection with the JPMIDL and JPMorgan Chase Bank Euro Medium Term Note Programme (the "**Obligations**"), after taking account of any set-off, combination of accounts, netting or similar arrangement from time to time exercisable by JPMIDL against any person to whom Obligations are from time to time being owed, when and as due (whether at maturity, by acceleration or otherwise).

The Guarantor agrees that its guarantee constitutes a guarantee of settlement when due and not of collection and waives any right to require that any resort be had by any person to any security held for settlement of the Obligations. The Guarantor waives presentment to, demand of payment from and protest to JPMIDL of the Obligations and also waives notice of acceptance of this guarantee and notice of protest for non-payment.

The Guarantor further agrees that this guarantee shall continue to be effective or be reinstated, as the case may be, if at any time settlement, or any part thereof, of the Obligations is rescinded or must otherwise be restored on the bankruptcy or reorganisation of JPMIDL, or otherwise.

This guarantee shall continue in full force and effect until the opening of business on the fifteenth business day after the Guarantor gives written notice of its termination. It is understood and agreed, however, that notwithstanding any such termination, this guarantee shall continue in full force and effect with respect to all Obligations that arise in connection with a transaction entered into prior to such termination.

THIS GUARANTEE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK WITHOUT REFERENCE TO PRINCIPLES OF CONFLICTS OF LAWS.

SUBSCRIPTION AND SALE

Summary of Programme Agreement

Subject to the terms and on the conditions contained in an Amended and Restated Programme Agreement dated 18 August 2006, as amended and/or supplemented and/or restated from time to time (the "**Programme Agreement**"), between the Issuers, the Guarantor, the Permanent Dealers and the Arranger, the Notes will be offered on a continuous basis by the relevant Issuer to the Permanent Dealers. However, each Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The price and amount of Notes to be issued under the Programme will be determined by the relevant Issuer and Dealer(s) at the time of issue in accordance with prevailing market conditions. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the relevant Issuer through the Dealers, acting as agents of the relevant Issuer. The Programme Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers. If a Tranche of Notes is syndicated, the details of such syndication will be specified in the relevant Final Terms. The application procedures to be followed by the Issuer and the Dealers in relation to an issue of Notes are set out in the procedures memorandum dated 18 August 2006.

The relevant Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The commissions in respect of an issue of Notes on a syndicated basis will be stated in the relevant Final Terms.

The Programme Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the relevant Issuer.

Selling Restrictions

Argentina

The Notes are not and will not be authorized by the Comisión Nacional de Valores for public offer in Argentina and may thus not be offered or sold to the public at large or to sectors or specific groups thereof by any means, including but not limited to personal offerings, written materials, advertisements or the media, in circumstances which constitute a public offering of securities under Argentine Law No. 17,811, as amended.

Austria

The following selling restriction shall apply to offers of the Notes in Austria to the extent it contradicts those for the European Economic Area set out below.

No offer of the Notes may be made to the public in Austria, except that an offer of the Notes may be made to the public in Austria (a) in the period beginning one bank business day (i) following the date of publication of this Base Prospectus including any supplements thereto but excluding any Final Terms in relation to the Notes which has been approved by Finanzmarktaufsichtsbehörde in Austria (the "**FMA**") or, where appropriate, approved in another Member State and notified to the FMA, all in accordance with the Prospectus Directive and ending on the date which is 12 months after the date of such publication and (ii) following or being the date of publication of the relevant Final Terms for the Notes and (iii) following the date of filing of a notification pursuant to the CMA with Oesterreichische Kontrollbank, all as prescribed by the Capital Market Act 1991, as amended ("**CMA**"; *Kapitalmarkgesetz 1991 idgF*), or (b) otherwise in compliance with the CMA.

For the purposes of this provision, the expression "an offer of the Notes to the public" means the communication to the public 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.

If this Base Prospectus and any supplement thereto has not been notified to or, as well as the pertaining Final Terms, has not been published in Austria, then any individual offer of Notes to any person in Austria is made only to qualified investors in accordance with § 3/1/11 and § 1/1/5a CMA or in a private placement where a maximum of 99 individuals is individually approached and identified by

name, in each case provided that a notification pursuant to the CMA was filed with Oesterreichische Kontrollbank one bank business day before the launch of the first offering in Austria.

Each relevant Dealer with regard to each Tranche has represented and agreed and each further Dealer will represent and agree that it will offer the Notes in Austria only in compliance with the provisions of the CMA and any other laws applicable in Austria governing the offer and the sale of the Notes in Austria. The information contained in the Base Prospectus does neither contain nor may be construed to contain an offer to purchase or sell nor a solicitation to make a purchase or subscription order for the Notes under circumstances where such an offer or solicitation is prohibited in Austria without first drawing up and publishing a prospectus in Austria.

Whenever the Notes will be resold or sold by the purchaser and whenever investment advice is given, or brokerage services are provided in relation to the Notes, the information contained in the Base Prospectus must not be used for purposes of a public offer or a public solicitation to subscribe for the Notes or an invitation to make an offer for the Notes or any marketing or advertisement which is equivalent to such an offer or solicitation pursuant to the CMA, provided that such public offer is unlawful pursuant to the CMA.

Australia

Each Dealer:

- (a) must not make any offer or invitation in Australia or which will be received in Australia in relation to the issue, sale or purchase of any Notes unless the offeree is required to pay at least A\$500,000 for the Notes or its foreign currency equivalent (disregarding amounts, if any, lent by the Issuer or other person offering the Notes or its associates (within the meaning of those expressions in Part 6D.2 of the Corporations Act 2001 (Cth) of Australia (the "**Corporations Act**")), or it is otherwise an offer or invitation in respect of which by virtue of s708 of the Corporations Act no disclosure is required to be made under Part 6D.2 of the Corporations Act; and
- (b) has not circulated or issued and will not circulate or issue a disclosure document relating to the Notes in Australia or received in Australia a disclosure document relating to the Notes which requires lodging under Division 5 of Part 6D.2 of the Corporations Act.

Bahamas

Notes shall not be offered or sold from a place of business within The Bahamas or in a manner constituting the commencement of business in The Bahamas unless by an appropriately licensed broker dealer as permitted pursuant to the Securities Industry Act, 1999 of The Bahamas

The Notes shall not be offered or sold in or into The Bahamas except in circumstances that do not constitute a 'public offering' according to the Securities Industry Act, 1999.

Notes may not be offered or sold to persons or entities deemed resident in The Bahamas pursuant to the Exchange Control Regulations, 1956 of The Bahamas unless the prior approval of the Central Bank of The Bahamas is obtained.

Belgium

For selling restrictions in respect of Belgium, please see "European Economic Area" below.

Belize

The Issuer is not registered in Belize and the Notes may not be offered to the public in Belize. Notes may generally be offered to Belize international business companies without restriction. A "Belize international business company" is formed under the International Business Companies Act of Belize and is a company which does not carry on business with Belize residents, except as expressly permitted by law.

Bermuda

The Notes may be offered or sold in Bermuda only in compliance with the provisions of the Investment Business Act 2003 of Bermuda. Additionally, non-Bermudian persons may not carry on or engage in any trade or business in Bermuda unless such persons are authorised to do so under applicable Bermuda legislation. Engaging in the activity of offering or marketing the Notes in Bermuda to persons in Bermuda may be deemed to be carrying on business in Bermuda.

Brazil

The Notes have not been and will not be registered with the "Comissão de Valores Mobiliários" - the Brazilian Securities and Exchange Commission ("CVM") and accordingly, each Dealer has represented and agreed that it has not sold, promised to sold, offered, solicited, advertised and/or marketing the Notes within the Federative Republic of Brazil. Additionally, each Dealer has represented and agreed that it has not violated any of the registration requirements and securities distribution, sales and marketing restrictions under CVM Instruction nº 400, dated December 29, 2003, as amended from time to time, and Federal Law 6.385, dated December 7, 1976, as amended from time to time.

British Virgin Islands ("BVI")

The Notes may not be offered to the public in the British Virgin Islands unless the Issuer or the person offering the Notes on its behalf is licensed to carry on business in the British Virgin Islands. The Issuer is not licensed to carry on business in the British Virgin Islands. The Notes may be offered to British Virgin Islands business companies (from outside the British Virgin Islands) without restriction. A "British Virgin Islands business company" is a BVI company formed under the International Business Companies Act or the BVI Business Companies Act of the BVI and is a company which does not carry on business with BVI residents, except as expressly permitted by law.

Cayman Islands

Each Dealer has represented and agreed with the Issuer that it shall not offer and sell Notes from a place of business within the Cayman Islands (including an offering from an internet or other electronic service provider located in the Cayman Islands) or in a manner constituting the commencement of business in the Cayman Islands unless it is appropriately registered and licensed or otherwise permitted to undertake such an offer or sale under applicable laws (including, without limitation, the Securities Investment Business Law of the Cayman Islands).

A Dealer may therefore offer and sell Notes to investors resident and incorporated in the Cayman Islands without restriction on such Dealer or the Issuer if such Dealer is, according to applicable Cayman Islands law, not located in the Cayman Islands (as a branch, an incorporated entity, a resident or otherwise) and does not have a place of business in and/or has not commenced the carrying on of business in the Cayman Islands.

Chile

The Dealer, the Issuer and the Notes are not registered with the *Superintendencia de Valores y Seguros de Chile* (Chilean Securities and Insurance Commission) pursuant to *Ley No. 18,045 de Mercado de Valores* (Securities Market Act), as amended, of the Republic of Chile and, accordingly, each Dealer represents and agrees that it has not offered or sold, and will not offer or sell, any Notes within Chile or to, or for the account or benefit of, persons in Chile except in circumstances which have not resulted and will not result in a public offering and/or securities intermediation in Chile within the meaning of Chilean law.

Colombia

Each Dealer has represented and agreed that the Notes have not and will not be offered, sold or distributed in Colombia except in circumstances which do not constitute a public offer of securities in Colombia within the meaning of Colombian securities laws and regulations. Accordingly, the Notes will not be offered or marketed in Colombia through promotional activities (as defined under Colombian law) except in compliance with the requirements of the Colombian Securities Market Regulation (*Resolution 400 of 1995 from the Superintendencia de Valores and Law 964 of 2005*) as amended and restated, and decrees and regulations made thereunder. Each Dealer acknowledges that

the Base Prospectus has not been registered with the Colombian Financial Superintendence (*Superintendencia Financiera de Colombia*), and therefore it is not intended for any public offer of the Notes in Colombia.

Costa Rica

The Notes may not be offered or sold, directly or indirectly, to any person within the Republic of Costa Rica, in circumstances that require the issuer or offeror and the Notes to be authorized by the Superintendente General de Valores. Any offering, express or implicit, that seeks to issue, negotiate or sell securities among public investors, is deemed under Costa Rican law (*Ley Reguladora del Mercado de Valores*, N° 7732, and its regulations) as a public offering, which requires the issuer or offeror and the securities to be authorized by the Superintendente General de Valores. A public offering is any invitation or transmission by any means to the public or determined groups of persons. A public offering is presumed when made through public or collective means of communication (mass media), such as such as press, radio, television and Internet.

Accordingly, each Dealer has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in Costa Rica, and that sales of the Notes in Costa Rica shall only be placed or negotiated on an individual basis with private investors, limited to a maximum 50 investors. Each Dealer acknowledges that the Base Prospectus has not been authorised by the Superintendente General de Valores and, therefore, it is not intended for any public offer of the Notes in Costa Rica.

Denmark

For selling restrictions in respect of Denmark, please see "European Economic Area" below.

Ecuador

The Notes may not be offered or sold to any person within Ecuador, because the programme has not been approved by the "Consejo Nacional de Valores" of the Superintendence of Companies of Ecuador. Accordingly, the Notes under the programme may not be offered, sold, promoted or advertised in Ecuador, because it does not comply with what is established in art. 12 of the Ecuadorian "Ley de Mercado de Valores".

El Salvador

The Notes will not be offered to the general public in El Salvador, and according to Article 2 of the Ley de Mercado de Valores (Securities Market Law) of the Republic of El Salvador, Legislative Decree number 809 dated February 16th, 1994, published on the Diario Oficial (Official Gazette) number 73-BIS, Number 323, dated April 21st, 1994, and in compliance with the aforementioned regulation, each Dealer has represented and agreed that it will not make an invitation for subscription or purchase of the Notes to indeterminate individuals, nor it will make known this Base Prospectus in the territory of El Salvador through any mass media communication such as television, radio, press, or any similar medium other than publications of an international nature that are received in El Salvador, such as internet access or foreign cable advertisements which are not directed to the Salvadoran public. The offering of the Notes has not been registered with an authorised stock exchange in the Republic of El Salvador. Any negotiation for the purchase or sale of Notes in the Republic of El Salvador shall only be negotiated on an individual basis with determinate individuals or entities in strict compliance with the aforementioned Article 2 of the Salvadoran Securities Market Law, and shall in any event be effected in accordance with all securities, tax and exchange control of the Dominican Republic, Central America and United States Free Trade Agreements and other applicable laws or regulations of the Republic of El Salvador.

European Economic Area

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 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 Notes to the public in that Relevant Member State:

- (a) in (or in Germany, where the offer starts within) the period beginning on the date of publication of a prospectus in relation to those 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, all in accordance with the Prospectus Directive and ending on the date which is 12 months after the date of such publication;
- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, all as shown in its last (or, in Sweden, last two) annual or consolidated accounts;
- (d) in Poland at any time to any other entity which falls within the definition of a "qualified investor" as that term is defined in Article 8 of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organiser Trading and Public Companies; or
- (e) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

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

Finland

The Notes are offered in Finland only to qualified investors and less than 100 other investors and otherwise in circumstances which do not require the publication of a prospectus under the Finnish Securities Markets Act (495/1989). This prospectus has neither been approved by nor notified to the Finnish Financial Supervision Authority.

France

Each of the Dealers and the relevant Issuer has represented and agreed that, (i) it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in the Republic of France, and (ii) offers and sales of Notes in the Republic of France will be made only to qualified investors as defined in and in accordance with Articles L.411-1, L.411-2 and D.411-1 to D.411-3 of the French Code monétaire et financier but excluding individuals referred to in Article D.411-1 II 2°.

Prospective purchasers of the Notes are informed that:

- (i) this Base Prospectus has not been submitted to the clearance procedures of the Autorité des marchés financiers;
- (ii) in compliance with Articles D.411-1 and D.411-2 French Code monétaire et financier any investors subscribing the Notes would be acting for their own account; and
- (iii) the direct or indirect distribution by investors to the public of the Notes acquired by them shall only be made in compliance with Articles L.412-1 and L.621-8 of the French Code monétaire et financier.

In addition, each of the Dealers and the relevant Issuer has represented and agreed that it has not distributed or caused to be distributed and will not distribute or cause to be distributed in the Republic of France, the Base Prospectus or any other offering material relating to the Notes other than to investors to whom offers and sales of Notes in the Republic of France may be made as described above.

Germany

For selling restrictions in respect of Germany, please see "European Economic Area" above.

Hungary

For selling restrictions in respect of Hungary, please see "European Economic Area" above.

Hong Kong

Each Dealer has represented and agreed that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (ii) it has not issued or had in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

India

The Dealers have represented and agreed that this Base Prospectus has not been and will not be registered as a prospectus with the Registrar of Companies in India and that they have not offered nor sold and will not offer nor sell nor transfer any Notes, nor have they circulated or distributed nor will they circulate nor distribute the Base Prospectus or any other offering document or material relating to the Notes, directly or indirectly, to the public or any members of the public in India.

The Dealers have further represented that they will not record any transfer of ownership of Notes, directly or indirectly, to the public or any members of the public in India.

Indonesia

The Notes and other securities offered under this prospectus are not and will not be registered with the Capital Market Supervisory Agency in Indonesia and therefore are not authorized by the Capital Market Supervisory Agency for sale in a public offering manner in the Indonesian territory and or to Indonesian citizens wherever they are domiciled or to Indonesian entities or residents (including distribution and dissemination of this prospectus, other written materials either through advertisements or other media) in circumstances which constitute a public offering of securities under the Indonesian Law No. 8/1995 regarding Capital Market.

Ireland

Except in the circumstances referred to in the section entitled "European Economic Area", each Dealer has represented and agreed that it has not offered or sold and will not offer or sell any Notes other than pursuant to a 'prospectus' approved and filed with the Irish Financial Services Regulatory Authority (or any delegated Competent Authority (as defined in the Prospectus (Directive 2003/71/EC) Regulations 2005 (the "**Prospectus Regulations**"))) pursuant to the Prospectus Regulations and Irish prospectus law (as such term is defined in the Irish Investment Funds, Companies and Miscellaneous Provisions Act,

2005). To the extent applicable, each Dealer has not and will not offer or sell any Notes other than in compliance with EU Directive 2003/6/EU on insider dealing and market manipulation and the Prospectus Regulations.

Italy

Insofar as the following requirements are based on laws and regulations of the relevant jurisdiction which are superseded at any time pursuant to the implementation of the Prospectus Directive, such requirements shall be replaced by the applicable requirements under "European Economic Area".

The offering of the Notes has not been registered with the Commissione Nazionale per le Società e la Borsa ("**CONSOB**") pursuant to Italian securities legislation and, accordingly, each Dealer has represented and agreed that it has not offered or sold, and will not offer or sell, any Notes in the Republic of Italy in a solicitation to the public at large, and that sales of the Notes in the Republic of Italy shall only be negotiated on an individual basis with "Professional Investors", as defined under Article 31, paragraph 2, of CONSOB Regulation no. 11522 of 1 July 1998, as amended, and effected in compliance with the requirements of Articles 94 and seq. of Legislative Decree no. 58 of 24 February 1998, as amended (the "**Legislative Decree no. 58**"), and CONSOB Regulation no. 11971 of 14 May 1999, as amended (the "**Regulation no. 11971**"), and shall in any event be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations.

Accordingly, each Dealer has represented and agreed that the Notes may not be offered, sold or delivered and neither the Base Prospectus nor any other material relating to the Notes may be distributed or made available in the Republic of Italy, unless such offer, sale or delivery of the Notes or distribution or availability of copies of the Base Prospectus or any other material relating to the Notes in the Republic of Italy is:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree no. 385 of 1 September 1993, as amended (the "**Banking Law**"), Legislative Decree no. 58, Regulation no. 11971 and any other applicable laws and regulations;
- (b) in compliance with Article 129 of the Banking Law and the implementing guidelines of the Bank of Italy, pursuant to which the issue and offer of securities in Italy may need to be preceded and followed by an appropriate notification to the Bank of Italy, unless an exemption, depending *inter alia* on the size of the issue and the characteristics of the securities, applies;
- (c) in compliance with Article 115 and seq. of the Banking Law, as implemented by the Bank of Italy Regulation of 30 July 1999, the resolution of Comitato Interministeriale per il Credito e il Risparmio (CICR) of 4 March 2003 and the Bank of Italy Regulation of 25 July 2003; and
- (d) in compliance with any other applicable laws and regulations including notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

Please note that Article 100 bis of Legislative Decree no. 58 provides that any intermediary distributing the Notes in the Republic of Italy, in the case of offers of the Notes addressed (in the Republic of Italy) to Professional Investors only, is responsible for the solvency of the issuer of the Notes vis-à-vis purchasers which are not Professional Investors in connection with any subsequent distribution (including distributions at the express request of the purchaser) of the Notes in the Republic of Italy for the period of 12 months from issue date of the Notes. Pursuant to Article 100 bis of Legislative Decree no. 58, such responsibility does not apply if, prior to any such transfer of the Notes, the purchasers which are not Professional Investors are provided with an information document (documento informativo) drafted in accordance with the requirements set forth by CONSOB. As of the date of this Base Prospectus, CONSOB has not issued any implementing regulations of Article 100 bis of Legislative Decree no. 58 specifying the content of such information document.

Japan

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan (the "**Securities and Exchange Law**"). Accordingly, each of the Dealers has represented and agreed 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 a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the Securities and Exchange Law 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.

Jersey

There are no selling restrictions applicable to the sale of Notes under this Base Prospectus in Jersey.

Kingdom of Saudi Arabia

This Base Prospectus includes the information given in compliance with Offer of Securities Regulations (the "**Regulations**") the Regulations. This prospectus may not be distributed except to such persons as are permitted under the Regulations. It should not be distributed to any other person, or relied upon by another person.

The Capital Market Authority does not take any responsibility for the contents of this Base Prospectus, does not make any representation as to its accuracy or completeness, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Base Prospectus. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this document, you should consult an authorised financial adviser.

Korea (Republic of Korea)

None of the Notes may be offered, sold and delivered directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to the applicable laws and regulations of Korea, including the Securities and Exchange Law of Korea and the decrees and regulations thereunder (the "**Securities and Exchange Laws**") and the Foreign Exchange Transaction Law of Korea and the decrees and regulations thereunder (the "**Foreign Exchange Transaction Laws**"). If the Notes are Registered Notes, then for a period of one year from the issue date of the Notes, no holder of the Notes who is in Korea or a resident of Korea may transfer the Notes in Korea or to any resident of Korea unless such transfer involves all of the Notes held by it. If the Notes are Bearer Notes, then the number of Notes offered in Korea or to a resident in Korea shall be less than 50 and for a period of one year, none of the Notes may be divided resulting in an increased number of Notes. Furthermore, the purchaser of the Notes shall comply with all applicable regulatory requirements (including but not limited to requirements under the Foreign Exchange Transaction Laws) in connection with the purchase of the Notes.

Each Dealer has represented and agreed that it has not offered, sold or delivered directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea and will not offer, sell or deliver directly or indirectly or offer or sell to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Laws, Foreign Exchange Transaction Laws and other relevant laws and regulations of Korea.

Kuwait

Each Dealer has represented and agreed that it has not offered or sold and will not offer or sell any Notes or distribute any documents, offer any materials, or issue any invitation or advertisement in the State of Kuwait relating thereto, save in strict compliance with the provisions of Law No. 31/1990 and the various Ministerial Orders and Resolutions issued thereunder.

Lebanon

Each Dealer has represented and agreed with the relevant Issuer that, in connection with any marketing, offer, sale, distribution, resale or buy-back of any of the Notes in Lebanon, it shall comply with all applicable laws and regulations in Lebanon.

Malaysia

The Notes may not be offered or sold to Malaysian residents or in Malaysia and each Dealer has represented and undertaken to the Issuer that it has not offered or sold and will not offer or sell any of the Notes directly or indirectly, in Malaysia or to or for the account of any resident of Malaysia. No proposal has been submitted to and no prospectus has been registered with the Securities Commission under the Securities Commission Act 1993 in respect of Notes and the Notes may only be issued, offered for subscription or be the subject matter of an invitation to subscribe, to persons exclusively outside Malaysia.

Mexico

Pursuant to the Mexican Securities Market Law, the Notes have not been, and will not be, registered with the Mexican National Registry of Securities and may not be offered or sold publicly in the United Mexican States.

Nicaragua

Each Dealer has represented and agreed that the Notes have not and will not be offered, sold or distributed in Nicaragua except in circumstances which do not constitute a public offer of securities in Nicaragua within the meaning of Nicaraguan securities laws and regulations. Each Dealer acknowledges that the Base Prospectus has not been registered with a Nicaraguan Exchange Market ("**Puesto de Bolsa**").

Peru

Each Dealer has represented and agreed that the Notes have not and will not be placed, offered, sold, disposed or distributed in Peru, except in circumstances which do not constitute a public offer of securities in Peru within the meaning of Peruvian securities laws and regulations. Accordingly, the Notes will not be subject of a duly diffused invitation for subscription, acquisition or purchase of the Notes in Peru, pursuant to the Peruvian Securities Market Law, Supreme Decree No. 093-2002-EF, as amended and restated.

The Notes may only be offered in Peru, under private offerings, complying with the requirements of article 5th of the aforementioned Peruvian Securities Market Law; article 25th of the Private Pension Funds Law, Supreme Decree No. 054-97-EF, as amended and restated; and the decrees and regulations made thereunder.

Each Dealer acknowledges that the Base Prospectus has not been subject to review by the Peruvian Securities Market Commission (*Comisión Nacional Supervisora de Empresas y Valores – "CONASEV"*) and has not been registered with the Peruvian Securities Market Public Registry, therefore it is not intended for any public offer of the Notes in Peru. If the Notes were to be offered under private offerings in Peru, regulations do not impose reporting obligations with CONASEV, to any of the Issuer or the Dealers.

Poland

For selling restrictions in respect of Poland, please see "European Economic Area" above.

Republic of Panama

The Notes have not been, and will not be, registered with the National Securities Commission of the Republic of Panama under Decree-Law 1 of 1999 (the "**Securities Act**") and may not be offered or sold in the Republic of Panama, except (i) in reliance on the private placement or the institutional investor exemptions of the Securities Act or (ii) by broker-dealers licensed to operate in the Republic of Panama provided that (a) the Notes are not offered by means of public communication in the Republic of Panama, (b) the purchase does not result from the active solicitation of the broker-dealer in the Republic of Panama, (c) the purchaser is informed that the Notes are not registered with the National Securities of the Republic of Panama, and (d) the trade of the Notes is executed outside of the Republic of Panama by a broker-dealer licensed to operate in a jurisdiction recognized by the National Securities Commission of the Republic of Panama. The Notes do not benefit from the tax incentives

provided by the Securities Act and are not subject to regulation or supervision by the National Securities Commission of the Republic of Panama.

Singapore

Each Dealer has represented and agreed that it will not offer or sell any Notes nor make any Notes the subject of an invitation for subscription or purchase, nor will it circulate or distribute this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to the public or any member of the public in Singapore other than (a) to an institutional investor specified in Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (b) to a relevant person, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions, specified in Section 275 of the SFA or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Each Dealer further represented and agreed that in the event the Notes are subscribed or purchased under Section 275 by a relevant person which is:

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

it will take all necessary steps to procure that the shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 except:

- (1) to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;
- (2) where no consideration is or will be given for the transfer; or
- (3) where the transfer is by operation of law.

Spain

Neither the Notes nor this Base Prospectus have been approved or registered in the administrative registries of the Spanish Securities Markets Commission (*Comisión Nacional del Mercado de Valores*). Accordingly, the Notes may not be offered or sold in Spain except in circumstances which do not constitute a public offering of securities in Spain within the meaning of article 30bis of the Spanish Securities Market Law of 28 July 1988 (*Ley 24/1988, de 28 de julio, del Mercado de Valores*), as amended, Royal Decree 1310/2005, of 4 November, and further relevant legislation.

Sweden

For selling restrictions in respect of Sweden, please see "European Economic Area" above.

Switzerland

The Notes may not be publicly offered (*öffentlich zur Zeichnung angeboten*) in Switzerland, as such term is defined or interpreted under the Swiss Code of Obligations. Neither the Programme nor any documents related to the Notes constitute a prospectus in the sense of article 652a or 1156 of the Swiss Code of Obligations. In addition, the Notes may not be offered and distributed by means of public advertising (*öffentliche Werbung*) in or from Switzerland, as such term is defined or interpreted under

the Swiss Investment Fund Act or the Swiss Collective Capital Investment Act. Such Notes are not subject to supervision by the Swiss Federal Banking Commission and do not qualify as investments in a collective investment scheme.

Taiwan

The Programme has not been approved by the Taiwan Securities and Futures Bureau. Accordingly, no person or entity in Taiwan is authorized to distribute or otherwise intermediate the offering of the Notes or the provision of information relating to the Programme, including, but not limited to, the Base Prospectus ("**Information**"). The Notes may be made available for purchase from outside Taiwan by investors residing in Taiwan, but may not be offered or sold in Taiwan. Any subscriptions of Notes shall only become effective upon acceptance by the Issuer or the relevant Dealer outside Taiwan and shall be deemed a contract entered into in the jurisdiction of incorporation of the Issuer or relevant Dealer, as the case may be, unless otherwise specified in the subscription documents relating to the Notes signed by the investors.

Thailand

The Notes may not be offered or sold, directly or indirectly, to any person within Thailand.

The Netherlands

For selling restrictions in respect of The Netherlands, see "European Economic Area" above and in addition:

In respect of Bearer Zero Coupon Notes and other Notes which qualify as savings certificates as defined in the Dutch Savings Certificates Act, the following selling restriction shall apply:

In addition, Bearer Zero Coupon Notes and other Notes which qualify as savings certificates as defined in the Dutch Savings Certificates Act (*Wet inzake spaarbewijzen*) may only be transferred or accepted through the mediation of either the Issuer or a Member of Euronext Amsterdam N.V. with due observance of the Savings Certificates Act (including registration requirements), provided that no mediation is required in respect of (i) the initial issue of those Notes to the first holders thereof, (ii) any transfer or acceptance by individuals who do not act in the conduct of a profession or trade, and (iii) the transfer or acceptance of those Notes, if they are physically issued outside The Netherlands and are not distributed in The Netherlands in the course of primary trading or immediately thereafter.

Each Dealer has represented and agreed that any Notes with a maturity of less than 12 months will either have a minimum denomination of EUR 50,000 or be offered in the Netherlands in circumstances where another exemption or a dispensation from the requirement to make a prospectus publicly available has been granted under Article 4 of the Securities Transactions Supervision Act 1995 ("*Wet toezicht effectenverkeer 1995*").

The Peoples Republic of China

The Notes may not be offered or sold directly or indirectly in the People's Republic of China (the "**PRC**") (which, for such purposes, does not include the Hong Kong or Macau Special Administrative Regions or Taiwan). Neither this Base Prospectus nor any material or information contained or incorporated by reference herein relating to the Programme of the Notes, which have not been submitted to or approved by the China Securities Regulatory Commission or other relevant governmental authorities in the PRC, may be supplied to the public in the PRC or used in connection with any offer for the subscription or sale of the Notes in the PRC. The material or information contained or incorporated by reference herein relating to the Programme or the Notes does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC. The Notes may only be offered or sold to PRC investors that are authorised to engage in the purchase of Notes of the type being offered or sold. PRC investors are responsible for obtaining all relevant government regulatory approvals/licences themselves, including, but not limited to, any which may be required from the State Administration of Foreign Exchange and/or the China Banking Regulatory Commission, and complying with all relevant PRC foreign exchange regulations.

The Philippines

The securities being offered or sold have not been registered with the Securities and Exchange Commission of the Philippines under the Securities Regulation Code of the Philippines. Any offer or sale thereof is subject to registration requirements under the Securities Regulation Code unless such offer or sale qualifies as an exempt transaction.

United Arab Emirates

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities. Furthermore, the information contained in this Base Prospectus, does not constitute a public offer of securities in the United Arab Emirates in accordance with the Commercial Companies Law (Federal Law No. 8 of 1984 (as amended)) or otherwise, and is not intended to lead to the conclusion of any contract of whatsoever nature within the territory of the United Arab Emirates.

United Kingdom

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

- (i) 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 as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 (the general prohibition) of the Financial Services and Markets Act 2000 (the "FSMA") by the relevant Issuer;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 (financial promotion) of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the relevant Issuer or (in relation to Notes issued by JPMIDL) the Guarantor; and
- (iii) 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

The Notes and any Guarantee thereof have not been and will not be registered under the Securities Act, or any state securities laws, and trading in the Notes and any Guarantee thereof has not been approved by the SEC, any state securities commission, the U.S. Commodity Futures Trading Commission (the "CFTC") under the U.S. Commodities Exchange Act, as amended, any U.S. federal or state banking authority or any other U.S. or foreign regulatory authority, and JPMIDL has not registered, and does not intend to register, as an investment company under the Investment Company Act. Accordingly, the Notes may not be offered, sold, pledged, assigned, delivered, redeemed or otherwise transferred or exercised at any time within the United States or its possessions or to or for the account or benefit of any U.S. Person. In this Base Prospectus, the term "U.S. Person" has the meaning ascribed to it in either Regulation S or the Code. The Notes and any Guarantee thereof are being offered and sold outside of the United States in reliance on the registration exemptions contained in Regulation S and Section 3(a)(2) of the Securities Act. Accordingly, the Dealers have represented and agreed in the Programme Agreement, and any other Dealer who is appointed by the relevant Issuer in connection with an issue of a Series of such Notes, will represent and agree, that it, its affiliates, and any person acting on its or their behalf has not offered or sold and will not offer or sell such Notes at any time, directly or indirectly within the United States of America or its possessions or to, or for the account or benefit of, any U.S. Person. The Dealers further have represented and agreed in the Programme Agreement, and any other Dealer who is appointed by the relevant Issuer in connection with an issue of

a Series of Notes will represent and agree that it, its affiliates, and any person acting on its or their behalf will not offer or sell the Notes at any time except in accordance with Rule 903 of Regulation S under the Securities Act, and that neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes, and it and they have complied and will comply with the offering restrictions requirement of Regulation S. The terms used in this paragraph have the meanings given to them by Regulation S.

The Dealers have also agreed in the Programme Agreement, and any other Dealer who is appointed by the relevant Issuer in connection with an issue of a Series of Notes will agree, that, at or prior to confirmation of a sale of Notes, it, its affiliates, and any person acting on its or their behalf will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it (whether upon original issuance or in any secondary transaction) a written confirmation or notice stating that the purchaser is subject to the same restrictions on offers and sales and setting forth the restrictions on offers and sales of the Notes within the United States of America and its possessions or to, or for the account or benefit of, any U.S. Person.

The Notes may not be legally or beneficially owned by any U.S. Person at any time. Each holder and each legal and beneficial owner of a Note, as a condition to purchasing such Note or any legal or beneficial interest therein, will be deemed to represent on purchase that neither it nor any person for whose account or benefit the Notes are being purchased (i) is located in the United States of America, (ii) is a U.S. Person or (iii) was solicited to purchase the Notes while present in the United States of America. Each holder and each legal and beneficial owner of a Note hereby will be deemed on purchase to agree not to offer, sell, deliver, pledge or otherwise transfer any of the Notes or any interest therein at any time, directly or indirectly, in the United States of America or to any U.S. Person. The terms used in this paragraph have the meanings given to them by Regulation S.

Furthermore, each holder and beneficial owner will be deemed on purchase to agree that (1) the Notes offered in reliance on Regulation S will be represented by Global Notes or Global Certificates and accordingly, prior to the expiration of the distribution compliance period, before any interest in a Global Note or Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in a Global Note or Global Certificate, it will be required to provide the Registrar or any Paying and Transfer Agent with a written certification that it is a non-U.S. Person (in the form provided in the Agency Agreement) and (2) the relevant Issuer, the Guarantor (in relation to Notes issued by JPMIDL), the Fiscal Agent, the Registrar, the Arranger, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

The D Rules

In the case of any Note other than a Registered Note:

- (1) Except to the extent permitted under U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the "**D Rules**"), (a) each Dealer represents that it has not offered or sold, and agrees that during the restricted period it will not offer or sell, the Notes to a person who is within the United States or its possessions or to a United States person, and (b) represents that it has not delivered and agrees that it will not deliver within the United States or its possessions definitive Notes that are sold during the restricted period;
- (2) each Dealer represents that it has and agrees that 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 the Notes are aware that the 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 as permitted by the D Rules;
- (3) if it is a United States person, each Dealer represents that it is acquiring the Notes for purposes of resale in connection with their original issue and if it retains Notes for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. §1.163-5(c)(2)(i)(D)(6);
- (4) with respect to each affiliate that acquires Notes from it for the purpose of offering or selling the Notes during the restricted period, each Dealer either (a) repeats and confirms the

representations and agreements contained in clauses (1), (2) and (3) on its behalf or (b) agrees that it will obtain from such affiliate for the benefit of the Issuer the representations and agreements contained in clauses (1), (2) and (3); and

- (5) each Dealer represents that 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 several Dealers, the representations contained in, and that party's agreement to comply with, the provisions of clauses (1), (2), (3) and 4).

Terms used in clauses (1), (2), (3), (4) and (5) have the meaning given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder, including the D Rules.

Uruguay

The Programme has not been registered with the Central Bank of Uruguay and was not and will not be traded on any Uruguayan stock exchange.

The Notes are not offered to the public in or from Uruguay. This offer has not been and will not be announced to the public and offering material will not be made available to the public except in circumstances which do not constitute a public offer of securities in Uruguay in compliance with the requirements of the Uruguayan Securities Market Law (Law N° 16.749 del 30 de mayo de 1996). The Notes will be offered to people in or from Uruguay pursuant only to a private offer. Public advertising on the Programme will be avoided.

Venezuela (The Bolivarian Republic of Venezuela)

The public offering of the Notes has not been authorized by the National Securities Commission ("*Comisión Nacional de Valores*" -"**CNV**"). Each Dealer has represented and agreed with the Issuer that (i) it shall not offer and/or sell Notes in Venezuela by means of a public offering, without obtaining the prior authorization of CNV in accordance with the relevant provisions of the Capital Markets Law of October 22, 1998 ("*Ley de Mercado de Capitales*"); and (ii) this offer has not been and will not be announced to the public and offering material will not be made available to the public, without the prior authorisation of CNV.

General

These selling restrictions may be modified by the agreement of the relevant Issuer and the Dealers (e.g., following a change in a relevant law, regulation or directive). Any such modification will be set out in the Final Terms issued in respect of the issue of Notes to which it relates or in a supplement to this Base Prospectus.

Save for the approval of this document as a Base Prospectus by the Commission de Surveillance du Secteur Financier (the "**CSSF**") for the purposes of the Prospectus Directive and the notification of such approval to the competent authorities in Ireland, The Netherlands and the United Kingdom, no action has been taken (and save that the Issuer has sought and obtained the consent of the Jersey Registrar of Companies, pursuant to Article 5 of the Companies (General Provisions) (Jersey) Order 2002, to the circulation of a prospectus in relation to the Notes) in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Base Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Base Prospectus, any other offering material or any Final Terms and neither the relevant Issuer, the Guarantor (in relation to Notes issued by JPMIDL), nor any other Dealer shall have responsibility therefore.

Disclaimer

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

No offers, sales, re-sales or deliveries of any Notes, or distribution of any offering material relating to any Notes, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and which will not impose any obligation on the relevant Issuer or (in relation to Notes issued by JPMIDL) the Guarantor.

TAXATION

The comments below address only taxation on income from Notes withheld at source and a limited number of other taxation aspects of the Notes in a limited number of jurisdictions and are included herein solely for information purposes. These comments cannot replace legal or tax advice. Holders are advised to consult their professional advisers on all taxation aspects of an investment in Notes. Holders should be aware that they may be liable to taxation under the laws of any jurisdiction in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of any of the jurisdictions specified below. No representation with respect to the consequences to any particular prospective holder of a Note is made hereby. Prospective holders of a Note should consult their own tax advisers in all relevant jurisdictions.

PROSPECTIVE PURCHASERS OF THE NOTES ARE ADVISED TO CONSULT THEIR OWN ADVISORS AS TO THE TAX CONSEQUENCES FOR THEM OF A PURCHASE AND HOLDING OF NOTES.

United States Taxation

This disclosure is limited to the U.S. federal tax issues addressed herein. Additional issues not addressed in this disclosure could affect the U.S. federal tax treatment of the Instruments. This tax disclosure was written in connection with the promotion or marketing by the Issuer and Guarantor of the Instruments, and it cannot be used by any holder for the purpose of avoiding penalties that may be asserted against the holder under the Internal Revenue Code. Holders should seek their own advice based on their particular circumstances from an independent tax adviser.

The following is a discussion of certain U.S. federal income and estate tax consequences to a United States Alien (as defined below) of purchasing, owning and disposing of Instruments. This discussion does not describe all of the U.S. federal income and estate tax consequences that may be relevant to a United States Alien in light of its particular circumstances, or to United States Aliens subject to special tax rules (such as financial institutions, dealers in commodities or securities, or tax-exempt entities). The discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), administrative pronouncements, judicial decisions, and final, temporary and proposed Treasury regulations, all as in effect on the date hereof, all of which are subject to change, possibly on a retroactive basis. Prospective purchasers should consult their own tax advisers concerning the U.S. federal, state, and local and non-U.S. tax consequences of purchasing, owning and disposing of Instruments in light of their particular circumstances.

For purposes of this discussion, "**United States Alien**" means a beneficial owner of an Instrument that, for U.S. federal income tax purposes, is (i) a foreign corporation, (ii) a non-resident alien individual or (iii) a foreign estate or trust.

Except where expressly noted below, the discussion below only addresses Instruments that are properly treated as debt for U.S. federal income tax purposes. The Issuer of the Instruments will be treated as a U.S. person for U.S. federal income tax purposes and the following discussion assumes that interest paid by the Issuer would be treated as income from sources within the United States. If this were not the case, the discussion below generally would remain correct, but without regard to the limitations stated in sections (a)(i), (a)(ii), (a)(iii), (a)(iv), and (a)(v).

Subject to the discussion of U.S. federal backup withholding in the following section:

- (a) Assuming all parties comply with the programme documents, payments of principal, premium (if applicable), and interest (including original issue discount ("**OID**")) by the Issuer, the Guarantor or any paying agent generally will not be subject to U.S. federal withholding tax, provided that, in the case of amounts treated as interest or premium with respect to Instruments with a maturity at issue of more than 183 days, (i) the amount of the payment is not determined by reference to any receipts, sales or other cash flow, income or profits, change in value of any property (other than certain "actively traded property" described below) of, or dividend or similar payment made by, the Issuer, the Guarantor or a person related to the Issuer or the Guarantor (except, among other things, property held as a hedging transaction to manage interest rate or currency fluctuations with respect to the Instrument) (a "**Contingent Payment**"), (ii) the United States Alien does not actually or constructively own 10 per cent. or

more of the total combined voting power of all classes of stock of the Issuer or the Guarantor entitled to vote, (iii) the United States Alien is not for U.S. federal income tax purposes a controlled foreign corporation related to the issuer or the Guarantor through stock ownership, (iv) the United States Alien is not a bank receiving interest on an extension of credit pursuant to a loan agreement entered into in the ordinary course of its business and (v) in the case of Instruments in registered form for purposes of the Code, (A) the United States Alien provides a properly completed and executed U.S. Internal Revenue Service Form W-8BEN on which it certifies, under penalties of perjury, that it is not a U.S. person, and (B) in the case of payments made to an intermediary, a properly completed intermediary certification (such as U.S. Internal Revenue Service Form W-8IMY) and any other required documentation is provided by the intermediary to the Issuer or its paying agent. Principal, premium and interest on an Instrument that are determined by reference to changes in the value of property, the yield on property, or changes in any index based on such value or yield should not be Contingent Payments if the property is traded on an exchange or interdealer market that satisfies the requirements necessary for the property to qualify as "actively traded property" within the meaning of section 1092(d) of the Code;

- (b) A United States Alien generally will not be subject to U.S. federal income tax on any gain realized upon the sale, exchange or other disposition of an Instrument, provided neither the United States Alien, nor a fiduciary, settlor or beneficiary of the United States Alien, if the United States Alien is an estate or trust, is considered as (i) being or having been present or engaged in a trade or business in the United States or having or having had a permanent establishment therein; or (ii) having a current or former relationship with the United States, including a relationship as a citizen or resident thereof or based on an individual's presence in the United States for 183 days or more in the individual's taxable year;
- (c) Generally, an Instrument held by an individual who is a United States Alien at the time of death will not be subject to U.S. federal estate tax as a result of the individual's death if at the time of the individual's death payments with respect to the Instrument (i) would not have been effectively connected with a U.S. trade or business of the individual and (ii) would be eligible for the exemption from U.S. federal withholding tax described in (a) above (assuming the certification requirements described in (a)(v) above were met). However, it is possible that an Instrument that is not fully principal protected held by a United States Alien at the time of death could be subject to U.S. federal estate tax as a result of the individual's death, unless an applicable estate tax treaty provides otherwise; and
- (d) In the case of an Instrument not in registered form for purposes of the Code, assuming all parties comply with the programme documents, a United States Alien holding an Instrument in bearer form or a Coupon will not be required to disclose its nationality, residence, or identity to the Issuer, a paying agent, or any U.S. governmental authority in order to receive payments on the Instrument or Coupon from the Issuer or its paying agent outside the United States (although in the case of Instruments issued in compliance with the D rules, a certificate of Non-U.S. beneficial ownership will need to be provided in order to receive a beneficial interest in a Permanent Global Instrument or definitive Instruments and Coupons and interest payments).

For purposes of this discussion, "**payments of principal, premium, and interest**" means payments made with respect to Instruments that are treated as payments of principal, premium, OID, and interest for U.S. federal income tax purposes. It is possible that certain payments made with respect to certain types of Instruments, including certain Index Linked Redemption Instruments, Equity Linked Redemption Instruments and Credit Linked Instruments, may not be considered payments of principal, premium, OID or interest for these purposes. Nonetheless, assuming all parties comply with the programme documents, the Issuer expects that payments made with respect to Instruments of this type should not be subject to U.S. federal withholding tax.

Backup Withholding and Information Reporting

Payments of principal, premium and interest on Instruments made outside the United States to a United States Alien by a non-U.S. payor will not be subject to information reporting and backup withholding. In addition, except as provided in the following sentence, if principal, premium, or interest payments made with respect to Instruments are collected outside the United States on behalf of a United States

Alien by a foreign office of a custodian, nominee or other agent who is not a U.S. Controlled Person (as defined below), the custodian, nominee or other agent will not be required to apply backup withholding to these payments when remitted to the United States Alien and these payments will not be subject to information reporting. However, if the custodian, nominee or other agent is a U.S. Controlled Person, payment collected by its foreign office may be subject to information reporting and backup withholding unless the custodian, nominee or other agent has in its records documentary evidence that the United States Alien is not a U.S. person or is otherwise exempt from information reporting, and it has no actual knowledge or reason to know that any of the information or certifications associated with this documentation is incorrect.

Payments on the sale, exchange or other disposition of an Instrument made to or through a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, if the broker is a U.S. Controlled Person, payments on the sale, exchange or other disposition of the Instrument made to or through a foreign office of the broker will be subject to information reporting unless the United States Alien has furnished the broker with documentation upon which the broker can rely to treat the payment as made to a beneficial owner that is not a U.S. person, and the broker has no actual knowledge or reason to know that any of the information or certifications associated with this documentation is incorrect.

For the purposes of this discussion, a "U.S. Controlled Person" means (i) a U.S. person (as defined in the Code), (ii) a controlled foreign corporation for U.S. federal income tax purposes, (iii) a foreign person 50 per cent. or more of whose gross income was effectively connected with the conduct of a U.S. trade or business for a specified three-year period, or (iv) a foreign partnership, if at any time during its tax year, one or more of its partners are U.S. persons who, in the aggregate, hold more than 50 per cent. of the partnership's income or capital interest or if, at any time during its tax year, it is engaged in the conduct of a trade or business in the United States.

Any amounts withheld under the backup withholding rules may be allowed as a credit against the United States Alien's U.S. federal income tax liability, and may entitle the United States Alien to a refund, provided that the required information is timely furnished to the U.S. Internal Revenue Service.

United States Aliens should consult their own tax advisers regarding the application of U.S. federal information reporting and backup withholding to their particular situations, the availability of an exemption therefrom, and the procedure for obtaining an exemption, if available.

A holder of an Instrument that is not in registered form for purposes of the Code and who is a U.S. person may be subject to the following special rules unless an exemption applies: If an Instrument is paid, sold or otherwise disposed of in a transaction that results in a taxable gain or loss for U. S. federal income tax purposes, the gain will be treated as ordinary income and not as capital gain, and no deduction will be allowed in respect of the loss.

THE SUMMARY OF U.S. FEDERAL INCOME AND ESTATE TAX MATTERS SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS ARE URGED TO CONSULT THEIR OWN TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING INSTRUMENTS, INCLUDING THE APPLICABILITY AND EFFECT OF U.S. FEDERAL, STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

United Kingdom Taxation

The following is a summary of the United Kingdom withholding taxation treatment at the date hereof in relation to payments of principal and interest in respect of Notes issued by JPMCB acting through its London branch and of certain aspects of the United Kingdom stamp duty and stamp duty reserve tax treatment of Notes issued by JPMCB or JPMIDL. The comments do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of Notes. The following is a general guide and should be treated with appropriate caution. It assumes there is no substitution of the Issuer.

United Kingdom withholding tax

A. UK withholding tax on UK source interest

1. Interest on Notes issued by JPMCB acting through its London branch or where the interest otherwise has a UK "source" ("**UK Notes**") may be paid without withholding or deduction for or on account of United Kingdom income tax so long as JPMCB is a "bank" for the purposes of section 349 of the Income and Corporation Taxes Act 1988 and so long as such payments are made by JPMCB in the ordinary course of its business. In accordance with the published practice of Her Majesty's Revenue and Customs, such payments will be accepted as being made by JPMCB in the ordinary course of its business unless either:
 - (i) the borrowing in question conforms to any of the definitions of tier 1, 2 or 3 capital adopted by the Financial Services Authority whether or not it actually counts towards tier 1, 2 or 3 capital for regulatory purposes; or
 - (ii) the characteristics of the transaction giving rise to the interest are primarily attributable to an intention to avoid United Kingdom tax.
2. UK Notes which carry a right to interest will constitute "quoted Eurobonds" provided they are and continue to be listed on a recognised stock exchange. On the basis of Her Majesty's Revenue and Customs' published interpretation of the relevant legislation, securities which are to be listed on a stock exchange in a country which is a member state of the European Union or which is part of the European Economic Area will satisfy this requirement if they are listed by a competent authority in that country and are admitted to trading on a recognised stock exchange in that country; securities which are to be listed on a stock exchange in any other country will satisfy this requirement if they are admitted to trading on a recognised stock exchange in that country. The Luxembourg Stock Exchange and the Channel Islands Stock Exchange are each recognised stock exchanges for these purposes. Whilst the UK Notes are and continue to be quoted Eurobonds, payments of interest on the UK Notes may be made without withholding or deduction for or on account of United Kingdom income tax.
3. Interest on UK Notes may also be paid without withholding or deduction for or on account of United Kingdom income tax so long as JPMCB is authorised for the purposes of the Financial Services and Markets Act 2000 and its business consists wholly or mainly of dealing in financial instruments (as defined by section 349(5) of the Income and Corporation Taxes Act 1988) as principal and so long as such payments are made by JPMCB in the ordinary course of its business.
4. In all cases falling outside the exemptions described in 1, 2 and 3 above, interest on the UK Notes may fall to be paid under deduction of United Kingdom income tax at the lower rate (currently 20 per cent.) subject to such relief as may be available under the provisions of any applicable double taxation treaty or to any other exemption which may apply. However, this withholding will not apply if the relevant interest is paid on Notes with a maturity of less than one year from the date of issue and which are not issued under arrangements the effect of which is to render such Notes part of a borrowing with a total term that could be a year or more.

B. Provision of information

Holders should note that where any interest on Notes is paid to them (or to any person acting on their behalf) by any person in the United Kingdom acting on behalf of either of the Issuers (a "**paying agent**"), or is received by any person in the United Kingdom acting on behalf of the relevant Holder (other than solely by clearing or arranging the clearing of a cheque) (a "**collecting agent**"), then JPMCB (if acting through its London branch), the paying agent or the collecting agent (as the case may be) may, in certain cases, be required to supply to Her Majesty's Revenue and Customs details of the payment and certain details relating to the Holder (including the Holder's name and address). These provisions will apply whether or not the interest has been paid subject to withholding or deduction for or on account of United Kingdom income tax and whether or not the Holder is resident in the United Kingdom for United Kingdom taxation purposes. Where the Holder is not so resident, the details provided

to Her Majesty's Revenue and Customs may, in certain cases, be passed by Her Majesty's Revenue and Customs to the tax authorities of the jurisdiction in which the Holder is resident for taxation purposes.

With effect from 6 April 2006 the provisions referred to above may also apply, in certain circumstances, to payments made on redemption of any Notes where the amount payable on redemption is greater than the issue price of the Notes.

C. Other rules relating to United Kingdom withholding tax

1. Any premium element of the redemption amount of any UK Notes redeemable at a premium may constitute a payment of interest subject to United Kingdom withholding tax and reporting requirements as outlined above.
2. The references to "interest" above mean "interest" as understood in United Kingdom tax law. The statements above do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation.
3. The above description of the United Kingdom withholding tax position assumes that there will be no substitution of an issuer pursuant to Condition 10(c) of the Notes and does not consider the tax consequences of any such substitution.

United Kingdom stamp duty and stamp duty reserve tax

No United Kingdom stamp duty will be payable by Noteholders in respect of the issue of the Notes provided that any Notes which are in bearer form and which are denominated in sterling are issued outside the United Kingdom.

Assuming that any instrument of transfer is executed and retained outside the United Kingdom and that any register relating to the Notes is similarly kept outside the United Kingdom, no United Kingdom stamp duty will need to be paid in respect of transfers of Notes.

Provided that any register of the Notes is maintained outside the United Kingdom, no United Kingdom stamp duty reserve tax ("**SDRT**") should generally be payable by Noteholders in respect of the issue of Notes, or any agreement to transfer Notes unless the Notes give the Noteholders a right to allotments of or to subscribe for, or an option to acquire, or an interest in (or in dividends or other rights arising out of) stocks, shares or certain types of loan capital in a company which are registered in a register kept in the United Kingdom or shares paired with shares issued by a United Kingdom incorporated company.

For Notes which provide for physical delivery of underlying assets to the Noteholders, that physical delivery may give rise to a charge to United Kingdom stamp duty or SDRT for the Noteholders, depending on various factors, including the nature of the underlying assets and the place any relevant transfer is executed and retained.

Jersey Taxation

Under the current prevailing tax law of Jersey and extra-statutory concessions granted to JPMIDL and JPMCB by the Jersey income tax authorities, the proceeds gained from the exercise, sale or other disposition of JPMIDL Notes by a Holder of such Notes who is not resident in Jersey for the purposes of the Income Tax (Jersey) Law 1961, as amended (the "**Jersey Income Tax Law**"), and payments made in respect of such Notes to such Holder, will not be subject to any assessment for taxes (including withholding taxes) in Jersey. Any Holder of JPMIDL or JPMCB Notes resident in Jersey for the purposes of the Jersey Income Tax Law will, however, be obliged, under that Law, to include in any statement delivered under that Law of the profits or gains arising to that Holder a true, complete and correct statement of the amount of the profits or gains arising to that Holder from that Holder's holding of such Notes.

No stamp or transfer tax is payable in Jersey on the exercise, sale or other disposition of such Notes by a holder of such Notes. Probate or Letters of Administration may be required to be obtained in Jersey on the death of an individual holder of such Notes. Stamp duty is payable in Jersey on the registration of such Probate or Letters of Administration on the value of the Holder's estate in Jersey.

European Union Directive on the Taxation of Savings Income

As part of an agreement reached in connection with the European Union ("EU") directive on the taxation of savings income in the form of interest payments, and in line with steps taken by other relevant third countries, Jersey introduced with effect from 1 July 2005 a retention tax system in respect of payments of interest, or other similar income, made to an individual beneficial owner resident in an EU Member State by a paying agent established in Jersey. The retention tax system applies for a transitional period prior to the implementation of a system of automatic communication to EU Member States of information regarding such payments. During this transitional period, such an individual beneficial owner resident in an EU Member State will be entitled to request a paying agent not to retain tax from such payments but instead to apply a system by which the details of such payments are communicated to the tax authorities of the EU Member State in which the beneficial owner is resident.

The retention tax system in Jersey is implemented by means of bilateral agreements with each of the EU Member States, the Taxation (Agreements with European Union Member States) (Jersey) Regulations 2005 and Guidance Notes issued by the Policy & Resources Committee of the States of Jersey. Based on these provisions and what is understood to be the current practice of the Jersey tax authorities, JPMIDL would not be obliged to levy retention tax in Jersey under these provisions in respect of interest payments made by it to a paying agent established outside Jersey.

Luxembourg Taxation

Non-Residents

Under the existing laws of Luxembourg and except as provided for by the Luxembourg law of 20 June 2005 implementing the EU Savings Tax Directive, there is no withholding tax on the payment of interest on, or reimbursement of principal of, the Notes made to non-residents of Luxembourg.

Under the Luxembourg law of 20 June 2005 implementing the EU Savings Tax Directive and as a result of ratification by Luxembourg of certain related Accords with the relevant dependent and associated territories, payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual or certain residual entities as defined by the law, who, as a result of an identification procedure implemented by the paying agent, are identified as residents or are deemed to be residents of an EU Member State other than Luxembourg or certain of those dependent or associated territories referred to under the EU Savings Tax Directive, will be subject to a withholding tax unless the relevant beneficiary has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the fiscal authorities of his/her country of residence or deemed residence or has provided a tax certificate from his/her fiscal authority in the format required by law to the relevant paying agent. Where withholding tax is applied, it will be levied at a rate of 15 per cent. during the first three-year period which started on 1 July 2005, at a rate of 20 per cent. for the subsequent three-year period and at a rate of 35 per cent. thereafter.

When used in the preceding paragraph "interest" and "paying agent" have the meaning given thereto in the Luxembourg law of 20 June 2005 (or the relevant Accords). "Interest" will include accrued or capitalised interest at the sale, repayment or redemption of the Notes. "Paying agent" is defined broadly for this purpose and in the context of the Notes means any economic operator established in Luxembourg who pays interest on the Notes to or ascribes the payment of such interest to or for the immediate benefit of the beneficial owner, whether the operator is, or acts on behalf of, the Issuer or is instructed by the beneficial owner to collect such payment of interest. This would include J.P. Morgan Bank Luxembourg S.A. as a Paying Agent.

Payments of interest or similar income under the Notes to the Clearing Systems and payments by or on behalf of Clearstream Banking, société anonyme to financial intermediaries will not give rise to a withholding tax under Luxembourg law.

Residents

Under the Luxembourg law of 23 December 2005, payments of interest or similar income made since 1 January 2006 (but accrued since 1 July 2005) by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner who is resident of Luxembourg may be subject

to a withholding tax of 10 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management or his/her private wealth).

Netherlands Taxation

General

The following summary describes the principal Netherlands tax consequences of the acquisition, holding, redemption and disposal of the Dutch Notes. This summary is intended for general purposes only and does not purport to be a comprehensive description of all Netherlands tax considerations that may be relevant to a decision to acquire, to hold or to dispose of the Dutch Notes. Each prospective investor should consult a professional tax adviser with respect to the tax consequences of an investment in the Dutch Notes.

This summary is based on the tax legislation, published case law, treaties, rules, regulations and similar documentation, in force as of the date of this Base Prospectus, without prejudice to any amendments introduced at a later date and implemented with retroactive effect.

This summary only addresses the Netherlands tax consequences of holders of Dutch Notes, who are resident or deemed to be resident of the Netherlands for Netherlands tax purposes. This summary does not address the Netherlands tax consequences of a holder of Dutch Notes who holds a substantial interest (aanmerkelijk belang) in the Issuer. Generally speaking, a holder of Dutch Notes holds a substantial interest in the Issuer, if such holder of Dutch Notes, alone or together with his or her partner (statutory defined term) or certain other related persons, directly or indirectly, holds (i) an interest of 5 percent or more of the total issued capital of the Issuer or of 5 percent or more of the issued capital of a certain class of shares of the Issuer, (ii) rights to acquire, directly or indirectly, such interest or (iii) certain profit sharing rights in the Issuer.

Withholding tax

All payments made by the Issuer under the Dutch Notes may be made free of withholding or deduction for, or on account of, any taxes of whatsoever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

Corporate and individual income tax for residents of the Netherlands

If a corporate holder is subject to Netherlands corporate income tax or is only subject to Netherlands corporate income tax for part of its business and the Dutch Notes are attributable to this part of its business, income derived from the Dutch Notes and capital gains in respect of the Dutch Notes are generally taxable in the Netherlands.

If an individual holder is resident or deemed to be resident of the Netherlands for Netherlands tax purposes (including the individual holder who has opted to be taxed as a resident of the Netherlands), the income derived from the Dutch Notes and the capital gains in respect of the Dutch Notes realised upon the redemption or disposal of the Dutch Notes are taxable at the progressive rates of the Income Tax Act 2001, if:

- (i) the holder has an enterprise or an interest in an enterprise, to which enterprise the Dutch Notes are attributable; or
- (ii) such income or capital gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*), which include the performance of activities with respect to the Dutch Notes that exceed "regular, active portfolio management" (*normaal, actief vermogensbeheer*).

If neither condition (i) nor condition (ii) applies to the holder of the Dutch Notes, taxable income with regard to the Dutch Notes must be determined on the basis of a deemed return on income from savings and investments (*sparen en beleggen*), rather than on the basis of income (such as payments with regard to the Dutch Notes) actually received or capital gains realised. At present, this deemed return on income from savings and investments has been fixed at a flat rate of 4 per cent. of the average of the individual's yield basis (*rendementsgrondslag*). The average of the individual's yield basis is determined as the fair market value of certain qualifying assets held by the holder of the Notes less the

fair market value of certain qualifying liabilities on 1 January and 31 December, divided by 2, insofar as the average exceeds a certain threshold. The fair market value of the Notes will be included as an asset in the individual's yield basis. The deemed return on income from savings and investments of 4 per cent. will be taxed at a flat rate of 30 per cent.

Gift and Inheritance taxes

Generally, gift and inheritance taxes will be due in the Netherlands in respect of the acquisition of the Dutch Notes by way of a gift by, or on the death of, a holder who is a resident or deemed to be a resident of the Netherlands for the purposes of Netherlands gift and inheritance tax at the time of the gift or his or her death.

A holder of the Netherlands nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift and inheritance tax, if he or she has been resident in the Netherlands during the ten years preceding the gift or his or her death. A holder of any other nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift and inheritance tax only if he or she has been a resident in the Netherlands for Netherlands tax purposes at any time during the twelve months preceding the time of the gift. The same twelve-month rule may apply to entities that have transferred their seat of residence out of the Netherlands.

Value added tax

In general, no Netherlands value added tax will arise in respect of payments in consideration for the issue of the Dutch Notes or in respect of the cash payment made under the Dutch Notes, or in respect of a transfer of Dutch Notes.

Other taxes and duties

No registration tax, customs duty, transfer tax, stamp duty or any other similar documentary tax or duty, will be payable in the Netherlands by a holder in respect of or in connection with the subscription, issue, placement, allotment, delivery or transfer of the Dutch Notes.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required, from 1 July 2005, to provide to the tax authorities of another Member State details of payment of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries).

Also with effect from 1 July 2005, a number of non-EU countries including Switzerland, and certain dependent or associated territories of certain Member States have agreed to adopt similar measures (either provision of information or transitional withholding) (a withholding system in the case of Switzerland) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident in a Member State. In addition, the Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident in one of those territories.

Norwegian Taxation

The following is a summary of certain Norwegian tax consequences for holders of the Norwegian Notes who are resident in Norway for tax purposes. The summary is based on legislation as at the date of this document and is intended to provide general information only. The tax treatment of each Noteholder partly depends on the holder's specific situation. Each investor should consult a tax adviser as to the tax consequences relating to their particular circumstances resulting from holding Norwegian Notes.

Any changes to applicable tax laws may have a retrospective effect.

Taxation of return on the Notes prior to disposal

Any kind of return received on the Notes prior to the disposal is taxable as "ordinary income" subject to the flat rate of 28 per cent.. Return on the Notes is taxed on accruals basis (i.e. regardless of when the return is actually paid).

Taxation upon disposal or redemption of the Notes

Redemption at the end of the term as well as prior disposal is treated as realisation of the Notes and will trigger a capital gain or loss. Capital gains will be taxable as "ordinary income", subject to the flat rate of 28 per cent.. Losses will be deductible in the Noteholder's "ordinary income", taxed at the same tax rate.

Any capital gain or loss is computed as the difference between the amount received by the Noteholder on realisation and the cost price of the Notes. The cost price is equal to the price for which the Noteholder acquired the Notes. Costs incurred in connection with the acquisition and realisation of the Notes may be deducted from the Noteholder's taxable income in the year of the realisation.

Norwegian withholding tax

Payments on the Norwegian Notes will not be subject to Norwegian withholding tax.

Net wealth taxation

The value of the Norwegian Notes at the end of each income year will be included in the computation of the Noteholder's taxable net wealth for municipal and state net wealth tax purposes. Listed bonds are valued at their quoted value on 1 January in the assessment year, while non-listed bonds are valued at their estimated market value on 1 January in the assessment year. The marginal tax rate is currently 1.1 per cent..

Limited companies and similar entities are not subject to net wealth taxation.

Transfer taxes etc. – VAT

There is currently no Norwegian transfer taxes, stamp duty or similar taxes connected to purchase, disposal or redemption of the Notes. Further, there is no VAT on transfer of the Norwegian Notes.

US Federal Income Tax Considerations

This disclosure is limited to the U.S. federal tax issues addressed herein. Additional issues not addressed in this disclosure could affect the U.S. federal tax treatment of the Norwegian Notes. This tax disclosure was written in connection with the promotion or marketing by the Issuer and Guarantor of the Norwegian Notes, and it cannot be used by any holder for the purpose of avoiding penalties that may be asserted against the holder under the Internal Revenue Code. Holders should seek their own advice based on their particular circumstances from an independent tax adviser.

The following is a discussion of certain U.S. federal income and estate tax consequences to a United States Alien (as defined below) of purchasing, owning and disposing of Notes issued under the Programme. This discussion does not describe all of the U.S. federal income and estate tax consequences that may be relevant to a United States Alien in light of its particular circumstances, or to United States Aliens subject to special tax rules (such as financial institutions, dealers in commodities or securities, or tax-exempt entities). The discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), administrative pronouncements, judicial decisions, and final, temporary and proposed Treasury regulations, all as in effect on the date hereof, all of which are subject to change, possibly on a retroactive basis. Prospective purchasers should consult their own tax advisers concerning the U.S. federal, state, and local and non-U.S. tax consequences of purchasing, owning and disposing of Notes in light of their particular circumstances.

For purposes of this discussion, "**United States Alien**" means a beneficial owner of a Note that, for U.S. federal income tax purposes, is (i) a foreign corporation, (ii) a non-resident alien individual or (iii) a foreign estate or trust.

Except where indicated below, the discussion below assumes that Notes are properly treated as debt for U.S. federal income tax purposes. The Issuer of the Notes will be treated as a U.S. person for U.S.

federal income tax purposes and the following discussion assumes that interest paid by the Issuer would be treated as income from sources within the United States. If that were not the case, the discussion below generally would remain correct, but without regard to the limitations stated in sections (a)(i), (a)(ii), (a)(iii), (a)(iv), and (a)(v).

Subject to the discussion of U.S. federal backup withholding in the following section:

- (a) Assuming all parties comply with the terms of the Programme, as described in this Base Prospectus and any documents incorporated by reference, payments of principal, premium (if applicable), and interest (including original issue discount ("**OID**")) by the Issuer, the Guarantor or any paying agent generally will not be subject to U.S. federal withholding tax, provided that, in the case of amounts treated as interest or premium with respect to Notes with a maturity at issue of more than 183 days, (i) the amount of the payment is not determined by reference to any receipts, sales or other cash flow, income or profits, change in value of any property (other than certain "actively traded property" described below) of, or dividend or similar payment made by, the Issuer, the Guarantor or a person related to the Issuer or the Guarantor (a "**Contingent Payment**"), (ii) the United States Alien does not actually or constructively own 10 percent or more of the total combined voting power of all classes of stock entitled to vote of the Issuer or the Guarantor, (iii) the United States Alien is not for U.S. federal income tax purposes a controlled foreign corporation related to the Issuer or the Guarantor through stock ownership, (iv) the United States Alien is not a bank receiving interest on an extension of credit pursuant to a loan agreement entered into in the ordinary course of its business and (v) in the case of Notes (such as the Norwegian Notes) considered to be in registered form for purposes of the Code, (A) the United States Alien provides to the account administrator and Norwegian Agent, as the case may be, a properly completed and executed U.S. Internal Revenue Service Form W-8BEN (or other applicable Form W-8) on which it certifies, under penalties of perjury, that it is not a U.S. person, and (B) in the case of payments made to an intermediary, a properly completed intermediary certification (such as U.S. Internal Revenue Service Form W-8IMY) and any other required documentation is provided by the intermediary to the Issuer or the Norwegian Agent. Principal, premium and interest on a Note that are determined by reference to changes in the value of property, the yield on property, or changes in any index based on such value or yield should not be Contingent Payments if the property is traded on an exchange or interdealer market that satisfies the requirements necessary for the property to qualify as "actively traded property" within the meaning of section 1092(d) of the Code;
- (b) A United States Alien generally will not be subject to U.S. federal income tax on any gain realized upon the sale, exchange or other disposition of a Note, provided that the conditions in section (a) are satisfied and neither the United States Alien, nor a fiduciary, settlor or beneficiary of the United States Alien if the United States Alien is an estate or trust, is considered as (i) being or having been present or engaged in a trade or business in the United States or having or having had a permanent establishment therein; or (ii) having a current or former relationship with the United States, including a relationship as a citizen or resident thereof or based on an individual's presence in the United States for 183 days or more in the individual's taxable year; and
- (c) Generally, a Note held by an individual who is a United States Alien at the time of death will not be subject to U.S. federal estate tax as a result of the individual's death if at the time of the individual's death payments with respect to the Note (i) would not have been effectively connected with a U.S. trade or business of the individual and (ii) would be eligible for the exemption from U.S. federal withholding tax described in section (a) above (assuming the certification requirements described in (a)(v) above were met). However, it is possible that a Note that is not fully principal protected held by a United States Alien at the time of death could be subject to U.S. federal estate tax as a result of the individual's death, unless an applicable estate tax treaty provides otherwise.

For purposes of this discussion, "**payments of principal, premium, and interest**" means payments made with respect to Notes that are treated as payments of principal, premium, OID, and interest for U.S. federal income tax purposes. It is possible that certain payments made with respect to certain types of Notes, including certain Index Linked Redemption Notes, Equity Linked Redemption Notes and Credit Linked Notes, may not be considered payments of principal, premium, OID or interest for

these purposes. Nonetheless, assuming all parties comply with the terms of the Programme, as described in this Base Prospectus and any documents incorporated by reference, the Issuer expects that payments made with respect to Notes of this type will not be subject to U.S. federal withholding tax.

Backup Withholding and Information Reporting

Payments of principal, premium and interest on Notes made outside the United States to a United States Alien by a non-U.S. payor will not be subject to information reporting and backup withholding. In addition, except as provided in the following sentence, if principal, premium, or interest payments made with respect to Notes are collected outside the United States on behalf of a United States Alien by a foreign office of a custodian, nominee or other agent who is not a U.S. Controlled Person (as defined below), the custodian, nominee or other agent will not be required to apply backup withholding to these payments when remitted to the United States Alien and these payments will not be subject to information reporting. However, if the custodian, nominee or other agent is a U.S. Controlled Person, payments collected by its foreign office may be subject to information reporting and backup withholding unless the custodian, nominee or other agent has in its records documentary evidence that the United States Alien is not a U.S. person or is otherwise exempt from information reporting, and it has no actual knowledge or reason to know that any of the information or certifications associated with this documentation is incorrect.

Payments on the sale, exchange or other disposition of a Note made to or through a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, if the broker is a U.S. Controlled Person, payments on the sale, exchange or other disposition of the Note made to or through a foreign office of the broker will be subject to information reporting unless the United States Alien has furnished the broker with documentation upon which the broker can rely to treat the payment as made to a beneficial owner that is not a U.S. person, and the broker has no actual knowledge or reason to know that any of the information or certifications associated with this documentation is incorrect.

For the purposes of this discussion, a "**U.S. Controlled Person**" means (i) a U.S. person (as defined in the Code), (ii) a controlled foreign corporation for U.S. federal income tax purposes, (iii) a foreign person 50 percent or more of whose gross income was effectively connected with the conduct of a U.S. trade or business for a specified three-year period, or (iv) a foreign partnership, if at any time during its tax year, one or more of its partners are U.S. persons who, in the aggregate, hold more than 50 percent of the partnership's income or capital interest or if, at any time during its tax year, it is engaged in the conduct of a trade or business in the United States.

Any amounts withheld under the backup withholding rules may be allowed as a credit against the United States Alien's U.S. federal income tax liability and may entitle the United States Alien to a refund, provided that the required information is timely furnished to the U.S. Internal Revenue Service.

United States Aliens should consult their own tax advisers regarding the application of U.S. federal information reporting and backup withholding to their particular situations, the availability of an exemption therefrom, and the procedure for obtaining an exemption, if available.

A holder of a Note that is not considered to be in registered form for purposes of the Code and who is a U.S. person may be subject to the following special rules unless an exemption applies: if a Note is paid, sold or otherwise disposed of in a transaction that results in a taxable gain or loss for U. S. federal income tax purposes, the gain will be treated as ordinary income and not as capital gain, and no deduction will be allowed in respect of the loss.

THE SUMMARY OF U.S. FEDERAL INCOME AND ESTATE TAX MATTERS SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS ARE URGED TO CONSULT THEIR OWN TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF U.S. FEDERAL, STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Polish Taxation

General tax information

The information presented below is of a general nature and should not be treated as the sole basis in assessing the tax consequences of certain investment decisions. Potential purchasers of the Polish Notes are recommended to seek advice from a tax advisor, legal advisor or attorney. The information below is subject to the additional reservation that it is based exclusively on the laws in force on the date hereof.

Tax treatment of income related to holding and proceeds from redemption of the Polish Notes

(a) Polish tax residents

(i) *Residents other than individuals*

Interest and discounts on bonds obtained by entities with their registered office and/or management in the Republic of Poland, and which are incorporated entities, capital companies in the process of incorporation, or any other unincorporated organization (other than civil law partnerships, general partnerships, professional partnerships, limited liability partnerships and partnerships limited by shares), shall be taxed under the Corporate Income Tax Act of 15 February 1992 (as amended and restated) (the "**CIT Act**") together with all other income earned by the taxpayer in a given tax year, and shall be subject to the basic tax rate of 19 per cent.. The CIT Act contains some specific rules of taxation of interest, e.g. interest is not recognized as income as long as it is not received, even if due.

(ii) *Individuals*

Pursuant to Art. 30a of the Personal Income Tax Act of 26 July 1991, as amended and restated, (the "**PIT Act**"), a flat 19 per cent. tax rate is applied to income earned from interest and/or discounts on securities, regardless of the territory in which it has been generated. The income is not reduced by the cost of generating such income.

Income taxed pursuant to Art. 30a of the PIT Act is not amalgamated with other income taxable pursuant to general rules, which is subject to the progressive tax rates referred to in Art. 27 of the PIT Act.

(iii) *Payment of tax by individuals*

As a rule, pursuant to Art. 41 Section 4 of the PIT Act, tax on income taxed in accordance with Art. 30a of the PIT Act is collected by a tax remitter, i.e. a natural person, legal person or a non-corporate organization that pays or makes available to the taxpayer money or pecuniary values earned as income taxed at a flat-rate tax. The tax remitter, and not the Issuer, is responsible for calculating, collecting and paying the tax withheld. The taxpayer shall not disclose the tax collected pursuant to the above in its annual tax return.

However, income generated in relation to holding the Polish Notes should be considered as income generated abroad, as it is paid by the Issuer, which has its registered office outside Poland. As to income taxed pursuant to Art. 30a of the PIT Act generated abroad, unlike income generated in Poland, the tax is disclosed by the taxpayers in their annual tax returns (Art. 30a Section 11 of the PIT Act). This view is corroborated in Art. 45 Section 3 b of the PIT Act, which requires that such income should be disclosed in the taxpayer's annual tax return, unless income tax is collected by a tax remitter. It appears that a situation in which income is generated abroad is a situation in which the tax remitter will not withhold tax (or foreign residents would need to act as tax remitters). Therefore, the regulations described seem to be intended to impose the obligation to pay the tax directly on the taxpayer, without the intermediary of the tax remitter. However, we are familiar with an interpretation issued by one of the local tax offices which states that if the income generated abroad is paid to the taxpayer through intermediation of a Polish entity, e.g. a Polish broker, this Polish intermediary should withhold tax as a tax remitter. According to this tax office, only if there is no intermediary in Poland, the tax is accounted for directly by the taxpayer. If this interpretation is accepted by other tax authorities, there will be an

obligation to withhold the tax by the Polish intermediaries participating in the payments of interest from the Polish Notes.

Theoretically, with respect to income generated on holding the Polish Notes, taxpayers may be required to pay advances in the course of the tax year. This results from the provisions of Art. 40 of the PIT Act, referred to here as "the advance tax payment rules". Under these rules, if the taxpayers referred to in Arts. 31, 33, 34, and 35 of the same Act (including mainly taxpayers earning their income from employment or pensions) also obtain other income from which tax remitters are not required to remit applicable advances for income tax, in such event the taxpayers are required to pay tax advances in respect of such income in accordance with the rules set forth in Art. 44 Section 3a of the PIT Act. Under the advance tax payment rules, monthly tax advances shall be made at the rate of 19 per cent. for any month in which income is earned by the 20th day of the following month, and, in respect of December, within the deadline applicable to the filing of annual income tax returns. However, the relevance and the scope of the advance tax payment rules is not fully clear; therefore, it is recommended that advice be sought from a tax advisor, attorney or legal advisor. It is additionally worth noting that, apart from advance tax payment rules described herein, no other regulations exist that might potentially require the purchasers of the Polish Notes to make personally any advance payments towards income tax payable in respect of income earned by the holders of the Polish Notes.

(b) Foreign nationals

In principle, the tax treatment of foreign holders of the Polish Notes will be regulated under applicable foreign laws and international treaties between tax resident countries and Jersey, if any.

Taxation of income earned in relation to sales of the Polish Notes in the secondary market

(a) Polish tax residents

(i) *Residents other than individuals*

Income earned from the transfer of bonds against consideration by entities with their registered office and/or management in Poland and which are incorporated entities, capital companies in the process of incorporation, or any other unincorporated organization (other than civil law partnerships, general partnerships, professional partnerships, limited liability partnerships and partnerships limited by shares), shall be taxed according to general tax rules under the CIT Act. In particular, such income, together with all other income earned by the taxpayer in a given tax year, shall be subject to the basic tax rate of 19 per cent. under Art. 19 Section 1 of the CIT Act.

(ii) *Individuals*

The PIT Act (Art. 30b) provides for the possibility of a flat 19 per cent. rate being applied to income earned from the transfer of securities against consideration, wherever such income has been generated. However, Art. 30b shall not apply if a transfer of the Polish Notes is effected as part of business activities operated by the taxpayer.

(iii) *Calculation of income and payment of tax by individuals*

The revenue amount to be used in calculating the income amount shall be the value of the Polish Notes expressed as the price in the agreement decreased by the costs incurred in relation to the transfer of the Polish Notes against consideration. Expenses related to the acquisition of the Polish Notes shall be treated as costs of gaining the revenue and shall be deducted from the revenue amount. In the case of individuals whose income from a transfer of the Polish Notes shall be subject to a flat-rate tax of 19 per cent., the income amount shall be calculated as the difference between the revenue amount obtained from the transfer of securities against consideration and the tax deductible costs. However, it should be noted that in the event of a substantial difference between the value expressed as the price stated in an agreement regarding a

transfer of the Polish Notes against consideration, and the market value of such Polish Notes, the tax authorities may raise objections concerning such price.

A taxpayer shall be required to file a separate income tax return at the end of a given tax year in order to account for the income obtained from the transfer of securities against consideration, and to calculate the tax due thereon (it is worth noting that revenue means revenue which is due and payable to such taxpayer, even if the amount has not actually been received, which may have an impact on income calculation). However, the tax remitter shall not be required to collect tax or to remit tax advances against income tax in the course of the fiscal year.

(b) Foreign nationals

Foreign holders of the Polish Notes (i.e. entities that do not have their registered office (management) in Poland or individuals without domicile in Poland) will be subject to tax obligations in Poland regarding a transfer of the Polish Notes solely in respect of income earned in Poland (Art. 3 Section 2a of the PIT Act and Art. 3 Section 2 of the CIT Act). As an example, income from sales of the Polish Notes on the over-the-counter market (MTS-CeTO) will be treated as income earned in Poland. However, apart from Polish national legislation, the tax regulations applicable to foreign nationals will follow from the respective double taxation treaties entered into by Poland, and also from applicable foreign laws. Agreements on avoiding double taxation typically stipulate that gains obtained from the sale of bonds may be taxed solely in the country in which the seller has its domicile or registered office (or the place where its management is conducted).

Documentation requirements

Both the PIT Act and CIT Act provide for a list of countries or territories that are regarded as harmful for tax reasons. Jersey is included on this list. As a result, Polish taxpayers are required to provide to the tax authorities, upon their request, documentation of transactions with residents of Jersey.

Please note that the obligation to prepare the documents applies to a transaction if the total amount of fees arising from the contract or the total amount actually paid in a tax year, in respect of enforceable fees in the tax year, is higher than EURO 20,000 (or its equivalent). This amount should be converted into PLN at the average exchange rate announced by the National Bank of Poland and applicable on the last day of the tax year preceding the tax year in which the transaction subject to the documentation requirement was concluded.

Upon the request of the tax or fiscal inspection authorities, taxpayers are obliged to deliver the respective documents within seven days of receiving request for the documents to be provided.

The respective documentation should contain:

- (1) an identification of the functions to be performed by the entities/persons participating in the transaction (taking into account the assets used and the risk taken);
- (2) a specification of all anticipated costs connected with the transaction and the form and time limit for payment;
- (3) the method of calculating the profit and an indication of the specific price and purpose of the transaction;
- (4) a description of the business strategy and other actions within its framework, in a situation in which the strategy adopted by a person or entity has influenced the value of the transaction;
- (5) a description of any other factors taken into consideration by persons or entities participating in the transaction for the purpose of determining the value of the transaction; and
- (6) a description of gains anticipated by the person/entity obliged to prepare the documents if such gains involve any performance to be delivered under contracts relating to intangible deliverables (including services).

From a practical point of view, in order to meet the documentation requirements, it could be advisable to keep as a minimum the documents related to the purchase and sales of the Polish Notes (e.g. documents received from brokers), this Base Prospectus, as well as the term sheets of particular Polish Notes.

Transfer tax (tax on civil law transactions)

Transfer tax (tax on civil law transactions) applies to the sale or exchange of securities, if the rights attached to the securities are to be performed in Poland, or if the securities are performed outside Poland, but the agreement evidencing the sale, purchase or exchange is concluded in Poland and the purchaser is a Polish resident. The rate of this tax is 1 per cent. of the market value of the Polish Notes. In certain situations, the tax authorities may adjust the taxable base. The tax should be paid within 14 days after the transaction is concluded. Both parties to the agreement are jointly liable for paying this tax. No transfer tax is payable if the sale is made with the intermediation of a broker. Additionally, no transfer tax is due if a given transaction is subject to VAT.

Swedish Taxation

The following summary of certain tax issues that may arise as a result of holding notes is based on current Swedish tax legislation and is intended only as general information for holders of notes, who are resident or domiciled in Sweden for tax purposes. This description does not deal comprehensively with all tax consequences that may occur for holders of notes, nor does it cover the specific rules where notes are held by a partnership or are held as current assets in a business operation. Special tax consequences that are not described below may also apply for certain categories of taxpayers, including investment companies, mutual funds and persons who are not resident or domiciled in Sweden. It is recommended that prospective applicants for notes consult their own tax advisers for information with respect to the special tax consequences that may arise as a result of holding notes, including the applicability and effect of foreign income tax rules, provisions contained in double taxation treaties and other rules which may be applicable.

Taxation of individuals resident in Sweden

(a) *Capital gains and losses*

Individuals and estates of deceased Swedish individuals, who sell their notes (i.e. shares, notes taxed in the same manner as shares or receivables) are subject to capital gains taxation. The current tax rate is 30 per cent. of the gain. The capital gain or loss is equal to the difference between the sales proceeds after deduction of sales costs and the acquisition cost of the notes. The acquisition cost is calculated according to the so-called average method. This means that the costs of acquiring all notes of the same type and class are added together and calculated collectively, with respect to changes to the holding. Alternatively, the so-called standard rule under which the acquisition cost is deemed to be the equivalent of 20 per cent. of the net sales price may be applied on the disposal of listed shares or listed notes taxed in the same manner as shares. A note should be regarded as listed for Swedish tax purposes if it is listed on the Regulated Market of the Luxembourg Stock Exchange.

As a main rule, 70 per cent. of a capital loss is deductible against any other taxable income derived from capital. Capital losses on listed shares and listed notes taxed in the same manner as shares (except for listed shares in mutual funds containing only Swedish receivables), are, however, fully deductible against taxable capital gains on such assets or on non-listed shares in Swedish limited liability companies and foreign legal entities. Moreover, capital losses on unlisted shares in Swedish limited liability companies and foreign legal entities are deductible only by five sixths. If capital losses pertain to both listed and non-listed shares, the losses pertaining to the listed shares are deductible prior to the losses on the non-listed shares. Any excess amount is deductible by 70 per cent. according to the main rule or by five sixths of 70 per cent. if the capital loss relates to non-listed shares. Capital losses on listed receivables denominated in SEK and listed shares in mutual funds containing only Swedish receivables are currently fully deductible in the capital income category.

If a deficit arises in the income from capital category, a reduction of the tax on income from employment and from business, as well as the tax on real estate, is allowed. The tax reduction

allowed amounts to 30 per cent. of any deficit not exceeding SEK 100,000 and 21 per cent. of any deficit in excess of SEK 100,000. Deficits may not be carried forward to a subsequent fiscal year.

(b) *Interest*

Interest is subject to tax at a rate of 30 per cent. The tax liability arises when the interest is actually paid, in accordance with the so-called cash method.

(c) *Various notes*

(i) Zero-coupon bonds

No formal interest accrues on zero-coupon bonds.

The profit from a redemption of a zero-coupon bond is regarded as interest, subject to tax at the time of redemption. However, the appreciation in value is regarded as interest compensation, should the zero-coupon bond be disposed of prior to maturity. If there is a loss on the instrument, this is deductible as a capital loss. In accordance with the principles referred to above, such loss is fully deductible if the bond is listed and denominated in SEK. Otherwise, only 70 per cent. of the loss is deductible.

(ii) Currency index receivables

Currency index receivables are taxed under the capital income category. This means that an appreciation in value is not regarded as interest but as a capital gain. If there is a loss on the instrument, this is deductible as a capital loss. In accordance with the principles referred to above, such loss is fully deductible if the bond is listed and denominated in SEK. Otherwise, only 70 per cent. of the loss is deductible.

(iii) Commodity index receivables

Commodity index receivables constitute receivables and are taxed as such under the capital income category. If there is a loss on the instrument, this is deductible as a capital loss. In accordance with the principles referred to above, such loss is fully deductible if the bond is listed and denominated in SEK. Otherwise, only 70 per cent. of the loss is deductible.

(iv) Equity-linked notes

Equity-linked notes constitute notes taxed in the same manner as shares.

Any fixed, guaranteed return is taxed as interest and does not form part of any capital gain. Floating payments based on the development of e.g. an index are taxed as capital income at the rate of 30 per cent.

Upon disposal prior to maturity an annual guaranteed return shall be regarded as interest compensation. Any remaining amount shall be treated according to the capital income category. The acquisition cost for the instrument is calculated to equal the difference between the price paid for the note and any interest compensation amount.

At redemption, a yearly guaranteed return is regarded as interest, whereas any remaining part of a yearly floating return shall be treated as income from other assets. The remainder is taxed as a capital gain or loss.

(d) *Withholding of tax*

The legal entity effecting an interest payment to an individual will be required to withhold Swedish tax provided that the entity is subject to reporting obligations.

(e) *Wealth tax*

Wealth tax is paid by individuals and estates of deceased Swedish individuals on net wealth exceeding SEK 1,500,000 (SEK 3,000,000 for those who are jointly taxed).

For listed notes taxed in the same manner as shares, such as equity-linked notes, 80 per cent. of the latest listed value at the end of the fiscal year is taxable. Non-listed notes taxed in the same manner as shares are subject to tax at the fair market value.

Other listed notes are valued at the listed value. If the listed value does not comprise accrued interest, the value should be increased by such interest. Non-listed, interest-bearing receivables are usually valued at the nominal value plus interest due. Non-listed, non-interest-bearing receivables are valued at the net present value.

(f) *Stamp duty*

There is no stamp duty on the issuing, transfer or redemption of securities in Sweden.

Taxation of Swedish legal entities

Limited liability companies and other legal entities, except for estates of deceased Swedish individuals, are taxed on all income (including income from the sale of notes) as income from business activities at a flat rate of 28 per cent. Regarding the calculation of a capital gain or loss and the acquisition cost, see "Taxation of individuals resident in Sweden" above. However, interest income is taxed on an accruals basis.

Capital losses on shares or notes taxed in the same manner as shares incurred by a corporate holder may only be offset against taxable capital gains on shares or such notes. Such capital losses may also, under certain circumstances, be deductible against capital gains on shares and notes taxed in the same manner as shares within the same group of companies, provided the requirements for group contributions (tax consolidation) are met.

Capital losses on shares or notes taxed in the same manner as shares which are not deducted against capital gains within a certain year, may be carried forward and offset against taxable capital gains on shares and notes taxed in the same manner as shares in the future.

As mentioned above, there is no stamp duty on the issuing, transfer or redemption of securities in Sweden.

Taxation in Finland

The following is a summary of certain Finnish tax consequences for holders of the Notes who are residents of Finland for tax purposes. The summary is based on tax laws and taxation practice, as in effect and applied as at the date of this Base Prospectus and is intended to provide general information only. Tax laws, taxation practices and their interpretation are constantly under change, which changes may sometimes have a retroactive effect and may change the conclusions set out in the summary.

The summary covers only the tax consequences of the subscription, purchase, ownership and disposition of the Notes by individuals who are residents of Finland taxed in accordance with the Finnish Income Tax Act and by Finnish limited liability companies taxed in accordance with the Finnish Business Income Tax Act. The summary does not cover situations where the Notes are held as current assets (i.e. allocable to the inventory) by a limited liability company. This summary addresses neither Finnish gift nor inheritance tax consequences. The tax treatment of each holder of the Notes partly depends on the holder's specific situation. This means that special tax consequences, which are not described below, may arise for certain categories of holders of the Notes as a consequence of, for example, the effect and applicability of foreign income tax rules or provisions contained in an applicable double taxation treaty.

Each prospective investor should consult a tax adviser as to the tax consequences relating to its particular circumstances resulting from subscription, purchase, ownership and disposition of the Notes.

Individuals

Disposal and/or redemption of the Notes

All capital income of individuals – including capital gains – is currently taxed at a flat rate of 28 per cent. Capital losses are deductible from capital gains arising in the same year and the three following years, but not from other capital income.

A gain arising from the disposal of the Notes (other than the redemption thereof) constitutes capital gain for individuals. Upon the disposal of interest-bearing Notes, an amount corresponding to the interest for the time preceding the last interest payment date to the time of disposal of such Notes must first be deducted from the sales price, which amount is deemed to constitute capital income (but is not treated as capital gain).

A gain arising from the redemption of the Notes constitutes capital income, but is likely not to be treated as capital gain. Accordingly, as capital losses are not deductible from other capital income than capital gains, it is unlikely that capital losses from other investments would be deductible from any gain realised at the redemption of such Notes. The payment is subject to an advance tax withheld by the Finnish paying agent at the rate of 28 per cent. Such advance tax withheld will be used for the payment of the individual's final taxes.

A loss from disposal of the Notes is deductible from capital gains from other investments arising during the year of disposal and the three subsequent years and a loss from redemption of the Notes is likely to be deductible from capital gains from other investments arising during the year of redemption and the three subsequent years.

Any capital gain or loss is calculated by deducting the original acquisition cost (including the purchase price and costs) and sales related expenses from the sales price. Alternatively, individuals may, in lieu of applying the actual acquisition costs, choose to apply a so-called presumptive acquisition cost, which is equal to 20 per cent. of the sales price or 40 per cent. of the sales price if the Notes have been held for at least ten years. If the presumptive acquisition cost is used instead of the actual acquisition cost, any sales expenses are deemed to be included therein and may, therefore, not be deducted in addition to the presumptive acquisition cost.

Capital gains arising from disposal of assets, such as the Notes, are exempted from tax provided that the sales prices of all assets sold by the individual during the calendar year do not, in the aggregate, exceed EUR 1,000. Correspondingly, capital losses are not tax deductible if the acquisition cost of all assets disposed during the calendar year does not, in the aggregate, exceed EUR 1,000.

Interest or compensation comparable to interest paid on the Notes

Any interest or compensation comparable to interest paid on the Notes during their respective loan period constitutes capital income of the individual. The payment is subject to an advance tax withheld by the Finnish paying agent at the rate of 28 per cent. Such advance tax withheld will be used for the payment of the individual's final taxes.

Corporate entities

Disposal and/or redemption of the Notes

Any income received from the disposal and/or redemption of the Notes (including capital return) constitutes part of the limited liability company's taxable business income. A limited liability company is subject to a corporate income tax, currently at the rate of 26 per cent. for its world wide taxable income. The acquisition cost of the Notes (including the purchase price and costs) and any sales related expenses are generally deductible for tax purposes upon disposal or redemption. Accordingly, any loss due to disposal or redemption of the Notes is deductible from the taxable business income.

Interest or compensation comparable to interest paid on the Notes

Any interest or compensation comparable to interest paid on the Notes during their respective loan period constitutes part of the limited liability company's taxable business income.

Wealth taxation

No wealth taxation is applicable in Finland.

Transfer Tax

Transfers of the Notes are not subject to transfer tax or stamp duty in Finland.

European Union Directive on the Taxation of Savings Income

Under European Council Directive 2003/48/EC on the taxation of savings income, each Member State is required, from 1 July 2005, to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State; however, for a transitional period, Austria, Belgium and Luxembourg (see further "Luxembourg Taxation" above) may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent.. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

Also with effect from 1 July 2005, a number of non-EU countries, and certain dependent or associated territories of certain Member States including Jersey (see further "Jersey Taxation - European Union Directive on the Taxation of Savings Income" above), have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident in a Member State. In addition, the Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident in one of those territories.

FORM OF FINAL TERMS (NOTES OTHER THAN PARTICIPATION NOTES)

The form of Final Terms that will be issued in respect of each Tranche, subject to the deletion of non-applicable provisions, addition of any applicable provisions and disclosure and/or amendments to the Conditions, is set out below:

Final Terms dated [●]

[J.P. MORGAN INTERNATIONAL DERIVATIVES LTD./JPMORGAN CHASE BANK, N.A.]

Issue of [Aggregate Nominal Amount of Tranche]¹ [Title of Notes] [Unconditionally and Irrevocably Guaranteed by JPMorgan Chase Bank, N.A.] under the **J.P. Morgan International Derivatives Ltd. and JPMorgan Chase Bank, N.A. U.S.\$25,000,000,000 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 set forth in Part C of Schedule 2 to the Agency Agreement dated 20 March 2001 (as amended and restated on 20 March 2001, 6 September 2001, 7 June 2002, 6 September 2002, 1 October 2003, 11 November 2004, 15 July 2005 and 18 August 2006, and as may be further amended up to and including the Issue Date) (the "**Agency Agreement**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**") and must be read in conjunction with the base prospectus for the purposes of the Prospectus Directive dated 18 August 2006, including the registration documents incorporated by reference therein, [and the Supplement to the Base Prospectus dated [●]] (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. The Base Prospectus [and the Supplement to the Base Prospectus] [is] [are] available in electronic form on the Luxembourg Stock Exchange's website (<http://www.bourse.lu>).]

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

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in [the base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**") dated 18 August 2006, including the Registration Documents incorporated by reference therein, [and the supplement to the Prospectus dated [●]] (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 (Directive 2003/71/EC) (the "**Prospectus Directive**") and must be read in conjunction with [the Prospectus [and the supplement to the Prospectus dated [●]], save in respect of the Conditions which are extracted [from the Prospectus dated [original date] [and the supplement to the Prospectus dated [●]]] and are attached hereto]. Full information of the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and [the Base Prospectuses dated [original date] and [current date] [and the Supplements to the Base Prospectuses dated [●] and [●]]]. [The Prospectuses [and the Supplements to the Base Prospectuses] are available in electronic form on the Luxembourg Stock Exchange's website (<http://www.bourse.lu>).]

The Issue Price specified below may be more than the market value of the Notes as at the Issue Date, and the price, if any, at which J.P. Morgan Securities Ltd. ("JPMSL") or any other person is willing to purchase the Notes in secondary market transactions is likely to be lower than the Issue Price. In particular, the Issue Price may take into account amounts with respect to commissions relating to the issue and sale of the Notes as well as amounts relating to the hedging of the Issuers Obligations under the Notes, and secondary market prices are likely to exclude such amounts. In addition, whilst the proprietary pricing models of JPMSL are based on well recognised financial principles, other market participants' pricing models may differ or produce a different result.

¹ Notes (including Notes denominated in sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA and which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies).

[The due and punctual settlement in full of all obligations due and owing by the Issuer under the Notes is irrevocably and unconditionally guaranteed (the "**Guarantee**") by JPMorgan Chase Bank, N.A. (the "**Guarantor**").] [The Guarantee/This Note] is not a deposit insured or guaranteed by the United States Federal Deposit Insurance Corporation or any other government authority. [The Guarantee/This Note] is an unsecured and unsubordinated debt obligation of the [Guarantor/Issuer] and not of its parent, JPMorgan Chase & Co., or any of its affiliates [other than the Issuer], and will rank *pari passu* with all other unsecured and unsubordinated indebtedness of the [Guarantor/Issuer] subject to a preference in favour of certain deposit liabilities of the [Guarantor/Issuer] or other obligations that are subject to any priorities or preferences.]²

Purchase of these Notes involves substantial risks

Prospective investors should ensure that they understand the nature of the risks posed by, and the extent of their exposure under, the Notes. Prospective investors should make all pertinent inquiries they deem necessary without relying on the Issuer (as defined in paragraph 1), [the Guarantor], or JPMSL. Prospective investors should consider the suitability of the Notes as an investment in light of their own circumstances, investment objectives, tax position and financial condition. Prospective investors should consider carefully all the information set forth in these Final Terms [along with all the information set forth in the Base Prospectus. Prospective investors should pay particular attention to the section entitled "Risk Factors" in the Base Prospectus (*pages [14] to[28] inclusive*)]. [Because the Notes are linked to [*insert name of underlying asset(s)*] (the "**Underlying Asset[s]**"), an investment in the Notes entails significant risks in addition to those associated with investments in a conventional debt security. The price performance of the Underlying Asset[s] may affect the nature and value of the investment return on the Notes. In particular, where the Notes are redeemed by the Issuer by delivery of the Underlying Asset[s] the value of such Underlying Asset[s] may be less than the principal amount of the Notes together with any accrued interest and may in certain circumstances be valueless. Investors should form their own views on the merits of an investment related to the Underlying Asset[s] based upon their own such investigations of the Underlying Asset[s] and should not rely on any information given in these Final Terms.]

*[The Jersey Financial Services Commission (the "**Commission**") has given, and has not withdrawn, its consent under Article 4 of the Control of Borrowing (Jersey) Order 1958, as amended, to the issue of Notes by the Issuer.³] [The Jersey Financial Services Commission (the "**Commission**") has given, and has not withdrawn, its consent under Article 8 of the Control of Borrowing (Jersey) Order 1958, as amended, to the circulation in Jersey of an offer for subscription, sale or exchange of Notes by the Issuer.⁴] The Commission is protected by the Control of Borrowing (Jersey) Law 1947, as amended, against liability arising from the discharge of its functions under that law.*

A copy of this document has been delivered to the Jersey Registrar of Companies in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002. The Registrar has given, and has not withdrawn, his consent to its circulation.

It must be distinctly understood that, in giving these consents, neither the Jersey Registrar of Companies nor the Commission takes any responsibility for the financial soundness of the Issuer or for the correctness of any statements made, or opinions expressed, with regard to it.

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.]

[When completing any final terms or adding any other final terms or information consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]

² Delete as applicable depending on whether Notes issued by JPMIDL or JPMCB.

³ Applicable to Notes issued by JPMIDL.

⁴ Applicable to Notes issued by JPMCB.

1. (i) Issuer: [J.P. Morgan International Derivatives Ltd./JPMorgan Chase Bank, N.A. [acting through its [London branch of 125 London Wall, London EC2Y 5AJ]]
- (ii) [Guarantor: JPMorgan Chase Bank, N.A.]
2. (i) Series Number: [●]
- (ii) [Tranche Number: [●]]
- (If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible.)*
3. **Specified Currency or Currencies:** [●]
4. **Settlement Currency:** [●]
5. **Relevant Exchange Rate:** [●]
6. **Aggregate Nominal Amount [of Notes to be admitted to trading]⁵:**
- (i) Series: [●]
- (ii) [Tranche: [●]]
7. **Issue Price:** [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (*in the case of fungible issues only, if applicable*)]
- The Issue Price specified [on/at [page/item]/above] may be more than the market value of the Notes as at the Issue Date, and the price, if any, at which [the Dealer] or any other person is willing to purchase the Notes in secondary market transactions is likely to be lower than the Issue Price. In particular, the Issue Price may take into account amounts with respect to commissions relating to the issue and sale of the Notes as well as amounts relating to the hedging of the Issuer's obligations under the Notes, and secondary market prices are likely to exclude such amounts. In addition, pricing models of relevant market participants may differ or produce a different result.
8. (i) Issue Size: [●]
- (ii) Minimum trading size: [●]
- (iii) Specified Denominations⁶: [●]

⁵ Applicable to listed Notes.

9. (i) Issue Date: [●]
- (ii) [Interest Commencement Date (if different from the Issue Date): [●]]
10. **Maturity Date:** [specify date or (for Floating Rate Notes) Interest Payment Date falling in the relevant month and year]
11. **Redemption Date:** [Specify for Equity and Index Linked Notes]
12. **Interest Basis:** [[●] per cent. Fixed Rate]
- [specify reference rate] +/- [●] per cent.
- [Floating Rate]
- [Zero Coupon]
- [Index Linked Interest]
- [Equity Linked Interest]
- [Non-interest bearing]
- [Dual Currency Interest]
- [Other (specify)] (further particulars specified below)
13. **Redemption/Payment Basis:** [Redemption at par]
- [Index Linked Redemption]
- [Equity Linked Redemption]
- [Credit Linked]
- [Dual Currency]
- [Partly Paid]
- [Instalment]
- [Other (specify)] in other currencies).
14. **Change of Interest or Redemption/ Payment Basis:** [Specify details of any provision for convertibility of Notes into another interest or redemption/ payment basis]
15. **Put/Call Options:** [Put]
- [Call]
- [(further particulars specified below)]
16. (i) Status of the Notes: Senior
- (ii) Status of the Guarantee: Senior

⁶ Notes (including Notes denominated in sterling) in respect of which the issue proceeds are to be accepted by JPMIDL in the United Kingdom or whose issue otherwise constitutes a contravention of S19 FSMA and which have a maturity of less than one year and must have a minimum redemption value of £100,000 (or its equivalent).

(iii) Date of [Board] approval for issuance of Notes [and Guarantee] obtained: [●] [and [●] respectively]
[N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee]

17. **Method of distribution:** [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

18. **Fixed Rate Note Provisions:** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

*** Please add appropriate provisions to terms and conditions if included.**

- (i) Rate [(s)] of Interest: [●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear][subject as provided in (iii) below]
- (ii) Interest Payment Date(s): [●] [in each year]
(NB: This will need to be amended in the case of long or short coupons)
- (iii) Fixed Coupon Amount[(s)]: [●] per [●] in nominal amount [(for the avoidance of doubt, the amount of interest payable on the Interest Payment Date shall be the Fixed Coupon Amount)]
- (iv) Broken Amount(s): *[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount [(s)] and the Interest Payment Date(s) to which they relate]*
- (v) Day Count Fraction (Condition 4(j)): [30/360 or Actual/Actual ([ICMA/ISDA]) or specify other]
(Day count fraction should be Actual/Actual-ICMA for all fixed rate issues other than those denominated in U.S. dollars, unless otherwise agreed).
- (vi) Determination Date(s) (Condition 4(j)): *[Insert day(s) and month(s) on which interest is normally paid (if more than one, then insert such dates in the alternative)]* [in each year⁷]
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]

⁷ Only to be completed for an issue where Day Count Fraction is Actual/Actual-ICMA

19. **Floating Rate Provisions:** [Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph. Also consider whether EURO BBA LIBOR or EURIBOR is the appropriate reference rate for Notes denominated in euro)*
- (i) Specified Period(s)/Specified Interest Payment Dates: [●]
 - (ii) Business Day Convention: [Floating Rate Business Day Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other *(give details)*]
 - (iii) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/other *(give details)*]
 - (iv) Interest Period Date(s): [Not Applicable/*specify dates*]
 - (v) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent): [●]
 - (vi) Screen Rate Determination (Condition 4(b)(iii)(B)):
 - Relevant Time: [●]
 - Interest Determination Date: [[●] [TARGET Settlement] Business Days in *[specify city]* for *[specify currency]* prior to *[the first day in each Interest Accrual Period/each Interest Payment Date]*]
 - Primary Source for Floating Rate: [*Specify relevant screen page or "Reference Banks"*]
 - Reference Banks (if Primary Source is "Reference Banks"): [*Specify five*]
 - Relevant Financial Centre: [*The financial centre most closely connected to the Benchmark - specify if not London*]
 - Benchmark: [*LIBOR, LIBID, LIMEAN, EURIBOR or other benchmark*]
 - Representative Amount: [*Specify if screen or Reference Bank quotations are to be given in respect of a transaction of a specified notional amount*]
 - Effective Date: [*Specify if quotations are not to be obtained with effect from commencement of Interest Accrual Period*]
 - Specified Duration: [*Specify period for quotation if not duration of Interest Accrual Period*]
 - (vii) ISDA Determination (Condition 4(b)(iii)(A)):

- Floating Rate Option: [●]
 - Designated Maturity: [●]
 - Reset Date: [●]
 - ISDA Definitions: (if different from those set out in the Conditions) [●]
 - (viii) Margin(s): [+/-][●] per cent. per annum
 - (ix) Minimum Rate of Interest: [●] per cent. per annum
 - (x) Maximum Rate of Interest: [●] per cent. per annum
 - (xi) Day Count Fraction (Condition 4(j)): [●]
 - (xii) Rate Multiplier: [●]
 - (xiii) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [●]
20. **Zero Coupon Note Provisions:** [Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Amortisation Yield (Condition 5(b)): [●] per cent. per annum
 - (ii) Day Count Fraction (Condition 4(j)): [●]
 - (iii) Any other formula/basis of determining amount payable: [●]
21. **Index Linked Interest Note Provisions⁸:** [Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
- [Give or annex details]
- (i) Index: [●]⁹
 - (ii) Type of Index for the purposes of Condition 17: [Composite Commodity Index/Multi-Exchange Index/Unitary Exchange Index/Proprietary Index⁹/Not Applicable]
 - (iii) Index Sponsor: [●]¹³
 - (iv) Exchange: [●]¹³
 - (v) Related Exchange [●]/[All Exchanges]¹³

⁸ Whether the Interest Amount(s) for the Notes relates to an Index, an Index Basket or a formula based on such Index or Index Basket, the identity of the relevant Index or Indices comprised in the relevant Index Basket (and their respective weightings, if relevant) or formula and details of the relevant Index Sponsor(s).

⁹ If an Index Basket, specify for each Index in such Index Basket

- (vi) Index Level: [Applicable/Not Applicable]
- (vii) Closing Index Level: [Applicable/Not Applicable]
- (viii) Specified Period(s)/Specified Interest Payment Dates: [●]
- (ix) Business Day Convention: [Floating Rate Business Day Convention/
Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
- (x) Minimum Rate of Interest: [●] per cent. per annum
- (xi) Maximum Rate of Interest: [●] per cent. per annum
- (xii) Day Count Fraction (Condition 4(j)): [●]
- (xiii) Index Performance: [Applicable/Not Applicable/[●] [*Specify if different from Conditions*]]
- (xiv) Index Ranking: [Applicable/Not Applicable/[●] [*Specify if different from Conditions*]]
- (xv) Knock-in Event: [●]/[Not Applicable]
- (xvi) Knock-out Event: [●]/[Not Applicable]
- (xvii) Valuation Date: [●]
- (xviii) Valuation Time: [*Specify if different from Conditions*]
- (xix) Initial Valuation Date: [●]
- (xx) Interest Valuation Date: [●]
- (xxi) Initial Averaging Dates or Averaging Dates (Condition 5(i)(iv)): [Applicable/Not Applicable/*specify other*]
- (a) Omission: [Applicable/Not Applicable]
- (b) Postponement: [Applicable/Not Applicable]
- (c) Modified Postponement: [Applicable/Not Applicable]
- (xxii) Baseline Date: [[●] /Not Applicable]
- (xxiii) Disrupted Day/Market Disruption Events: [In respect of [the/each] Index, Condition 5(h) and Condition 5(i) shall apply, as amended pursuant to Condition 17, for [the/each] Index[, save as follows:]

[*specify in respect of any Indices for which Condition 17 does not apply what other Disrupted Day/Market Disruption Event terms shall apply*]]

- (xxiv) Correction Cut-off Date: [In respect of *[specify each date for which there is a Correction Cut-off Date]* [●]/[Not Applicable]
- (xxv) Maximum Disruption Extension Period (if other than eight Scheduled Trading Days in respect of any relevant date): [Not Applicable/(*give details*)]
- (xxvi) Index Disclaimer: [Applicable *unless otherwise stated*]
- (xxvii) Other terms or special conditions: [●]
22. **Equity Linked Interest Note Provisions¹⁰:** [Applicable/Not Applicable] (*If not applicable, delete remaining sub-paragraphs of this paragraph*)
- (i) Share: [[*Name of Share*] (Bloomberg Code: [●], ISIN: [●])¹¹]
- (ii) Share Issuer: [●]¹⁵
- (iii) Share Price: [Applicable/Not Applicable]
- (iv) Share Price (ISDA): [Applicable/Not Applicable]
- (v) Closing Share Price: [Applicable/Not Applicable]
- (vi) Specified Period(s)/Specified Interest Payment Dates: [●]
- (vii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*]
- (viii) Minimum Rate of Interest: [●]
- (ix) Maximum Rate of Interest: [●]
- (x) Day Count Fraction (Condition 4(j)): [●]
- (xi) Whether satisfaction of the Coupons relating to the Notes will be by (a) Cash Settlement or (b) Physical Delivery or (c) Cash Settlement and/or Physical Delivery: [Cash Settlement/Physical Delivery/Cash Settlement and/or Physical Delivery] (*If Cash Settlement and/or Physical Delivery specified, specify details for determining in what circumstances Cash Settlement or Physical Delivery will apply*)
- (xii) Share Performance: [Applicable/Not Applicable/[●] [*Specify if different from Conditions*]]
- (xiii) Share Ranking: [Applicable/Not Applicable/[●] [*Specify if different from Conditions*]]

¹⁰ Whether the Interest Amount relates to a single Share, a Share Basket or a formula based on a Share or a Share Basket, details of the Shares comprised in the Share Basket (including their weightings, if relevant) or formula and the identity of the relevant Share Issuer(s).

¹¹ If a Share Basket, specify for each Share in the Share Basket.

- (xiv) Knock-in Event: [●]/[Not Applicable]
- (xv) Knock-out Event: [●]/[Not Applicable]
- (xvi) Exchange: [●]
- (xvii) Related Exchange(s): [●]/[All Exchanges]
- (xviii) Options Exchange: [●]
- (xix) Potential Adjustment Events (Condition 5(j)(iv)): [Applicable/Not Applicable/specify other]
- (xx) Nationalisation, De-listing, Insolvency (Condition 5(j)(v)(B)): [Applicable [specify consequence]/Not Applicable/specify other]
- (xxi) Merger Event and Tender Offer (Condition 5(j)(v)(A)): [Applicable [specify consequence]/Not Applicable/specify other]
- (xxii) Valuation Date: [●]
- (xxiii) Valuation Time: [Specify if different from Conditions]
- (xxiv) Initial Valuation Date: [●]
- (xxv) Interest Valuation Date: [●]
- (xxvi) Baseline Date: [[●]/Not Applicable]
- (xxvii) Correction Cut-off Date: [In respect of [specify each date for which there is a Correction Cut-off Date][●]/[Not Applicable]
- (xxviii) Disrupted Day/Market Disruption Events: [In respect of [the/each] Share, Condition 5(h) and Condition 5(j) shall apply [, save as follows:]]
- (xxix) Initial Averaging Dates or Averaging Dates (Condition 5(j)(iii)): [Applicable/Not Applicable/specify other]
- (a) Omission: [Applicable/Not Applicable]
- (b) Postponement: [Applicable/Not Applicable]
- (c) Modified Postponement: [Applicable/Not Applicable]
- (xxx) Maximum Disruption Extension Period (if other than eight Scheduled Trading Days in respect of any relevant date): [Not Applicable/(give details)]
- (xxxi) Other terms or special conditions: [●]
23. **Dual Currency Note Provisions:** [Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Rate of Exchange/Method of calculating Rate of Exchange: [Give details]

- (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due: [●]
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [●]
- (iv) Person at whose option Specified Currency(ies) is/are payable: [●]
- (v) Day Count Fraction (Condition 4(j)): [●]

PROVISIONS RELATING TO REDEMPTION

24. **Call Option** [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [●]
 - (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [●] per Note of [●] Specified Denomination
 - (iii) If redeemable in part: [●]
 - (a) Minimum nominal amount to be redeemed: [●]
 - (b) Maximum nominal amount to be redeemed: [●]
 - (iv) Description of any other Issuer's option: [●]
 - (v) Notice period (if other than as set out in the Conditions): [●]
25. **Put Option** [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [●]
 - (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [●] per Note of [●] Specified Denomination
 - (iii) Description of any other Noteholders' option: [●]
 - (iv) Notice period (if other than as set out in the Conditions): [●]
26. **Knock-in Event:** [●]/[Not Applicable]
27. **Knock-out Event:** [●]/[Not Applicable]

28. **Final Redemption Amount:** [Nominal amount/Specify other/Not Applicable]. (Where Notes are Index Linked Redemption Notes or Equity Linked Redemption Notes specify "Not Applicable" and complete Items [31] or [32] below)
29. **Early Redemption Amount:**
- (i) Early Redemption Amount(s) payable on redemption for taxation reasons (Condition 5(c)) or an event of default (Condition 9) and/or the method of calculating the same (if required or if different from that set out in the Conditions) (or in the case of Equity Linked Notes following certain corporate events in accordance with Condition(5)(j)(v)(A) and (B) and/or the method of calculating the same (if required or if different from that set out in Condition 5(b)): [●]
 - (ii) Redemption for taxation reasons permitted on days other than Interest Payment Dates (Condition 5(c)): [Yes/No]
 - (iii) Unmatured Coupons to become void upon early redemption (Bearer Notes only) (Condition 6(f)): [Yes/No/Not Applicable]
30. **Additional Termination Events:**
[Applicable only to Index Linked Notes and Equity Linked Notes]
- (i) Change in Law: [Not Applicable unless otherwise stated]
[specify consequence]
 - (ii) Failure to Deliver: [Not Applicable unless otherwise stated]
[specify consequence]
 - (iii) Insolvency Filing: [Not Applicable unless otherwise stated]
[specify consequence]
 - (iv) Hedging Disruption: [Not Applicable unless otherwise stated]
[specify consequence]
 - (v) Increased Cost of Hedging: [Not Applicable unless otherwise stated]
[specify consequence]
 - (vi) Loss of Stock Borrow: [Not Applicable unless otherwise stated]
[specify consequence]
 - (vii) Increased Cost of Stock Borrow: [Not Applicable unless otherwise stated]
[specify consequence]

31. **Index Linked Redemption Notes**¹²: [Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Index: [●]¹³
 - (ii) Type of Index for the purposes of Condition 17: [Composite Commodity Index/Multi-Exchange Index/Unity Exchange Index/Proprietary Index⁹ Not Applicable]
 - (iii) Index Sponsor: [●]¹³
 - (iv) Exchange: [●]¹³
 - (v) Related Exchange [●]¹³
 - (vi) Index Level: [Applicable/Not Applicable]
 - (vii) Closing Index Level: [Applicable/Not Applicable]
 - (viii) Redemption Amount: [*Express per lowest Specified Denomination/Not Applicable*]
 - (ix) Index Performance: [Applicable/Not Applicable/[●] [*Specify if different from Conditions*]]
 - (x) Index Ranking: [Applicable/Not Applicable/[●] [*Specify if different from Conditions*]]
 - (xi) Knock-in Event: [●]/[Not Applicable]
 - (xii) Knock-out Event: [●]/[Not Applicable]
 - (xiii) Valuation Date: [●]
 - (xiv) Valuation Time: [Specify if different from Conditions]
 - (xv) Initial Valuation Date: [●]
 - (xvi) Interest Valuation Date: [●]
 - (xvii) Initial Averaging Dates or Averaging Dates (Condition 5(i)(iv)): [Applicable/Not Applicable/*specify other*]
 - (a) Omission: [Applicable/Not Applicable]
 - (b) Postponement: [Applicable/Not Applicable]
 - (c) Modified Postponement: [Applicable/Not Applicable] - (xviii) Baseline Date: [[●] /Not Applicable]

¹² Whether the Notes relate to a single Index or an Index Basket or a formula based on an Index or Index Basket, the identity of the relevant Index or Indices comprised in the relevant Index Basket (including their respective weightings, if relevant) or formula and details of the relevant Index Sponsor(s).

¹³ If an Index Basket, specify for each Index in the Index Basket

- (xix) Disrupted Day/Market Disruption Events: [In respect of [the/each] Index, Condition 5(h) and Condition 5(i) shall apply, as amended pursuant to Condition 17, for [the/each] Index[, save as follows:]
- [specify in respect of any Indices for which Condition 17 does not apply what other Disrupted Day/Market Disruption Event terms shall apply]
- (xx) Correction Cut-off Date: [In respect of [specify each date for which there is a Correction Cut-off Date][●]/[Not Applicable]
- (xxi) Maximum Disruption Extension Period (if other than eight Scheduled Trading Days in respect of any relevant date): [Not Applicable/(give details)]
- (xxii) Index Disclaimer: [Applicable unless otherwise stated]
- (xxiii) Other terms or special conditions: [●]
32. **Equity Linked Redemption Notes¹⁴:** [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Share: [[Name of Share] (Bloomberg Code: [●], ISIN: [●])¹⁵
- (ii) Share Issuer: [●]¹⁵
- (iii) Share Price: [Applicable/Not Applicable]
- (iv) Share Price (ISDA): [Applicable/Not Applicable]
- (v) Closing Share Price: [Applicable/Not Applicable]
- (vi) Whether redemption of the Notes will be by (a) Cash Settlement or (b) Physical Delivery or (c) Cash Settlement and/or Physical Delivery: [Cash Settlement/Physical Delivery/Cash Settlement and/or Physical Delivery]
- (If Cash Settlement and/or Physical Delivery specified, specify details for determining in what circumstances Cash Settlement or Physical Delivery will apply)
- (vii) Share Performance: [Applicable/Not Applicable/[●] [Specify if different from Conditions]]
- (viii) Share Ranking: [Applicable/Not Applicable/[●] [Specify if different from Conditions]]
- (ix) Knock-in Event: [●]/[Not Applicable]
- (x) Knock-out Event: [●]/[Not Applicable]

¹⁴ Whether the Notes relate to a single Share or a Share Basket or a formula based on a Share or Share Basket, details of the relevant Shares comprised in the Share Basket (including their respective weightings, if relevant) or formula and the identity of the relevant Share Issuer(s).

¹⁵ If a Share Basket, specify for each Share in the Share Basket.

- (xi) Exchange(s): [●]/[Not Applicable]
- (xii) Related Exchange(s): [●]/All Exchanges
- (xiii) Options Exchange: [●]
- (xiv) Potential Adjustment Events (Condition 5(j)(iv)): [Applicable/Not Applicable/specify other]
- (xv) Nationalisation, De-listing, Insolvency (Condition 5(j)(v)(B)): [Applicable *[specify consequence]*/Not Applicable/ *specify other*]
- (xvi) Merger Event and Tender Offer (Condition 5(j)(v)(A)): [Applicable *[specify consequence]*/Not Applicable/ *specify other*]
- (xvii) Redemption Amount: [*Express per lowest Specified Denomination*]/Not Applicable]
- (xviii) Valuation Date: [●]
- (xix) Valuation Time: [Specify if different from Conditions]
- (xx) Initial Valuation Date: [●]
- (xxi) Baseline Date: [[●] /Not Applicable]
- (xxii) Disrupted Day/Market Disruption Events: [In respect of [the/each] Share, Condition 5(h) and Condition 5(j) shall apply [, save as follows:]]
- (xxiii) Correction Cut-off Date: [In respect of [*specify each date for which there is a Correction Cut-off Date*]][●]/[Not Applicable]
- (xxiv) Maximum Disruption Extension Period (if other than eight Scheduled Trading Days in respect of any relevant date): [Not Applicable/(*give details*)]
- (xxv) Initial Averaging Dates or Averaging Dates (Condition 5(j)(iii)): [Applicable/Not Applicable/*specify other*]
- (a) Omission: [Applicable/Not Applicable]
- (b) Postponement: [Applicable/Not Applicable]
- (c) Modified Postponement: [Applicable/Not Applicable]
- (xxvi) Other terms or special conditions: [●]

33. **Credit Linked Notes:**

[Applicable/Not Applicable]

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

- (i) Trade Date: [●]
- (ii) Effective Date: [●]
- (iii) Scheduled Termination Date: [●]

- (iv) Business Day for Credit Linkage Provisions:
- (v) Business Day Convention for Credit Linkage Provisions:
- (vi) Buyer:
- (vii) Seller:
- (viii) Reference Entities:
- (ix) Reference Obligations:
- (x) All Guarantees: [Applicable/Not Applicable]
- (xi) Reference Price:
- (xii) Conditions to Settlement: Credit Event Notice
 [Notice of Physical Settlement]
 [Notice of Publicly Available Information]
 [Public Sources]
 [Specified Number]
- (xiii) Credit Events: [Bankruptcy]
 [Failure to pay]
 [Grace Period Extension Applicable]
 [Grace Period]
 Payment Requirement:
 [Obligation Default]
 [Obligation Acceleration]
 [Repudiation/Moratorium]
 [Restructuring]
 [Restructuring Maturity Limitation
 and Fully Transferable Obligation:
 Applicable]
 [Modified Restructuring Maturity
 Limitation and Conditionally
 Transferable Obligation: Applicable]
 [Multiple Holder Obligation:
 Applicable]
 Default Requirement:
- (xiv) Obligations: Obligation Category:
 Obligation Characteristics:

	[Additional Obligations]
	[Excluded Obligations]
(xv) Settlement:	[Cash Settlement/Physical Settlement]
[Terms relating to Cash Settlement]	
<i>(complete as necessary)</i>	
[Terms relating to Physical Settlement]	
[Physical Settlement Period]:	[[●] Business Days]
[Deliverable Obligations]:	[[Include/Exclude] Accrued Interest]
Deliverable Obligations Category:	[●]
Deliverable Obligation Characteristics:	[●]
[Additional Obligations]	
[Excluded Deliverable Obligations:]	[●]
[Partial Cash Settlement of Consent Required Loans]	[Applicable]
[Partial Cash Settlement of Assignable Loans]	[Applicable]
[Partial Cash Settlement of Participations]	[Applicable]
(xvi) Additional Credit Linkage Provisions:	[●]
(xvii) U.S. Supplement:	[Applicable/Not Applicable]
(xviii) Monoline Supplement:	[Applicable/Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

34. Form of Notes:	Bearer Notes/Dutch Notes/Finnish Notes/Exchangeable Bearer Notes/Norwegian Notes/Polish Notes/ Registered Notes/Swedish Notes]
	<i>[Delete as appropriate]</i>
(i) Temporary or permanent global Note/ Certificate:	[Temporary Global Note/Certificate exchangeable for a permanent Global Note/Certificate which is exchangeable for Definitive Notes/Certificates on [●] days' notice/at any time/in the limited circumstances specified in the permanent Global Note/Certificate]
	[Temporary Global Note/Certificate exchangeable for Definitive Notes/Certificates on [●] days' notice]

- [Permanent Global Note/Certificate exchangeable for Definitive Notes/Certificates on [●] days' notice/at any time/in the limited circumstances specified in the permanent Global Note/ Certificate]
- (ii) Applicable TEFRA exemption: [D Rules/Not Applicable]
35. (i) Additional Financial Centre(s) (Condition 6(h)) or other special provisions relating to payment dates: [Not Applicable/Give details. Note that this item relates to the place of payment, and not interest period end dates, to which items 19(i), 20(iii) and 22(iv) relate]
- (ii) Additional Business Centre(s) (Condition 4(k)): [Not Applicable/Give details. Note that this item relates to interest period end dates and the application of Business Day Conventions]
36. **Payment Disruption Event (Condition 6(i)):** [Applicable/Not Applicable/specify other]
(Note: If Physical Delivery is specified as applicable, in the event of a Payment Disruption, Physical Delivery shall cease to apply and the Notes will be cash settled.)
- (i) Relevant Currency: [Not Applicable/give details]
- (ii) Relevant Reference Asset Jurisdiction: [Not Applicable/give details]
- (iii) Payment Event Cut-off Date: [Not Applicable/Applicable/other]
37. **Physical Delivery:** [Applicable/Not Applicable] *(If not applicable delete the remaining sub-paragraphs of this paragraph 37)*
- (i) Reference Asset(s): [●]
- (ii) Reference Asset Amount: [Express per lowest specified denomination]
- (iii) Physical Delivery Cut-Off Date: [●]
- (iv) Alternative Clearing System: [●]
- (v) Other terms or special conditions: [●]
38. **Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):** [Yes/No. If yes, give details]
39. **Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:** [Not Applicable/give details]
40. **Details relating to Instalment Notes:** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

1. Instalment Amount(s): [●]
2. Instalment Date(s): [●]
3. Minimum Instalment Amount: [●]
4. Maximum Instalment Amount: [●]
41. **Redenomination, renominalisation and reconventioning provisions:** [Not Applicable/The provisions [in Condition [●]] [annexed to these Final Terms] apply]
42. **Consolidation provisions:** [Not Applicable/The provisions annexed to these Final Terms apply]
43. **Other final terms or special conditions:**¹⁶ [Not Applicable/Applicable - see Part C /give details]
- (When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive)*

DISTRIBUTION

44. (i) If syndicated, [names of Managers][names and addresses of Managers and underwriting commitments]¹⁷: [Not Applicable/give names[, addresses and underwriting commitments]]
- [(Include (a) names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names, addresses and commitments of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers and (b) process for notification of applicants of the amount allotted and indication whether dealing may begin before notification is made. Where not all of the issue is underwritten, include statement of the portion not covered.)¹⁸]*
- (ii) [Date of [Subscription] Agreement: [●]
- (a) possibility to reduce subscription and manner for refunding excess amount paid by applicants: [Not Applicable/describe]

¹⁶ If full terms and conditions are to be used, please add the following here:

"The full text of the Conditions which apply to the Notes [and which will be endorsed on the Notes in definitive form] are set out in [the Annex hereto], which Conditions replace in their entirety those appearing in the Base Prospectus for the purposes of these Notes and such Conditions will prevail over any other provision to the contrary."

The first set of bracketed words is to be deleted where there is a permanent global Note instead of Notes in definitive form. The full Conditions should be attached to and form part of the final terms.

¹⁷ Use first alternative for notes with denomination of EUR50,000 (or equivalent) or greater; otherwise second alternative.

¹⁸ Only for Notes with denomination of less than EUR50,000 (or equivalent)

- (b) negotiating of subscription rights and treatment of subscription rights not exercised: [Not Applicable/*describe*]¹⁹
- (iii) Stabilising Manager(s) (if any): [Not Applicable/*give name*]
45. **If non-syndicated, name [and address]²⁰ of Dealer:** J.P. Morgan Securities Ltd. [of 125 London Wall, London EC2Y 5AJ]
46. **[Total commission and concession:]** [[●] per cent. of the Aggregate Nominal Amount]²¹
47. **U.S. selling restrictions:** Section 3(a)(2) and Regulation S under the Securities Act - No offers or sales at any time within the United States or to or for the account or benefit of any U.S. Person; no legal or beneficial ownership by a U.S. Person at any time. "U.S. Person" has the meaning ascribed to it in the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or the U.S. Internal Revenue Code of 1986, as amended.
- TEFRA D Rules - Bearer Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the "**D Rules**") unless the Notes are issued in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**"), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.
48. **Additional Selling restrictions:** [*Specify if different from those set out in the Base Prospectus under "Subscription and Sale"*]

GENERAL

49. Additional steps that may only be taken following approval by an Extraordinary Resolution in accordance with Condition 10(a): [Not Applicable/*give details*]
50. The aggregate principal amount of Notes issued has been translated into U.S. dollars at the rate of [●] 1=U.S.\$ [●], producing a sum of (for Notes not denominated in U.S. dollars): [Not Applicable/U.S.\$ [●]]

¹⁹ Only for Notes with denomination of less than EUR50,000 (or equivalent)

²⁰ Only for Notes with denomination of less than EUR50,000 (or equivalent)

²¹ Only for Notes with denomination of less than EUR50,000 (or equivalent)

[LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the details required to list and have admitted to trading the issue of Notes described herein pursuant to the U.S.\$25,000,000,000 Euro Medium Term Note Programme of J.P. Morgan International Derivatives Ltd. and JPMorgan Chase Bank, N.A.]

RESPONSIBILITY

The Issuer [and the Guarantor] accept[s] responsibility for the information contained in these Final Terms. [*Information on underlying*] has been extracted from [*specify information source(s)*]. [Each of the] [The] Issuer [and the Guarantor] confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By: _____

Duly authorised

[Signed on behalf of the Guarantor:

By: _____

Duly authorised]

PART B - OTHER INFORMATION

LISTING AND ADMISSION TO TRADING

- (i) Listing: [Application [will be/has been] made to list the Notes on the Official List of the [Luxembourg Stock Exchange/Channel Islands Stock Exchange, LBG/other (*specify*)] with effect from, at the earliest, the Issue Date. No assurances can be given that such listing application will be granted (or, if granted, will be granted by the Issue Date)/None].
- (ii) Admission to trading: [Application [will be/has been] made for the Notes to be admitted to trading on the Regulated Market of the [Luxembourg Stock Exchange/Channel Islands Stock Exchange, LBG/other (*specify*)] with effect from, at the earliest, the Issue Date. No assurances can be given that such application for admission to trading will be granted (or, if granted, will be granted by the Issue Date)/Not Applicable].
- (Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)
- (iii) [Estimate of total expenses relating to admission to trading: []²²

RATINGS

[The Notes to be issued have been rated:

[S&P: []]

[Moody's: []]

[Other]: []]/ [The Notes will not be rated]

[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]

[NOTIFICATION

The *Commission de Surveillance du Secteur Financier* of Luxembourg [has been requested to provide/has provided - include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues] the [include names of competent authorities of host Member States] with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive.]

[INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

"Save as discussed in the section of the Original Base Prospectus entitled "Subscription and Sale", so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."

²² Only for Notes with denomination of EUR50,000 (or equivalent) or greater

REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- [(i) Reasons for the offer: [Not Applicable]
- (See "Use of Proceeds" - if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)]*
- [(ii) Estimated net proceeds: [Not Applicable/[●]]
- (If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)]*
- [(iii) Estimated total expenses: [Not Applicable/[●] [Include breakdown of expenses]
- (If the Notes are derivative securities to which annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)]*

[Fixed Rate Notes only - YIELD

- Indication of yield: [●]
- [Calculated as [include details of method of calculation in summary form] on the Issue Date.]²³
- [As set out above, the][The]²⁴ yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

[Floating Rate Notes only - HISTORIC INTEREST RATES

Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Telerate].]²⁵

[Index-Linked or other variable-linked Notes only - PERFORMANCE OF INDEX/FORMULA/ OTHER VARIABLE[, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS]²⁶ AND OTHER INFORMATION CONCERNING THE UNDERLYING

*Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained [and a clear comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident]²⁷. [Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the Index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information.]**

²³ Only for Notes with a denomination of less than EUR50,000 (or equivalent)

²⁴ First alternative for Notes with a denomination of less than EUR50,000 (or equivalent). Otherwise apply second alternative.

²⁵ Only for Notes with a denomination of less than EUR50,000 (or equivalent)

²⁶ Only for Notes with a denomination of less than EUR50,000 (or equivalent)

²⁷ Only for Notes with a denomination of less than EUR50,000 (or equivalent)

* Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies.

[Dual Currency Notes only - PERFORMANCE OF RATE[S] OF EXCHANGE [AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT]²⁸

Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained [and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident]²⁹.

[TERMS AND CONDITIONS OF THE OFFER³⁰

The time period, including any possible amendments and reduction of subscriptions, during which the offer will be open and description of the application process: [●]

Manner and date in which results of the offer are to be made public: [●]

POST-ISSUANCE INFORMATION

[The Issuer will not provide any post-issuance information with respect to the Notes.]

OPERATIONAL INFORMATION

ISIN Code: [●]

Common Code: [●]

Any Clearing System(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]

Delivery: Delivery [against/free of] payment

The Agents appointed in respect of the Notes are: [As set out in the Agency Agreement]/(Give details if different)

²⁸ Only for Notes with a denomination of less than EUR50,000 (or equivalent)

²⁹ Only for Notes with a denomination of less than EUR50,000 (or equivalent)

³⁰ Only for Notes with a denomination of less than EUR50,000 (or equivalent)

PART C - OTHER APPLICABLE TERMS

Country Requirements

[To include specific requirements for specified jurisdictions to be complied with on a case-by-case basis. Issues covered may include the appointment of a local Paying Agent, any requirement for settlement via a clearing system other than Euroclear/Clearstream Luxembourg, additional tax disclosures and local governing law.]

FORM OF FINAL TERMS (PARTICIPATION NOTES ONLY)

The form of Final Terms for Participation Notes that will be issued in respect of each Tranche, subject to the deletion of non-applicable provisions, addition of any applicable provisions and disclosure and/or amendments to the Conditions, is set out below.

Final Terms dated [●]

[J.P. MORGAN INTERNATIONAL DERIVATIVES LTD./JPMORGAN CHASE BANK, N.A.]

Issue of Aggregate Nominal Amount of Tranche [*Relevant Country*]³¹ Participation Notes linked to existing issued [*INSERT CLASS*] Shares of [*INSERT COMPANY*] due [*MATURITY DATE*] [Unconditionally and Irrevocably Guaranteed by JPMorgan Chase Bank, N.A.] under the **J.P. Morgan International Derivatives Ltd. and JPMorgan Chase Bank, N.A. U.S.\$25,000,000,000 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 set forth in Part C of Schedule 2 to the Agency Agreement dated 20 March 2001 (as amended and restated on 20 March 2001, 6 September 2001, 7 June 2002, 6 September 2002, 1 October 2003, 11 November 2004, 15 July 2005 and 18 August 2006) (the "**Agency Agreement**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**") and must be read in conjunction with the base prospectus for the purposes of the Prospectus Directive dated 18 August 2006, including the registration documents incorporated by reference therein, [and the Supplement to the Base Prospectus dated [●]] (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. The Base Prospectus [and the Supplement to the Base Prospectus] [is] [are] available in electronic form on the Luxembourg Stock Exchange's website (<http://www.bourse.lu>).]

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

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**") dated 18 August 2006, including the Registration Documents incorporated by reference therein, [and the supplement to the Prospectus dated [●]] (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 (Directive 2003/71/EC) (the "**Prospectus Directive**") and must be read in conjunction with [the Base Prospectus [and the Supplement to the Base Prospectus dated [●]], save in respect of the Conditions which are extracted from [the Base Prospectus dated [original date] [and the Supplement to the Base Prospectus dated [●]]] and are attached hereto]. Full information of the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and [the Base Prospectuses dated [original date] and [current date] [and the Supplements to the Base Prospectuses dated [●] and [●]]. [The Base Prospectuses [and the Supplements to the Base Prospectuses] are available in electronic form on the Luxembourg Stock Exchange's website (<http://www.bourse.lu>).]

³¹ Notes (including Notes denominated in sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA and which have a maturity of less than one year must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).

The Issue Price specified below may be more than the market value of the Notes as at the Issue Date, and the price, if any, at which J.P. Morgan Securities Ltd. or any other person is willing to purchase the Notes in secondary market transactions is likely to be lower than the Issue Price. In particular, the Issue Price may take into account amounts with respect to commissions relating to the issue and sale of the Notes and secondary market prices are likely to exclude such amounts. In addition whilst the proprietary pricing models of J.P. Morgan Securities Ltd. are based on well recognised financial principles, other market participants' pricing models may differ or produce a different result.

[The due and punctual settlement in full of all obligations due and owing by the Issuer under the Notes is irrevocably and unconditionally guaranteed (the "**Guarantee**") by JPMorgan Chase Bank, N.A. (the "**Guarantor**").] [The Guarantee/This Note] is not a deposit insured or guaranteed by the United States Federal Deposit Insurance Corporation (the "**FDIC**") or any other government authority. [The Guarantee/This Note] is an unsecured and unsubordinated debt obligation of the [Guarantor/Issuer] and not of its parent, JPMorgan Chase & Co. ("**JPMorgan Chase**"), or any of its affiliates [other than the Issuer], and will rank *pari passu* with all other unsecured and unsubordinated indebtedness of the [Guarantor/Issuer] or other obligations that are subject to any priorities or preferences.]³²

Purchase of these Notes involves substantial risks

Prospective investors should ensure that they understand the nature of the risks posed by, and the extent of their exposure under, the Notes. Prospective investors should make all pertinent inquiries they deem necessary without relying on the Issuer (as defined in paragraph 1), [the Guarantor], or J.P. Morgan Securities Ltd ("**JPMSL**"). Prospective investors should consider the suitability of the Notes as an investment in light of their own circumstances, investment objectives, tax position and financial condition. Prospective investors should consider carefully all the information set forth in these Final Terms along with all the information set forth in the Base Prospectus. Prospective investors should pay particular attention to the section entitled "Risk Factors" in the Base Prospectus (pages [14] to [22] inclusive). [Because the Notes are linked to [*insert name of underlying asset(s)*] (the "**Underlying Asset[s]**"), an investment in the Notes entails significant risks in addition to those associated with investments in a conventional debt security. The price performance of the Underlying Asset[s] may affect the nature and value of the investment return on the Notes. In particular, where the Notes are redeemed by the Issuer by delivery of the Underlying Asset[s] the value of such Underlying Asset[s] may be less than the principal amount of the Notes together with any accrued interest and may in certain circumstances be valueless. Investors should form their own views on the merits of an investment related to the Underlying Asset[s] based upon their own such investigations of the Underlying Asset[s] and should not rely on any information given in these Final Terms.]

*[The Jersey Financial Services Commission (the "**Commission**") has given, and has not withdrawn, its consent under Article 4 of the Control of Borrowing (Jersey) Order 1958, as amended, to the issue of Securities by the Issuer.³³] [The Jersey Financial Services Commission (the "**Commission**") has given, and has not withdrawn, its consent under Article 8 of the Control of Borrowing (Jersey) Order 1958, as amended, to the circulation in Jersey of an offer for subscription, sale or exchange of Securities by the Issuer.³⁴] The Commission is protected by the Control of Borrowing (Jersey) Law 1947, as amended, against liability arising from the discharge of its functions under that law.*

A copy of this document has been delivered to the Jersey Registrar of Companies in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002. The Registrar has given, and has not withdrawn, his consent to its circulation.

It must be distinctly understood that, in giving these consents, neither the Jersey Registrar of Companies nor the Commission takes any responsibility for the financial soundness of the Issuer or for the correctness of any statements made, or opinions expressed, with regard to it.

³² Delete as applicable depending on whether Notes issued by JPMIDL or JPMCB.

³³ Applicable to Notes issued by JPMIDL.

³⁴ Applicable to Notes issued by JPMCB.

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Final Terms.]

[When completing any final terms, or adding any other final terms or information consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]

- | | | | |
|----|------|--|---|
| 1. | (i) | Issuer: | [J.P. Morgan International Derivatives Ltd./JPMorgan Chase Bank, N.A. acting through its <i>[non U.S.]</i> branch]] |
| | (ii) | [Guarantor: | JPMorgan Chase Bank, N.A.] |
| 2. | (i) | Series Number: | [●] |
| | (ii) | [Tranche Number: | [●] |
| | | <i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible.)</i> | |
| 3. | | Specified Currency or Currencies: | [●] |
| 4. | | Settlement Currency: | [●] |
| 5. | | Relevant Exchange Rate: | [●] |
| 6. | | Aggregate Nominal Amount [of Notes admitted to trading]: | Not applicable |
| | (i) | Series: | [●] |
| | (ii) | [Tranche: | [●]] |
| 7. | | Issue Price: | [●] per cent. of the Aggregate Nominal Amount |
| | | | The Issue Price specified above may be more than the market value of the Notes as at the Issue Date, and the price, if any, at which [the Dealer] or any other person willing to purchase the Notes in secondary market transactions is likely to be lower than the Issue Price. In particular, the Issue Price may take into account amounts with respect to commissions relating to the issue and sale of the Notes as well as amounts relating to the hedging of the Issuer's obligations under the Notes, and secondary market prices are likely to exclude such amounts. In addition, pricing models of relevant market participants may differ or produce a different result. |
| 8. | (i) | Issue Size: | [●] |
| | (ii) | Minimum trading size: | [●] |

	(iii)	Specified Denominations:	[●] ³⁵
9.	(i)	Issue Date:	Settlement Date
	(ii)	[Interest Commencement Date (if different from the Issue Date):	[●]]
10.		Maturity Date:	Redemption Date - see Annex
11.		Interest Basis:	See Coupon Amount provisions in Annex
12.		Redemption/Payment Basis:	See Annex
13.		Change of Interest or Redemption/Payment Basis:	Not Applicable
14.		Put/Call Options:	Not Applicable Not Applicable
15.	(i)	Status of the Notes:	Senior
	(ii)	Status of the Guarantee:	Senior
	[(iii)	Date [Board] approval for issuance of Notes [and Guarantee] obtained:	[●] and [●], respectively.]
16.		Method of distribution:	Non-syndicated
PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE			
17.		Fixed Rate Note Provisions:	Not Applicable
18.		Floating Rate Provisions:	Not Applicable
19.		Zero Coupon Note Provisions:	Not Applicable
20.		Index Linked Interest Note Provisions:	Not Applicable
21.		Equity Linked Interest Note Provisions:	Not Applicable
22.		Dual Currency Note Provisions:	Not Applicable
PROVISIONS RELATING TO REDEMPTION			
23.		Call Option:	Not Applicable
24.		Put Option:	Not Applicable
25.		Final Redemption Amount:	In respect of a Note, the Redemption Value - See Annex
26.		Early Redemption Amount:	

³⁵ Notes (including Notes denominated in sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of S19 FSMA and which have a maturity of less than one year and must have a minimum redemption value of £100,000 (or its equivalent).

- (i) Early Redemption Amount(s) payable on redemption for taxation reasons (Condition 5(c)) or an event of default (Condition 9) and/or the method of calculating the same (if required or if different from that set out in the Conditions) (or in the case of Equity Linked Notes following certain corporate events in accordance with Condition (5)(j)(v)(A) and (B) and/or the method of calculating the same (if required or if different from that set out in Condition 5(b)); Not Applicable - see Annex
 - (ii) Redemption for taxation reasons permitted on days other than Interest Payment Dates (Condition 5(c)); Not Applicable - see Annex
 - (iii) Unmatured Coupons to become void upon early redemption (Bearer Notes only) (Condition 6(f)); Not Applicable
27. **Index Linked Redemption Notes:** Not Applicable
28. **Equity Linked Redemption Notes:** Not Applicable
29. **Credit Linked Notes:** Not Applicable

GENERAL PROVISIONS APPLICABLE TO THE NOTES

30. **Form of Notes:** Registered Notes
- [Delete as appropriate]*
- (i) Temporary or permanent global Note/Certificate: [Temporary Global Note/Certificate exchangeable for a permanent Global Note/Certificate which is exchangeable for Definitive Notes/Certificates on [●] days' notice/at any time/in the limited circumstances specified in the permanent Global Note/Certificate]
 - [Temporary Global Note/Certificate exchangeable for Definitive Notes/Certificates on [●] days' notice]
 - [Permanent Global Note/Certificate exchangeable for Definitive Notes/Certificates on [●] days' notice/at any time/in the limited circumstances specified in the permanent Global Note/Certificate]
 - (ii) Applicable TEFRA exemption: [D Rules/Not Applicable]

31. **Additional Financial Centre(s) (Condition 6(h)) or other special provisions relating to payment dates:** Not Applicable
32. **Payment Disruption Event (Condition 6(i)):** [Applicable/Not Applicable/specify other]
(Note: If Physical Delivery is specified as applicable, in the event of a Payment Disruption, Physical Delivery shall cease to apply and the Notes will be cash settled.)
- (i) Relevant Currency: [Not Applicable/insert]
- (ii) Relevant Reference Asset Jurisdiction: [Not Applicable/insert]
- (iii) Payment Event Cut-off Date: [Not Applicable/Applicable/other]
33. **Physical Delivery:** Not Applicable
34. **Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):** Not Applicable
35. **Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:** Not Applicable
36. **Details relating to Instalment Notes:** Not Applicable
37. **Redenomination, renominalisation and reconventioning provisions:** Not Applicable
38. **Consolidation provisions:** Not Applicable
39. **Other final terms or special conditions:**³⁶ See [Part C and] Special Conditions [46, 47, 48, 49, 50] and [51] in Annex
- (When adding any other final terms, consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive)*

³⁶ If full terms and conditions are to be used, please add the following here:

"The full text of the Conditions which apply to the Notes [and which will be endorsed on the Notes in definitive form] are set out in [the Annex hereto], which Conditions replace in their entirety those appearing in the Base Prospectus for the purposes of these Notes and such Conditions will prevail over any other provision to the contrary."

The first set of bracketed words is to be deleted where there is a permanent global Note instead of Notes in definitive form. The full Conditions should be attached to and form part of the Final Terms.

DISTRIBUTION

40. (i) If syndicated, names and addresses of Managers: Not Applicable
- (ii) Stabilising Manager(s) (if any): Not Applicable
- (iii) Dealer's Commission: [●] per cent. of the Aggregate Nominal Amount
41. **If non-syndicated, name [and address]³⁷ of Dealers:** J.P. Morgan Securities Ltd. [of 125 London Wall, London EC2Y 5AJ]
42. **U.S. selling restrictions:** Section 3(a)(2) and Regulation S under the Securities Act - No offers or sales at any time within the United States or to or for the account or benefit of any U.S. Person; no legal or beneficial ownership by a U.S. Person at any time. "U.S. Person" has the meaning ascribed to it in the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or the U.S. Internal Revenue Code of 1986, as amended.
- TEFRA D Rules - Bearer Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the "**D Rules**") unless the Notes are issued in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**"), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.
43. **Additional Selling restrictions:** [●] [*Specify if different from those set out in the Base Prospectus under "Subscription and Sale"*]

GENERAL

44. Additional steps that may only be taken following approval by an Extraordinary Resolution in accordance with Condition 10(a): [Not Applicable/*give details*]
45. The aggregate principal amount of Notes issued has been translated into U.S. dollars at the rate of [●] 1=U.S.\$ [●], producing a sum of (for Notes not denominated in U.S. dollars): [Not Applicable/U.S.\$ [●]]

[LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprises the details required to list the issue of Notes described herein pursuant to the U.S.\$25,000,000,000 Euro Medium Term Note Programme of J.P. Morgan International Derivatives Ltd. and JPMorgan Chase Bank, N.A.]

³⁷ Only for Notes with a denomination of less than EUR50,000 (or equivalent)

RESPONSIBILITY

The Issuer [and the Guarantor] accept[s] responsibility for the information contained in these Final Terms. [*Information on underlying*] has been extracted from [*specify information source*]. [Each of the] [The] Issuer [and the Guarantor] confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By: _____

Duly authorised

[Signed on behalf of the Guarantor:

By: _____

Duly authorised]

PART B - OTHER INFORMATION

LISTING AND ADMISSION TO TRADING

- (i) Listing: [Application [will be/has been] made to list the Notes on the Official List of the Luxembourg Stock Exchange and/or the Channel Islands Stock Exchange, LBG/other (*specify*)/None]
- (ii) Admission to trading: [Application [will be/has been] made to trade the Notes on [] with effect from [.].] [Not Applicable.] No assurance can be granted that such application will be approved on or before the Issue Date.
- (Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)*
- (iii) [Estimate of total expenses relating to admission to trading: []]³⁸

RATINGS

[The Notes to be issued have been rated:

[S&P: []]

[Moody's: []]

[[Other]: []]/[The Notes will not be rated]

[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]

[NOTIFICATION

The *Commission de Surveillance du Secteur Financier* of Luxembourg [has been requested to provide/has provided - *include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues*] the [*include names of competent authorities of host Member States*] with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive.]

[INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

"Save as discussed in the section of the Original Base Prospectus entitled "Subscription and Sale", so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."

³⁸ Only for Notes with denomination of EUR50,000 (or equivalent) or greater

REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- [(i) Reasons for the offer: []
(See "Use of Proceeds" - if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)]
- [(ii) Estimated net proceeds: [●][●]
(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)]
- [(iii) Estimated total expenses: [●] [Include breakdown of expenses]
(If the Notes are derivative securities to which annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)]

[Fixed Rate Notes only - YIELD

- Indication of yield: [●]
[Calculated as [include details of method of calculation in summary form] on the Issue Date.]
[As set out above, the][The] yield is calculated at the Issue Date on the basis of the Issue price. It is not an indication of future yield.]

POST-ISSUANCE INFORMATION

[The Issuer will not provide any post-issuance information with respect to the Notes.]

[TERMS AND CONDITIONS OF THE OFFER³⁹

The time period, including any possible amendments and reduction of subscriptions, during which the offer will be open and description of the application process: [●]

Manner and date in which results of the offer are to be made public: [●]

OPERATIONAL INFORMATION

ISIN Code: [●]

Common Code: [●]

Any Clearing System(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]

Delivery: Delivery [against/free of] payment

³⁹ Only for Notes with a denomination of less than EUR50,000 (or equivalent)

The Agents appointed in respect of the Notes are: [As set out in the Agency Agreement]/(*Give details if different*)

PART C - OTHER APPLICABLE TERMS

Country Requirements

[To include specific requirements for specified jurisdictions to be complied with on a case-by-case basis. Issues covered may include the appointment of a local Paying Agent, any requirement for settlement via a clearing system other than Euroclear/Clearstream Luxembourg, additional tax disclosures]

ANNEX

(This Annex forms part of the Final Terms to which it is attached)

Items 1 through 4 [apply][do not apply] to the Final Terms to which this Annex is attached.

1. Redemption and Purchase
 - 1.1 Final Redemption: Unless previously redeemed, each Note will be redeemed on the Redemption Date at its Redemption Value. The Redemption Value will be due and payable on the Redemption Payment Date.
 - 1.2 Redemption for Regulatory or Taxation Reasons:
 - (i) Subject to Condition 47.2(ii), the Notes may be redeemed at the option of the Issuer in whole at any time on giving not less than 30 nor more than 60 days' notice to the holders of the Notes (which notice shall be irrevocable) at the Redemption Value of each Note if: (1) the Issuer or the Guarantor, has or will become obliged to pay additional amounts as provided or referred to in Condition 7 as a result of any action taken by Jersey or the United States or any political subdivision or any authority thereof or therein having power to tax or brought in a court of competent jurisdiction on or after the Issue Date or any change in, or amendment to, the laws or regulations of Jersey or the United States or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Trade Date and (2) such obligation cannot be avoided by the Issuer or the Guarantor, as the case may be, taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or the Guarantor, as the case may be, would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition 46.2, the Issuer or, as the case may be, the Guarantor shall deliver to the Fiscal Agent a certificate signed by two directors of the Issuer or the Guarantor (as the case may be) stating that the Issuer or the Guarantor is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to such right of the Issuer or the Guarantor so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer or the Guarantor, as the case may be, has or will become obliged to pay such additional amounts as a result of such change or amendment.
 - (ii) The Notes will be redeemable by the Issuer on shorter notice than the period specified above if the period of notice given to the Issuer of any relevant change, or amendment to the law makes it impracticable for the Issuer to give such notice and the interests of the relevant Noteholders will not be prejudiced by such action.
 - 1.3 Redemption at the option of the Issuer: Notes may be redeemed by the Issuer as set forth in Condition 3(c). In addition, the Issuer may, having given not less than 5 Business Days' notice to Noteholders in accordance with Condition 13, on any date redeem the Notes at the Redemption Value of each relevant Note if the Calculation Agent certifies that: (1) any Relevant Country Authority has (i) revoked or suspended the Investment Regulations, (ii) suspended or terminated the ability of investors to invest in securities listed on any Relevant Exchange, or (iii) imposed material limitations or restrictions on such ability; (2) the Underlying Shares have been delisted from any Relevant Exchange; or (3) there has occurred

any change in, amendment or non-renewal of (i) any judicial decision relating to the laws of the Relevant Country, (ii) any treaty to which the Relevant Country is a party, (iii) any application or official interpretation of such laws or treaty or (iv) any arrangements pertaining to any applicable investment facility including any hedging arrangements relating to the Notes after the Trade Date.

- 1.4 Nationalisation: If (a) all the Underlying Shares or all the assets or substantially all the assets of the Underlying Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity; or (b) by reason of the voluntary or involuntary liquidation, winding-up or dissolution of or any analogous proceeding affecting the Underlying Company (i) all the Underlying Shares are required to be transferred to any trustee, liquidator or other similar official or (ii) holders of the Underlying Shares become legally prohibited from transferring them, then, in the case of (a) or (b), the Calculation Agent will, upon becoming aware of such event, notify the holders of Notes of such event and each Note will be redeemed at its Redemption Value on the fifteenth Business Day after the Calculation Agent has given notice to the Noteholders of such event (for the purposes of this Condition the "**Redemption Payment Date**"). For the purposes of this Condition the "**Redemption Value**" of a Note will be equal to the amount (if any) received by the holder of an Underlying Share upon the occurrence of either of the above events, less any Taxation, multiplied by the Number of Underlying Shares per Note and converted into [INSERT CURRENCY OF DENOMINATION OF NOTES] at the Exchange Rate on the Redemption Payment Date.
- 1.5 Redemption at the option of a Noteholder:
- (i) At any time after the later of the Settlement Date and the Underlying Settlement Period, a Noteholder may instruct the Issuer to redeem any Note held by such Noteholder at its Redemption Value. In order for a Noteholder to exercise its right so to instruct the Issuer, such Noteholder shall deliver on a Business Day to the Fiscal Agent or to a Paying Agent a valid Redemption Notice.
 - (ii) A Noteholder may exercise its right under this Condition only in respect of the Minimum Redemption Number of Notes specified in the applicable Final Terms and such multiples thereof.
- 1.6 Suspension Periods:
- (i) A "**Suspension Period**" occurs from the date the Calculation Agent determines (in its absolute discretion) that (I) as a result of delivery of Underlying Shares connected with the Issuer's underlying hedging arrangements to the registrar of the Underlying Company for registration, such Underlying Shares cannot be transferred; or (II) as a result of the closure of the register of members of the Underlying Company for the purpose of establishing any dividend or other rights attaching to the Underlying Shares, the Underlying Shares cannot be transferred until such transfer may be effected (in each case a "Suspension Period") and notice thereof (including an indication as to whether the Suspension Period has occurred due to the circumstances described in (I) or (II) above) shall be given to the Noteholders in accordance with Condition 13.
 - (ii) If a Redemption Date or an Early Redemption Date in respect of a Note shall fall within a Suspension Period, such Redemption Date or Early Redemption Date shall be postponed until the first Exchange Business Day after the expiry of such Suspension Period.
 - (iii) Only one Suspension Period may occur during the Term of a Note as a result of the circumstances described in (i)(I) above.
- 1.7 Purchase: The Issuer [and the Guarantor] and any of [their/its] respective subsidiaries may at any time purchase Notes in the open market or otherwise at any price. The Notes so purchased, while held by or on behalf of the Issuer [or the Guarantor] shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding

for the purposes of calculating quorums at meetings of the Noteholders for the purposes of Condition 10.

- 1.8 Postponement: Notwithstanding any other provision to the contrary in the Final Terms, if redemption of the Notes is to be undertaken on a day which is not a Business Day, such action shall be Settlement: If the Calculation Agent determines that, due to prevailing market conditions relating to share settlement, foreign exchange conversion or [INSERT CURRENCY OF DENOMINATION OF NOTES] remittance in the Relevant Country, a Relevant Investor which had sold Underlying Shares during a Valuation Period is not able to receive the [INSERT CURRENCY OF DENOMINATION OF NOTES] equivalent of the proceeds of such sale on the relevant Redemption Payment Date, then the Redemption Payment Date will be postponed until such date as a Relevant Investor is able to receive such [INSERT CURRENCY OF DENOMINATION OF NOTES] equivalent of the proceeds of any such sale. No interest shall accrue on such proceeds of sale in respect of any such postponement. Any such determination by the Calculation Agent shall be notified immediately by the Calculation Agent to the Issuer and the Fiscal Agent. Notice of any postponement to the Redemption Payment Date pursuant to this Condition 46.8 shall be given by the Fiscal Agent to Noteholders in accordance with Condition 13 as soon as practicable after any determination pursuant to this Condition.
2. Events Relating to the Underlying Shares
- 2.1 Adjustment Event: The declaration by an Underlying Company of the terms of any of the following may constitute an Adjustment Event in respect of the Notes:
- (i) A subdivision, consolidation or reclassification of the Underlying Shares or a change in par or paid value of the Underlying Shares, or a free dividend or distribution of any Underlying Shares to existing holders by way of bonus, capitalisation or similar issue including pursuant to a scrip dividend or similar scheme for the time being operated by the Underlying Company or otherwise in lieu of a Cash Dividend;
 - (ii) A distribution to existing holders of the Underlying Shares of (I) Underlying Shares or (II) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Underlying Company equally or proportionately with such payments to holders of Underlying Shares or (III) any other type of securities, rights or warrants granting the right to a distribution of shares or to purchase, subscribe or receive shares for a consideration determined by the Issuer to be less than the prevailing market price per Underlying Share;
 - (iii) A dividend or distribution other than a Cash Dividend;
 - (iv) A repurchase by the Underlying Company of Underlying Shares whether out of profit or capital and whether the consideration for such repurchase is cash, securities or otherwise; or
 - (v) Any other similar event that may have a diluting or concentrative effect on the market value of the Underlying Shares or action that may be required to take account of provisions of the laws of the Relevant Country or any Relevant Exchange practice.
- 2.2 Action by Calculation Agent: Following each Adjustment Event during the Term of a Note the Calculation Agent will determine whether such Adjustment Event has a diluting or concentrative effect on the market value of the Underlying Shares. When an Adjustment Event occurs the Calculation Agent will do one or more of the following (provided that, in the case of physical Underlying Shares, a Suspension Period has occurred or is continuing):
- (i) calculate the corresponding adjustment, if any, to be made to the terms of the Notes as the Calculation Agent determines appropriate to account for that diluting or concentrative effect and determine the effective date of that adjustment;
 - (ii) distribute to the holders of outstanding Notes additional Notes and/or a cash amount; and/or

(iii) give notice to each Noteholder in accordance with Condition 13 of its right to purchase additional Notes.

2.3 Fixing of Record Date: Whenever any cash amount shall become payable or any distribution other than cash shall be made or whenever rights shall be issued with respect to the Notes or whenever for any reason the Calculation Agent causes a change in the Number of Underlying Shares per Note or whenever the Calculation Agent shall find it necessary or convenient, the Calculation Agent shall fix a record date (the "**Record Date**"), which shall be the record date applicable to the Underlying Shares or a date as soon thereafter as practicable;

(i) to determine those Noteholders who shall be entitled to receive such distribution or rights;

(ii) on or after which each Note will relate to the adjusted Number of Underlying Shares per Note; or

(iii) The Noteholders on such Record Date shall be entitled, as the case may be, to receive the amount distributable by the Issuer with respect to such distribution or such rights in proportion to the number of Notes held by them respectively.

2.4 Notice of Adjustment Event: As soon as practicable after each Adjustment Event the Fiscal Agent will give notice to Noteholders in accordance with Condition 13 specifying:

(i) in the case of a new issue of Notes at a specified subscription price:

(a) the Record Date;

(b) the date by which holders must reply to the notice and pay subscription monies (if any) (the "**Rights Settlement Date**");

(c) the amount payable by the holder of each Note to take up the rights relating to each Note;

(d) the amount of any fees or charges payable by the holder of each Note in connection with the issue of the new Notes; and

(e) the account of the Issuer with Euroclear or Clearstream, Luxembourg to be credited with the amount payable by the Noteholders;

(ii) in the case of a free distribution of Notes the Record Date and the number of new Notes to which the holder of a Note is entitled;

(iii) in the case of a cash distribution the Record Date and the amount payable to the holder of each Note;

(iv) in the case of an adjustment to the terms of the Notes (including the Number of Underlying Shares per Note) and all other cases which the Calculation Agent in its discretion considers appropriate, the Record Date and details of the adjustment;

(v) any combination of the above.

Notes and/or cash will be available for distribution to eligible Noteholders as soon as is practicable and the Fiscal Agent shall notify Noteholders in accordance with Condition 13 when such Notes and/or cash are so available. Payments of cash amounts will be made in accordance with Condition 48 and in the case of a new issue of Notes under (i) above, no Noteholder will be entitled to receive any additional Notes unless and until the Fiscal Agent shall have received a notice that the Noteholder wishes to purchase such Notes and payment of the subscription monies on or prior to the Rights Settlement Date.

2.5 Coupon Amounts: Each Coupon Amount is payable on the Coupon Payment Date following the immediately preceding Coupon Period.

- 2.6 Subdivisions and Consolidations: If and whenever an Underlying Company shall subdivide its outstanding share capital into a greater number of shares or consolidate its outstanding share capital into a smaller number of shares, the Calculation Agent will adjust the Number of Underlying Shares per Note which shall be decreased (in the case of a consolidation) or increased (in the case of a subdivision) accordingly.
- 2.7 Merger: If it is announced that an Underlying Company is to, or may, merge or consolidate with or into any other corporation (including becoming, by agreement or otherwise, a subsidiary of or controlled by any person or corporation) (except where such Underlying Company is the surviving corporation in a merger) or that it is to, or may, sell or transfer all or substantially all of its assets, the rights attaching to a Note may be amended to reflect such merger or consolidation no later than the Business Day preceding the consummation of any such merger, consolidation, sale or transfer (as determined by the Calculation Agent, in its absolute discretion).
- 2.8 Change in Law: If:
- (i) there is any change in, or amendment to, the laws and regulations of the Relevant Country or any political subdivision or any authority thereof or therein having power to tax;
 - (ii) there is any change in, or amendment to, any treaty to which the Relevant Country is a party;
 - (iii) there is any change in the application or official interpretation of such laws, regulations or treaties; or
 - (iv) the Calculation Agent in its absolute discretion makes a determination that any other circumstance exists which would or could reduce the Redemption Value or Coupon Amount receivable by a Relevant Investor on repatriation of such amounts from the Relevant Country,

which change or amendment becomes effective or is applied or interpreted, or which determination is made, as the case may be, on or after the Trade Date, the Calculation Agent shall, in its absolute discretion, determine the amount of any additional deduction or withholding from the Redemption Value or Coupon Amount that is required or, in the absolute determination of the Calculation Agent, ought to be made in such circumstances and shall notify the Issuer[, the Guarantor] and the Fiscal Agent of such amount. The Fiscal Agent shall thereupon immediately notify Noteholders in accordance with Condition 13.

3. Payments and other Conditions
- 3.1 Method of Payment: Payments in respect of the Redemption Value or any Coupon Amount will be made to, or to the order of, the relevant Noteholder appearing on the Register on the relevant Record Date and, in the case of all payments other than the Coupon Amount against presentation and surrender (or, in the case of partial payment, endorsement) of the relevant Notes at the Specified Office of any Paying Agent, by a cheque denominated in [CURRENCY OF DENOMINATION OF NOTES] drawn on, or by transfer to an account denominated in [CURRENCY OF DENOMINATION OF NOTES], maintained by the payee with, a bank in [CURRENCY CENTRE], as may be specified by the Noteholder (and, in the absence of such specification, by such a cheque posted to the Noteholder at the address shown in the Register at the risk of the Noteholder).
- 3.2 Payments subject to fiscal laws: All payments are subject in all cases to any applicable fiscal or other laws and regulations, but without prejudice to the provisions of Condition 7. Subject to the Conditions, no commissions or expense shall be charged to the Noteholders in respect of payments.
- 3.3 Payments on a business day: A Note may be presented for payment only on a day which is a business day in the place of presentation (and in the case of payment by transfer to an account denominated in [INSERT CURRENCY OF DENOMINATION OF NOTES] maintained by the payee with a bank in [INSERT CURRENCY CENTRE] on a business day in [INSERT

CURRENCY CENTRE]). No further payment will be made as a consequence of the day on which the relevant Note may be presented for payment under this paragraph falling after the due date.

4. Other Special Conditions: [INSERT AS APPROPRIATE]

4.1 For the purposes of these Conditions, the following words and expressions shall have the following meanings:

"Adjustment Event" means any one or more of the events referred to in Condition 47;

"Authority" means any governmental authority or any state or agency of a state (in each case whether or not having a separate legal personality);

"Average Selling Price" means, in relation to each Note, an amount certified by the Calculation Agent as being equal to the weighted average of the prices at which a Relevant Investor could have sold the Underlying Shares on the Relevant Exchange during an applicable Valuation Period;

"Business Day" means a day (excluding Saturday) on which banks are open for business in London and [INSERT CURRENCY CENTRE] and the principal centre of the Relevant Country for the type of business contemplated herein;

"Calculation Agent" means J.P. Morgan Securities Ltd.;

"Cash Dividend" means any ordinary or special dividend paid in cash on an Underlying Share (excluding, for the avoidance of doubt, stock dividends or the cash value of any dividend declared on an Underlying Share in shares of the Underlying Company or in any assets other than cash) in relation to which the ex-dividend date has occurred and payment has been made to the holder of the Underlying Share during the relevant Coupon Period;

"Closing Price" means the closing price of an Underlying Share as quoted on the daily quotations list (or equivalent) of a Relevant Exchange as recorded by the Calculation Agent. If the closing price of an Underlying Share is not shown on the daily quotations list (or equivalent) of any Relevant Exchange on the date on which such price is required then, notwithstanding any provision of the Conditions, the Closing Price for an Underlying Share shall be the fair market value of an Underlying Share as determined in its sole discretion by the Calculation Agent;

"Conditions" means the terms and conditions of the Notes and references to a particular numbered Condition shall be construed accordingly;

"Coupon Amount"	means Cash Dividends less (i) any Taxation; and (ii) any Handling Charge multiplied by the Number of Underlying Shares per Note and converted into [CURRENCY OF DENOMINATION OF NOTES] at the Coupon Exchange Rate;
"Coupon Exchange Rate"	means [INSERT RELEVANT AMOUNT OF CURRENCY, IF APPLICABLE] plus the Exchange Rate on the tenth Business Day after the later of the last day of the applicable Coupon Period or the day when a Foreign Institutional Investor would have received actual payment in United States dollars of the applicable Cash Dividend;
"Coupon Payment Date"	means [INSERT DATES ON WHICH COUPON AMOUNTS WILL BE PAID];
"Coupon Period"	in relation to a Note means,[INSERT RELEVANT PERIOD] provided that in the case of physical Underlying Shares the first Coupon Period will commence on the first day of the Suspension Period and in the case of the dematerialised Underlying Shares the first Coupon Period will commence on the settlement date for delivery of shares in connection with the Issuer's underlying hedging arrangements and the last day of the final Coupon Period will be the earlier of the Redemption Date, Early Redemption Date or Default Redemption Date;
"Default Redemption Date"	means the first Exchange Business Day after the date upon which notice is received by the Fiscal Agent pursuant to Condition 9;
"Early Redemption Date"	means: (i) any Business Day announced by the Issuer as a date for redemption of the Notes in accordance with Condition 46.2 or 46.3 or (ii) the first Exchange Business Day after a valid Redemption Notice is received by the Fiscal Agent provided that such Redemption Notice is received prior to 4:00 p.m. (London time) or if received after such time the next Exchange Business Day;
"Exchange Business Day"	means a day that is (i) a Business Day; (ii) a trading day on any Relevant Exchange and on any relevant options or futures exchange other than a day on which trading on any Relevant Exchange or any relevant futures or options exchange is scheduled to close prior to its regular weekday closing time; and (iii) a day on which no Market Disruption Event has occurred or is continuing;

"Exchange Rate"	means [INSERT SCREEN RATE FOR EXCHANGE BETWEEN CURRENCY OF DENOMINATION OF SHARES AND CURRENCY OF DENOMINATION OF NOTES] exchange rate as determined by the Calculation Agent by reference to such sources as it may, in its absolute discretion, select;
"Handling Charge"	means [INSERT DETAILS OF ANY HANDLING CHARGES];
"Investment Regulations"	means [INSERT LEGISLATION OF RELEVANT COUNTRY] as amended and/or replaced from time to time;
"Market Disruption Event"	means, as determined by the Calculation Agent, the occurrence or existence of (i) any suspension of, or material limitation on, trading in the Underlying Shares on any Relevant Exchange; or (ii) any suspension of, or material limitation on, trading in stocks generally on any Relevant Exchange; or (iii) a material restriction on the sale and purchase of the Underlying Shares; or (iv) any suspension of, or material limitation imposed on, trading of options or futures relating to the Underlying Shares or options or futures relating to securities generally on any Relevant Exchange on any options or futures exchange on which options or futures relating to the Underlying Shares are traded; or (v) any suspension of or limitation on execution of sales on any Relevant Exchange or elsewhere by reason of illiquidity in any market for the Underlying Shares; or (vi) any prevailing market conditions which in the good faith opinion of the Issuer prevent Relevant Investors from being able to buy or sell Underlying Shares on any Relevant Exchange; (vii) any failure by local entities in the Relevant Country involved in the process of transfer and/or registration of the Underlying Shares, including, without limitation, custodians, registrars and clearing houses to perform their duties in a timely manner; or (viii) any prevailing market conditions which in the good faith opinion of the Calculation Agent are such as should constitute a Market Disruption Event.

For the purpose of this definition:

- (i) a limitation on the hours and number of days of trading if it results from an announced change in the regular business hours of any Relevant Exchange shall not constitute a Market Disruption Event; and

(ii) a limitation on trading imposed during the course of a day by reason of movements in price exceeding levels permitted by any Relevant Exchange shall constitute a Market Disruption Event.

All determinations by the Calculation Agent as to whether a Market Disruption Event has occurred will be conclusive and binding on the Noteholders save in the case of manifest error;

"Minimum Redemption Number"	means [INSERT NUMBER];
"Noteholders"	means those persons in whose names Notes are registered in the Register;
"Number of Underlying Shares per Note"	means one (1) Underlying Share per Note (subject to adjustment in accordance with Condition 47);
"Record Date"	has the meaning specified in Condition 47.3;
"Redemption Charge"	means [INSERT DETAILS OF AMOUNT] together with any other levies, fees, commissions, custodial fees, registrations or other charges or costs whatsoever which may be incurred by the Issuer and/or the Hedging Entity as a result of, or in connection with, the holding of and/or selling of and/or realising the Underlying Shares as may be imposed from time to time, such amounts as calculated by the Calculation Agent in its sole and absolute discretion;
"Redemption Date"	means [INSERT REDEMPTION DATE] per cent.;
"Redemption Exchange Rate"	means the Exchange Rate on the first Business Day immediately following the last day of the Valuation Period when a Relevant Investor is able to convert into [INSERT CURRENCY OF DENOMINATION OF NOTES] the proceeds of Underlying Shares sold during the Valuation Period (the "Redemption Exchange Rate Date") [plus] [INSERT RELEVANT AMOUNT OF CURRENCY, AS APPLICABLE];
"Redemption Notice"	means a notice, substantially in the form set out in Schedule 4 to the Agency Agreement and available upon request at the Specified Office of any Paying Agent, from a Noteholder to the Issuer exercising its option to redeem Notes in accordance with Condition 47.5;
"Redemption Payment Date"	means, in relation to a Note, subject to Condition 47.9, the date falling not later than five Business Days after the Redemption Exchange Rate Date;

"Redemption Value"	means, in respect of a Note and subject to Condition 47.8, 100 per cent. less any Redemption Charge (expressed as a percentage), multiplied by the Average Selling Price of the Underlying Shares during the Valuation Period less any Taxation [plus any Coupon Amount] multiplied by the Number of Underlying Shares per Note and converted into [INSERT CURRENCY OF DENOMINATION OF NOTES] at the Redemption Exchange Rate provided that if redemption follows the occurrence of an event of default specified in Condition 9, the Redemption Value will be calculated by reference to the Closing Price of an Underlying Share on the Default Redemption Date;
"Register"	has the meaning provided in Clause 10 of the Agency Agreement;
"Relevant Country"	means [INSERT NAME OF RELEVANT COUNTRY];
"Relevant Country Authority"	means the Authority of the Relevant Country;
"Relevant Exchange"	means [INSERT STOCK EXCHANGE OF PRIMARY LISTING OF UNDERLYING SHARES] or any other successor exchange as selected by the Issuer in its absolute discretion;
"Relevant Investor"	means, a qualified foreign or non-resident institutional investor as such terms or concepts may be defined under the Investment Regulations or if such terms or concepts are not defined in the Investment Regulations, the Issuer;
"Settlement Date"	means [INSERT SETTLEMENT DATE];
"Suspension Period"	has the meaning provided in Condition 52.6;
"Taxation"	means the aggregate of: <ul style="list-style-type: none"> (i) all withholding taxes, capital gains taxes and other duties and taxes whatsoever in effect which the Calculation Agent certifies as would be payable in the Relevant Country by or on behalf of a Relevant Investor had such investor owned an Underlying Share from the Trade Date and sold such Underlying Share on any day during the relevant Valuation Period; and (ii) all stamp duties or increases introduced in the rates of stamp duties in the Relevant Country in effect on or after the Trade Date:

"Term of a Note"	means, in relation to a Note, the period commencing on the Settlement Date and ending on the earlier of the Redemption Date, the Default Redemption Date or the Early Redemption Date;
"Trade Date"	means [INSERT TRADE DATE];
"Underlying Company"	means [INSERT NAME OF UNDERLYING COMPANY];
"Underlying Settlement Period"	means the number of days, from the Trade Date, required for a Relevant Investor to settle the purchase of the Underlying Shares in the Relevant Exchange;
"Underlying Shares"	means [INSERT CLASS OF SHARES] in the Underlying Company;
"U.S. Person"	means any natural person resident in the United States, or any other person falling within the definition of the term "U.S. Person" under Regulation S promulgated under the U.S. Securities Act of 1933, as amended;
"Valuation Period"	in relation to a Note means (i) a period commencing on (and including) the first Exchange Business Day immediately following the earlier of the Redemption Date or the Early Redemption Date and ending on (and including) the Exchange Business Day immediately following the date on which a Relevant Investor would have completed the sale of the required number of Underlying Share, or (ii) the Default Redemption Date but excluding, for the avoidance of doubt, any day on which a Market Disruption Event has occurred or is continuing.

GENERAL INFORMATION

- (1) For the purpose of admittance to trading on the Regulated Market of the Luxembourg Stock Exchange the Luxembourg Stock Exchange has allocated the Programme numbers 12544 in respect of JPMIDL and 13172 in respect of JPMCB.
- (2) Each Bearer Note, Exchangeable Bearer Note, Receipt, Coupon and Talon will bear the following legend: "This Note, Receipt, Coupon or Talon may not be owned by any United States Person (as defined in Regulation S or the Code). However, if notwithstanding such prohibition, a United States Person holds this obligation, then such United States Person will be subject to limitations under the United States income tax laws, including the limitations provided in Section 165(j) and 1287(a) of the Code".
- (3) The establishment of the Programme was authorised by a resolution of the Board of Directors of JPMIDL passed on 19 March 2001. Issuances of Securities by JPMIDL are authorised by JPMIDL at the time of such issuances. The giving of the Guarantee was authorised by the Guarantor's Certificate of Authorisation dated 5 September 2003. The issuance of Securities by JPMCB under the Programme is authorised pursuant to a resolution of the Asset Liability Committee of JPMCB dated 14 August 2006.
- (4) Each purchaser and transferee of a Note will be deemed to have represented by its purchase or receipt of the Note that, at the time of purchase or receipt, and throughout the period that it holds the Note, it is not an employee benefit plan subject to the U.S. Employee Retirement Income Security Act of 1974 or any entity whose assets are treated as assets of any such employee benefit plan.
- (5) Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems and may be accepted for clearance through other clearing systems. The Common Code, the International Securities Identification Number (ISIN) and/or identification number for any other relevant clearing system, as the case may be, for each Series of Notes will be set out in the relevant Final Terms.
- (6) This Base Prospectus, each supplement hereto, any document incorporated by reference herein and the Final Terms with respect to any issue of Notes admitted to the Official List and traded on the Regulated Market of the Luxembourg Stock Exchange will be published on and available electronically from the Luxembourg Stock Exchange's website (<http://www.bourse.lu>) free of charge during the life of this Base Prospectus.
- (7) The following documents, or copies thereof, will be available, during normal business hours on any weekday (Saturdays and public holidays excepted), for inspection at the office of the relevant Fiscal Agent and at the office of the Paying Agent in Luxembourg:
 - (i) the Memorandum and Articles of Association of JPMIDL;
 - (ii) the Articles of Association of JPMCB;
 - (iii) the Agency Agreement (which includes the form of the Global Notes, the definitive Bearer Notes, the Certificates, the Coupons, the Receipts and the Talons);
 - (iv) the Programme Agreement;
 - (v) the Deed of Covenant;
 - (vi) the Guarantee; and
 - (vii) any supplement or amendment to any of the foregoing.Documents will also be available as specified in the Registration Documents.
- (8) In March 2003 the European Commission published a proposal for a Directive of the European Parliament and of the Council on the harmonisation of transparency requirements with regard to information about issuers whose securities are admitted to trading on a

regulated market in the European Union (2003/0045(COD)) (the "**Transparency Directive**"). If, as a result of the adoption of the Transparency Directive or any legislation implementing the Transparency Directive or any legislation implementing the Transparency Directive, JPMIDL or JPMCB could be required to publish financial information either more regularly than it otherwise would be required to or according to accounting principles which are materially different from the accounting principles which it would otherwise use to prepare its published financial information, or any other requirements are imposed on JPMIDL or JPMCB which it considers burdensome, JPMIDL may delist the Notes if it so decides or it may (but is not obliged to) seek an alternative admission to listing, trading and/or quotation for the Notes by such other listing authority, stock exchange and/or quotation system outside the European Union as it may decide.

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