**PROSPECTUS**

Dated 24th May, 2006

**ALLEGRO INVESTMENT CORPORATION S.A.**

**(incorporated with limited liability (société anonyme) under the laws of the Grand Duchy of Luxembourg registered with the trade and companies register at the Luxembourg district court under number B.82.192 and acting in respect of the 2006-261-G Compartment)**

**Offer of up to 20,000 Series 2006-261-G Premium Express Defensiv Zertifikat 2 Dow Jones EUROSTOXX 50® Index Linked Limited Recourse Secured Notes of EUR 1,000 each due 8th July, 2011 (the "Notes")**
**issued pursuant to the Equity First Product Programme**

Application will be made to the Luxembourg Stock Exchange for the Notes to be admitted to the official list of the Luxembourg Stock Exchange, and for the Notes to be admitted to trading on the regulated market of the Luxembourg Stock Exchange (the **Regulated Market**) pursuant to Investment Services Directive 93/22/EEC. References in this Prospectus to Notes being listed (and all related references) shall mean that such Notes will be admitted to trading on the Regulated Market of the Luxembourg Stock Exchange. The Regulated Market is a regulated market for the purposes of the Investment Services Directive 93/22/EC. Application will also be made for the Notes to be included on the regulated unofficial market of the Stuttgart Stock Exchange (*Freiverkehr*) and to be included on the regulated unofficial market of the Frankfurt Stock Exchange (*Freiverkehr*).

The competent authority in Luxembourg has provided Bundesanstalt für Finanzdienstleistungsaufsicht (*BaFin*) (the competent authority in Germany) with a certificate of approval attesting that this Prospectus has been drawn up in accordance with the Prospectus Directive (as defined below) and the Luxembourg act dated 10th July, 2005 on prospectuses for securities.

This Prospectus comprises a prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the **Prospectus Directive**) and for the purpose of giving information with regard to Allegro Investment Corporation S.A. (the **Issuer**) which is necessary to enable the investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer. This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "Documents Incorporated by Reference" below).

This Prospectus has been prepared for the purpose of giving information about the offer and issue of up to 20,000 Series 2006-261-G Premium Express Defensiv Zertifikat 2 Dow Jones EUROSTOXX 50® Index Linked Limited Recourse Secured Notes of EUR 1,000 each due 8th July, 2011 (the **Notes**) by the Issuer pursuant to the EUR 15,000,000,000 Equity First Product Programme established by Allegro Investment Corporation SA (the **Equity First Product Programme**). The date of issue of the Notes is expected to be 7th July, 2006.

The Notes provide for a repayment amount at maturity depending on the performance of the Dow Jones EUROSTOXX 50® Index (the **Index**) and do not bear interest. **The Notes are not capital protected and investors in the Notes may lose part or all of their investment in the Notes depending on the performance of the Index during the term of the Notes.**

The Issuer hereby confirms (save for the information included herein on pages 53 to 58 ("Description of the Dow Jones EUROSTOXX 50® Index") with respect to the Index) that, to the best of its knowledge (having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus in the context of the issue of the Notes is true and accurate in all material respects and not misleading and that there are no other facts the omission of which would make any statement herein misleading in any material respect.

The Issuer (the **Responsible Person**) accepts responsibility for the information contained and incorporated by reference in this Prospectus accordingly. The delivery of this Prospectus at any time does not imply that any information contained herein is correct at any time subsequent to the date hereof.

The information included on pages 53 to 58 herein with respect to the Index consists of information which has been reproduced from information which the Issuer has obtained from information published by the Index sponsor. The Issuer accepts responsibility for the accurate reproduction and summary of such information. No further or other responsibility in respect of such information is accepted by the Issuer.

None of the Issuer, the Arranger, the Dealer, the Trustee, the Swap Counterparty, the Swap Guarantor, the Principal Paying Agent, the Calculation Agent or the Paying Agent (the **Transaction Participants**) has verified any of the information relating to the Index in this Prospectus and, accordingly, none of them makes any representation or warranty, express or implied, as to its accuracy or completion.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Trustee, the Dealer or the Arranger.

Investors in the Notes should conduct such independent investigation and analysis regarding the Issuer, the security arrangements (including, without limitation, with regard to the Index, the Swap Counterparty and the Swap Guarantor and the full terms of the Charged Agreements) and the Notes as they deem appropriate to evaluate the merits and risks of an investment in the Notes. The Arranger, the Dealer, the Swap Counterparty and the Swap Guarantor make no representation, recommendation or warranty, express or implied, regarding the accuracy, adequacy, reasonableness or completeness of the information contained herein or in any further information, notice or other document which may at any time be supplied in connection with the Notes and accept no responsibility or liability therefor.

This Prospectus does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Notes or the distribution of this Prospectus in any jurisdiction where such action is required.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) and may not be offered or sold in the United States (as defined in Regulation S (**Regulation S**) under the Securities Act) or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) unless the Notes are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available. See "Subscription, Sale and Transfer Restrictions - United States of America" set out under page 158 to page 170 of the Base Prospectus incorporated by reference herein.

The Issuer will not be registered under the U.S. Investment Company Act of 1940, as amended (the **Investment Company Act**).

In making an investment decision prospective investors must rely on their own examination of the Issuer and the terms of this offering, including the merits and risks involved. The Notes offered hereby have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Prospectus. Any representation to the contrary is a criminal offence.

The Notes will initially be represented by interests in a temporary global bearer note, without interest coupons, which will be deposited with Clearstream Banking AG, Frankfurt (**Clearstream, Frankfurt** or the **Clearing System**). Co-ownership interests in a temporary global bearer note will be exchangeable in whole or in part (free of charge) upon request for co-ownership interests in a permanent global bearer note on or after the date which is the later of (i) 40 days after the date on which the temporary global bearer note is issued and (ii) expiry of the applicable Distribution Compliance Period (as defined in Regulation S under the U.S. 1933 Securities Act) and upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury regulations. Co-ownership interests in the global notes may be transferred in accordance with applicable law and the rules and regulations of the Clearing System. Definitive Bearer Notes will generally not be issued. The permanent global bearer note will be exchangeable (free of charge), in whole but not in part, for definitive bearer notes only upon the occurrence of an Exchange Event (for further details see Condition 1(b)(ii) of the "Terms and Conditions of the Notes" (below) (the **Terms and Conditions**)).

Prospective investors should ensure that they understand fully the nature of the Notes, as well as the extent of their exposure to risks associated with an investment in the Notes and should consider the suitability of an investment in the Notes in the light of their own particular circumstances and financial conditions. Prospective investors are therefore advised to review this entire Prospectus, including the Base Prospectus incorporated by reference herein, carefully and should consider, among other things, the risk factors set out under "Risk Factors" on page 10 to page 17 of this Prospectus and the risk factors set out in under "Risk Factors" on page 10 to page 15 of the Base Prospectus, before deciding whether to invest in the Notes. Prospective investors should conduct their own investigations and, in deciding whether or not to purchase the Notes, form their own views of the merits of an investment related to the Index based upon such investigations.

References in this document to **EUR**, **Euro** and **€** are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Communities, as amended by the Treaty on European Union and the Treaty of Amsterdam.

The Notes are expected to be rated Aa1 by Moody's Investors Service Limited as set out in the Rating Letter. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency. A suspension, change or withdrawal of the rating assigned to the Notes may adversely affect the market price of the Notes. The rating solely addresses the Issuer's payment obligations under the Notes as set out in this Prospectus; the rating does not address the level of the Issuer's payment obligations. These payments are funded through payments due from the Swap Counterparty under the Swap Agreement, guaranteed by Citigroup Inc; the rating is thus based on, amongst other things, the ability of Citigroup Inc. (currently rated Aa1), to meet its obligations under the Swap Agreement.

**The only assets of the Issuer available to meet the claims of the Noteholders will be the assets secured in respect of the Notes and will not include any other assets of the Issuer.**

***Arranger and Dealer***
**Citigroup Global Markets Limited**

The date of this Prospectus is 24th May, 2006.

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## SUMMARY

**This Summary must be read as an introduction to this Prospectus and any decision to invest in any Notes should be based on a consideration of this Prospectus as a whole, including the documents incorporated by reference. Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area no civil liability will attach to the Responsible Person in any such Member State in respect of this Summary, including any translation hereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. Where a claim relating to 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 the Prospectus before the legal proceedings are initiated.**

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| **Issuer:** | Allegro Investment Corporation S.A., a special purpose vehicle incorporated under the law of the Grand Duchy of Luxembourg on 22nd May, 2001.<br><br>The Issuer is a securitisation company authorised and supervised by the *Commission de Surveillance du Secteur Financier* (the **CSSF**) pursuant to the Luxembourg law of 22nd March, 2004 on securitisation (the **Securitisation Law**). Under the Securitisation Law, the assets, liabilities and obligations of the Issuer are segregated into separate Compartments. The assets of each Compartment are, by operation of the Securitisation Law, only available to satisfy the liabilities and obligations of the Issuer which are incurred in relation to that Compartment. |
| **Description:** | Up to 20,000 Series 2006-261-G Premium Express Defensiv Zertifikat 2 Dow Jones EUROSTOXX 50® Index Linked Limited Recourse Secured Notes of EUR 1,000 each due 8th July, 2011**.**<br><br>If the Notes are not repaid early, the Notes will be repaid on the Maturity Date (scheduled to be 8th July, 2011) at the Final Repayment Amount, as described below.<br><br>The Notes will be repaid early on a Mandatory Early Repayment Date (scheduled to be 23rd July, 2007, 9th July, 2008, 9th July, 2009 and 9th July, 2010) at the relevant Mandatory Early Repayment Amount per Note specified in Condition 7(n) if the closing level of the Index on the corresponding Valuation Date is equal to, or greater than, 90 per cent. of the closing level of the Index on the Strike Date (scheduled to be 30th June, 2006).<br><br>The Final Repayment Amount payable in respect of the Notes is linked to the closing level of the Dow Jones EUROSTOXX 50® Index (the **Index**) on the final Valuation Date relative to 90 per cent. of its closing level on the Strike Date. The Final Repayment Amount may be less than the Specified Denomination of the Note. The Notes do not accrue or pay interest. |

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| | The Notes described herein represent one Tranche of one Series of Notes issued by the Issuer pursuant to the Equity First Product Programme. Under the Equity First Product Programme, the Issuer may issue Notes in bearer or registered form and denominated in any currency. The types of Notes that may be issued under the Programme include Fixed Rate Notes, Floating Rate Notes, Index Linked Notes, Dual Currency Notes, Zero Coupon Notes and Equity-Linked Notes. Each Series of Notes issued by the Issuer is secured by the Mortgaged Property for that Series and no holder of one Series of Notes has any recourse to the Mortgaged Property of another Series of Notes. |
| **Business:** | The business of the Issuer is restricted by the terms of the Trust Deed and the only assets of the Issuer available to meet claims of Noteholders of the relevant Notes are the assets comprised in the relevant collection of assets, rights and other benefits comprising the security for the Notes.<br><br>The restrictions on the activities of the Issuer are set out under "Business of the Issuer" below. |
| **Arranger, Dealer and Calculation Agent:** | Citigroup Global Markets Limited. |
| **Principal Paying Agent and Custodian:** | Citibank, N.A. |
| **German Paying Agent:** | Citigroup Global Markets Deutschland AG & Co. KGaA. |
| **The Grand Duchy of Luxembourg Paying Agent:** | Fortis Banque Luxembourg S.A. |
| **Trustee:** | Citigroup Trustee Company Limited. |
| **Security and Status of the Notes:** | The Notes are secured, limited recourse obligations of the Issuer, in the manner described in Condition 3 (*Security*) and Condition 12 (*Enforcement*), and will rank *pari passu* without any preference among themselves. The Notes are secured in the Trust Deed by the security interests governed by English law described in Condition 3 (*Security*) of the Terms and Conditions of the Notes over the relevant Charged Agreements. Prior to the enforcement of the security for the Notes, the proceeds of the Mortgaged Property of the relevant Series will be applied in accordance with the order of priorities set out under "Terms and Conditions of the Notes" below. |
| **Form of Notes:** | The Notes will be issued in bearer form in the denomination of the Nominal Amount and will be issued in compliance with the TEFRA D rules. |
| **Issue Price:** | 100 per cent. of the Specified Denomination of the Notes. |

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| **Offer Period:** | Open of business on 1st June, 2006 to the close of business on 30th June, 2006 subject to the Issuer's right in its sole discretion to shorten or extend such offer period. |
| **Issue Date:** | 7th July, 2006. |
| **Nominal Amount:** | EUR 1,000, being the Specified Denomination of each Note. |
| **Minimum trading size:** | EUR 1,000. |
| **Minimum Investment:** | EUR 1,000. |
| **Risk Factors:** | Prospective purchasers of the Notes should ensure that they understand fully the nature of the Notes, as well as the extent of their exposure to risks associated with an investment in the Notes and should consider the suitability of an investment in the Notes in light of their own particular financial, fiscal and other circumstances. The attention of prospective purchasers of the Notes is drawn to the section headed "Risk Factors" on pages 10 to 17 of this Prospectus and also to the section headed "Risk Factors" on pages 10 to 15 of the Base Prospectus.<br><br>Prospective purchasers of the Notes should note in particular that the receipt of a return on principal in excess of the Nominal Amount of the Notes is dependent on the performance of the Index. The value of the Index may go down as well as up. Prospective investors may receive an amount less than their initial investment if (a) the Notes repay early in certain circumstances prior to the stated maturity date of the Notes; (b) investors sell the Notes prior to the stated maturity date of the Notes; or (c) the Swap Counterparty and/or the Swap Guarantor default in respect of the performance of their obligations to make payments pursuant to the Charged Agreements.<br><br>The Issuer is a special purpose limited liability company which does not have substantial assets of its own to support its obligations under the Notes and amounts due to Noteholders will only be paid from funds paid to the Issuer under the Swap Agreement(s). If the Swap Counterparty fails to meet any of its payment obligations under the terms of the Swap Agreement, the Swap Guarantor will be obliged to meet such payment obligations.<br><br>Therefore Noteholders assume full credit risk of the Issuer, the Swap Counterparty and the Swap Guarantor.<br><br>Investors in the Notes are subordinated in their claims to the rights of certain other parties and all rights of recourse of holders of the Notes is limited to the Mortgaged Property for the Notes. |
| **Swap Counterparty:** | Citigroup Financial Products Inc. (**CFPI**). |
| **Swap Guarantor:** | Citigroup Inc. |

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| **Charged Agreements:** | The Swap Agreement comprises an Amended and Restated ISDA Master Agreement dated as of 11th November, 2005, as amended, between the Issuer and CFPI (the **Master Agreement**) and a swap transaction between the Issuer and CFPI as evidenced by a confirmation to be dated 7th July, 2006 (the **Confirmation**) which supplements, forms a part of and is subject to the Master Agreement.<br><br>The Swap Guarantee comprises a guarantee dated as of 11th November, 2005 in respect of CFPI, by Citigroup Inc.<br><br>The Swap Agreement is governed by English law and the Swap Guarantee is governed by New York law. |
| **Specified Currency:** | Euro (**€** or **EUR**). |
| **Early Repayment:** | In addition to the possibility that the Notes may be repaid on a Mandatory Early Repayment Date as a result of the performance of the Index, the Notes will be subject to early repayment upon the occurrence of certain other events. Following the occurrence of any such event the Notes shall be repaid and the Issuer shall pay the Early Repayment Amount (if any) in respect of each Note. Such events include:<br><br>(a) termination of the Charged Agreements; or<br><br>(b) the performance of the Issuer's obligations under the Notes becoming illegal or impossible; or<br><br>(c) an Event of Default (as described in Condition 11 (*Events of Default*) of the Notes). |
| **Withholding Tax:** | All payments by the Issuer in respect of the Notes made subject to any withholding or deduction for, or on account of, any applicable taxation. |
| **Governing Law of the Notes:** | English law. |
| **Listing and admission to trading:** | Application will be made for the Notes to be listed on the official list of, and to be admitted to trading on the regulated market of, the Luxembourg Stock Exchange. Applications will also be made for the Notes to be included on the regulated unofficial market of the Stuttgart Stock Exchange (*Freiverkehr*) and to be included on the regulated unofficial market of the Frankfurt Stock Exchange (*Freiverkehr*). |
| **Selling Restrictions:** | There are selling restrictions in relation to the United States and the European Economic Area (including the United Kingdom and Germany). |
| **Rating:** | The Notes are expected on issue to be assigned an Aa1 rating by Moody's Investors Service Limited. |
| **Use of Proceeds:** | The net proceeds from the issue of the Notes will be applied by the |

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| | Issuer (a) to enter into or pay any amount required under or in respect of the related Charged Agreements, (b) to pay a distribution commission of 3.00 per cent. of the aggregate Nominal Amount of the Notes to the distributor(s) of the Notes and (c) to pay expenses or any applicable fees in connection with the administration of the Issuer. |
| **Estimated Net Proceeds:** | 100 per cent. of the aggregate Nominal Amount of the Notes issued on the Issue Date. |
| **Estimated Total Expenses:** | EUR 30,000. |
| **Clearing Systems:** | The Notes will be accepted for clearance through Euroclear, Clearstream, Frankfurt and Clearstream, Luxembourg.<br><br>ISIN: DE000CG0EY53.<br>Common Code: 025522567.<br>WKN: CG0EY5. |
| **Delivery:** | Delivery against payment. |

## RISK FACTORS

An investment in the Notes is only suitable for investors who have sufficient knowledge and experience to evaluate the merits and risks of an investment in the Notes. Before deciding whether to invest in the Notes, potential investors should carefully review the information contained in this Prospectus in light of their own financial circumstances and investment objectives.

**Suitability**

Prospective investors should determine whether an investment in the Notes is appropriate in their particular circumstances and should consult with their legal, business and tax advisers to determine the consequences of an investment in the Notes and to arrive at their own evaluation of the investment.

Investment in the Notes is only suitable for investors who:

(a) have the requisite knowledge and experience in financial and business matters to evaluate the merits and risks of an investment in the Notes;

(b) have access to, and knowledge of, appropriate analytical tools to evaluate such merits and risks in the context of their financial situation;

(c) are capable of bearing the economic risk of an investment in the Notes until the Maturity Date; and

(d) recognise that it may not be possible to dispose of the Notes for a substantial period of time, if at all prior to the Maturity Date.

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

**No Capital Protection**

The Notes are not capital protected. Investors in the Notes may lose part of all of their investment in the Notes if the closing level of the Index on the final Valuation Date (expected to be 1st July, 2011) is lower than the 90% of the closing level of the Index on the Strike Date (expected to be 30th June, 2006), and the closing level of the Index on any day during the term of the Notes has been equal to or lower than 50 per cent. of the closing level of the Index on the Strike Date.

Furthermore, the repayment amount payable in respect of each Note may be less than the Specified Denomination if (i) the Notes repay early in certain circumstances prior to the Maturity Date; (ii) investors sell their Notes prior to the Maturity Date; or (iii) the Swap Counterparty and/or the Swap Guarantor default in respect of the performance of their obligation to make payments pursuant to the Charged Agreements. In

such cases the price for which the Notes may be sold, or the Early Repayment Amount of the Notes, will not provide for a protected return of an amount equivalent to the Specified Denomination.

**The Notes do not bear interest**

No interest will be payable in respect of the Notes irrespective of the performance of the Index. Accordingly, if the Notes are repaid at their Specified Denomination investors will have foregone the opportunity to earn any return on their capital.

**Market volatility**

Market volatility reflects the degree of instability and expected instability of the performance of the Index and the securities comprised therein. The level of market volatility is not purely an indicator for the actual volatility, but is largely determined by the prices for financial instruments supposed to protect investors against such market volatility. The prices of these instruments are determined by forces of supply and demand in the options and derivative markets generally. These forces are, themselves, affected by factors such as actual market volatility, expected volatility, economic factors and speculation.

**Potential conflicts**

The Swap Counterparty or any of the Swap Counterparty's affiliates may from time to time engage in transactions involving the Index or the securities comprised therein for their proprietary accounts and for accounts under their management. Such transactions may have a positive or negative effect on the level of the Index and consequently upon the value of the Notes. In addition, the Swap Counterparty or any of the Swap Counterparty's affiliates may from time to time act in other capacities with regard to the Notes, such as Calculation Agent. Furthermore, the Swap Counterparty or any of the Swap Counterparty's affiliates may also issue other derivative instruments in respect of the Index or the securities comprised therein and the introduction of such competing products into the marketplace may affect the value of the Notes. The Swap Counterparty or any of the Swap Counterparty's affiliates may also act as underwriter in connection with future offerings of any of the securities comprised in the Index or may act as financial adviser to the issuer, or sponsor, as the case may be, of any such securities or in a commercial banking capacity for the issuer, or sponsor, as the case may be, of any such securities. Such activities could present certain conflicts of interest and may affect the value of the Notes.

**Price risk/early repayment**

The price of the Notes may, in particular in the event of an early repayment, fall below the acquisition costs (see also "Liquidity risk" below). An increase of the general interest rate level during the term of the investment in the Notes may result in a corresponding decrease of the price of the Notes. Interest rates are determined by factors of supply and demand in the international money markets which are affected by economic factors, speculation and central bank and government intervention. Fluctuations in short term and/or long term interest rates may affect the value of the Notes. Fluctuations in interest rates of the currency in which the Notes are denominated and/or fluctuations in interest rates of the currency or currencies in which the securities comprised in the Index are denominated may affect the value of the Notes.

**Influence of incidental costs on profit expectations**

Fees and other transaction costs arising from the purchase or sale of the Notes may, in particular in combination with a low transaction volume, lead to a cost burden, which may considerably reduce or even eliminate the profit potential of the Notes. Investors should, therefore, obtain information as to the additional costs of purchasing or selling Notes before purchasing the Notes.

Even if the Notes are repaid at their nominal amount, any issue surcharge will, however, not be refunded.

**Risk-excluding or risk-limiting transactions**

Investors may not rely upon being able to enter into transactions which may exclude or limit loss exposure to the Notes during the term of the Notes. The possibility of entering into risk-excluding or risk-limiting transactions depends in particular on market conditions and the relevant underlying circumstances. Investors may be able to enter into such transactions only at an unfavourable market price resulting in an additional loss for the investors.

Prospective purchasers intending to purchase Notes to hedge the market risk associated with investing in securities comprised in the Index should be aware of the difficulties associated therewith. For example, the value of the Notes may not exactly correlate with the value of the securities comprised in the Index. Due to fluctuating supply and demand for the Notes, there is no assurance that their value will correlate with movements of the prices of the securities comprised in the Index. For these reasons, among others, it may not be possible to purchase or liquidate securities in a portfolio at the prices used to calculate the value of the Notes.

**Discretion**

The terms of the Notes confer on the Calculation Agent some discretion in making determinations and calculations in relation to, *inter alia* the Official Closing Level of the Index in respect of any relevant date and in making adjustments to the Index or in making determinations with respect to any early repayment. Whilst the Calculation Agent will act in good faith and in a commercially reasonable manner in exercising its discretion, there can be no assurance that the exercise of any such discretion will not affect the value of the Notes, the occurrence or the date of an early repayment of the Notes or the amount at which the Notes are repaid.

**Liquidity risk**

There can be no assurance that a market for the Notes will exist. Whilst the Dealer intends under ordinary market conditions to indicate prices in the Notes on a daily basis, there can be no assurance at which price such a bid would be made. The price given, if any, may be affected by many factors including, but not limited to, the remaining term and outstanding principal amount of the Notes, the performance of the Index, anticipated index level volatility, interest rates, fluctuations in exchange rates and credit spreads. Each holder of Notes may tender their Notes for repurchase by the Dealer, and the Dealer intends under ordinary market conditions to use reasonable efforts to make such repurchase on a daily basis. However, prospective investors must be prepared to hold the Notes for an indefinite period of time or until the repayment or maturity of the Notes. In addition, prospective investors should note that the Notes are subject to certain transfer restrictions and can only be transferred to certain transferees. Such restrictions on the transfer of the Notes may further limit their liquidity.

**Taxation**

Each holder of the Notes is responsible for taxes or similar expenses which arise as a result of the payments made in connection with the Notes and has to bear those charges himself. The Issuer will not pay any additional amounts to holders of the Notes in respect of such taxes or expenses (see also the section headed "Grand Duchy of Luxembourg Taxation" in the Base Prospectus).

**Withholding on the Notes**

In the event that withholding or deduction of any taxes from payments in respect of the Notes is required by law in any jurisdiction, the Issuer is not under any obligation to make any additional payments to the holders of any Notes in respect of such withholding or deduction.

**EU Savings Directive**

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required, from 1st July, 2005, to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. 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). A number of non-EU countries and territories, including Switzerland, have agreed to adopt similar measures (a withholding system in the case of Switzerland) with effect from the same date.

**Advice by the investor's bank**

These risk warnings do not substitute individual advice by an investment adviser or the investor's bank, which should in any event be obtained prior to the decision to purchase. Investment decisions should not be made solely on the basis of these risk warnings since the information contained herein cannot serve as a substitute for individual advice which is tailored to the requirements, investment objectives, experience, knowledge and circumstances of an investor.

**Leveraging of an investment with loans**

If you use a loan to finance the acquisition of the Notes, in case of a failure of your expectations, you not only have to face a realised loss, but you will also have to repay the loan and pay interest thereon. This significantly increases the risk of a loss. You should never assume that you may repay the loan or pay interest thereon from the profits of a transaction. Instead, you should assess your financial situation prior to an investment, as to whether you are able to pay interest on the loan, or to repay the loan on demand, even if you may suffer losses, instead of realising gains.

**Credit risk**

Investors in the Notes should have such knowledge and experience in financial and business matters and expertise in assessing credit risk and be capable of evaluating the merits, risks and suitability of investing in the Notes including any credit risk associated with the Issuer, the Swap Counterparty and the Swap Guarantor (and in the event that the Swap Counterparty transfers all or part of its interest and obligations under the Swap Agreement to an affiliate of the Swap Counterparty, to any credit risk associated with such affiliate).

The rating solely addresses the Issuer's payment obligations under the Notes as set out in this Prospectus; the rating does not address the level of the Issuer's payment obligations. These payments are funded through payments due from the Swap Counterparty under the Swap Agreement, guaranteed by Citigroup Inc.; the rating is thus based on, amongst other things, the ability of Citigroup Inc. (currently rated "Aa1") to meet its obligations under the Swap Agreement.

**Debtor of the Notes and limited recourse**

The sole debtor of the Notes is the Issuer. Holders of Notes may, therefore, demand payments, which they are entitled to receive pursuant to the Terms and Conditions, only from the Issuer.

None of the Trustee, the shareholders of the Issuer, the Swap Counterparty or the Swap Guarantor is obliged to make any payments payable by the Issuer to the holder of the Notes with respect to the Notes. (For further Information regarding the Trustee, the Swap Counterparty and the Swap Guarantor, please refer to the Terms and Conditions.)

THE NEW YORK LAW SWAP GUARANTEE SECURES ONLY THE OBLIGATIONS OF THE SWAP COUNTERPARTY AGAINST THE ISSUER UNDER THE SWAP AGREEMENT. THE SWAP GUARANTOR DOES ***NOT*** GUARANTEE THE OBLIGATIONS OF THE ISSUER UNDER THE NOTES TO MAKE PAYMENTS TO THE HOLDERS OF NOTES. THE SWAP GUARANTEE DOES NOT CONSTITUTE A GUARANTEE OF THE PAYMENT OBLIGATIONS OF THE ISSUER UNDER THE NOTES.

The Issuer is a special purpose vehicle with limited own capital whose sole business purpose is to issue notes. The Issuer is not able to meet its payment obligations with respect to the Notes from assets and cash resources other than the Swap Agreement. If unexpected expenses occur (for which no provisions have been made) the Issuer may possibly not be able to pay those expenses which would result in an early termination of the Notes.

If the Swap Counterparty fails to make to the Issuer the payments payable under the Swap Agreement (as described in the Terms and Conditions), the Issuer may not be able to meet its obligations with respect to the Notes. In such case the Swap Agreement would be terminated as set forth in Condition 7(d) of the Terms and Conditions, and the Notes would be repaid at their Early Repayment Amount (as defined in Condition 7(h)) of the Terms and Conditions).

Only the rights and claims of the Issuer in respect of the Swap Agreement, the Swap Guarantee and the Agency Agreement serve as collateral for the Notes. The underlying Index neither serves as collateral nor will it be purchased by the Issuer.

Payments to the holders of the Notes are made pursuant to the following provisions:

(a) All payments to be made by the Issuer pursuant to the Terms and Conditions of the Notes of this Series will be made only from and to the extent of the sums received or recovered from time to time by or on behalf of the Issuer or the Trustee in respect of the Mortgaged Property (as defined in Condition 3(a) of the Terms and Conditions) applied in accordance with the order of priorities set out in Condition 3(e) of the Terms and Conditions;

(b) to the extent that such sums are less than the amount which the holders of the Notes are entitled to receive in accordance with the Terms and Conditions of the Notes (the difference being referred to herein as a "shortfall"), such shortfall will be borne by such holders in accordance with the inverse of the order of priorities set out in Condition 3(e) of the Terms and Conditions; and

(c) It is expressly pointed out to each holder of Notes that:

    (i) the holders of the Notes shall look solely to the sums referred to in paragraph (a), as applied in accordance with paragraphs (a) and (b) above, (the **Relevant Sums**) for payments to be

made by the Issuer in respect of the Notes and the Swap Agreement pursuant to the Terms and Conditions;

(ii) the obligations of the Issuer to make payments in respect of the Notes will be limited to the Relevant Sums and the holders of the Notes and the Swap Counterparty shall have no further recourse to the Issuer in respect of the Notes or the Swap Agreement, respectively;

(iii) without prejudice to the foregoing, any right of the holders of the Notes to claim payment of any amount exceeding the Relevant Sums shall be automatically extinguished; and

(iv) the holders of the Notes and the Swap Counterparty shall not be able to petition for the winding up of the Issuer as a consequence of any such shortfall.

No such shortfall shall constitute an Event of Default under Condition 11 (*Events of Default*) of the Terms and Conditions nor entitle the Swap Counterparty or the Swap Guarantor to terminate the remainder of the Charged Agreements (as defined in Condition 3(c) of the Terms and Conditions).

None of the Trustee, the shareholders of the Issuer, the Swap Counterparty or the Swap Guarantor has any obligation to any Noteholder for payment of any amount by the Issuer in respect of the Notes.

**Governing law**

The Notes are governed by English law. The Notes are not governed by German Law. In addition, the Swap Agreement is governed by English law and the Swap Guarantee is governed by New York law.

## ADDITIONAL RISK FACTORS FOR THE NOTES

**Factors affecting the Index**

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

Investors should also note that dividends paid to holders of the securities comprised in the Index will not be paid to the Issuer or to the Noteholders. The return on the Notes will therefore not reflect any dividends which would be paid to investors that have made a direct investment in the securities comprised in the Index. Consequently, the return on the Notes may be less than the return from a direct investment in the securities comprised in the Index.

**Mandatory Early Repayment depending on the Index performance**

The Issuer will repay each Note on a Mandatory Early Repayment Date at the applicable Mandatory Early Repayment Amount if the closing level of the Index on any Valuation Date (other than the final Valuation Date falling in July 2011) is equal to or higher than the closing level of the Index on the Strike Date, as more fully set out in Condition 7(n). In this case Noteholders are subject to a reinvestment risk, as they may not be able to replace their investment in the Notes with an investment with a similar profile of chances and risks as at the relevant Mandatory Early Repayment Date.

**Early Repayment in other cases**

Furthermore, the Notes are subject to early repayment in the following circumstances:

(a) Termination of the Charged Agreements, pursuant to Condition 7(d).

The Swap Agreement may be terminated prior to the Maturity Date of the Notes if one or more of the following events occurs (as more fully described in the Swap Agreement):

(i) the Notes become payable in whole in accordance with the Terms and Conditions prior to the Maturity Date;

(ii) at the option of the Issuer or the Swap Counterparty, if the other party fails (after the giving of notice and the expiration of the applicable grace period) to pay any amounts due, or comply with, or perform any obligation under the Swap Agreement;

(iii) at the option of either the Issuer or the Swap Counterparty, if withholding taxes are imposed on payments made by the Issuer or the Swap Counterparty under the Swap Agreement;

(iv) at the option of either the Issuer or the Swap Counterparty, if it becomes illegal for either party to perform its obligations under the Swap Agreement; and

(v) upon the occurrence of certain other events, including a breach of representation by the Swap Counterparty, insolvency of either party to the Swap Agreement, or a merger without an assumption of the obligations in respect of the Swap Agreement by the Swap Counterparty.

For further information in relation to the Swap Agreement, prospective investors are referred to the section entitled "Information about the Swap Agreement".

(b) Early Repayment for Extraordinary Reason, Illegality and Force Majeure, pursuant to Condition 7(m) of the Terms and Conditions.

(c) Event of Default, pursuant to Condition 11.

In such cases, the Early Repayment Amount that will be determined by the Calculation Agent in accordance with the Terms and Conditions will not provide for a minimum repayment amount per Note equivalent to the Specified Denomination. The Early Repayment Amount will be determined by the Calculation Agent in accordance with the Terms and Conditions.

## ADDITIONAL RISK FACTORS IN RELATION TO THE CHARGED AGREEMENTS

So long as the Charged Agreements are outstanding, the ability of the Issuer to meet its obligations under the Notes will be dependent, *inter alia*, on the Issuer's receipt of payments from the Swap Counterparty and the Swap Guarantor under the Charged Agreements. Consequently, the Issuer is relying on the creditworthiness of the Swap Counterparty and the Swap Guarantor and their performance of their respective obligations to make payments pursuant to the Charged Agreements. Accordingly, the Noteholders assume the credit risk of the Swap Counterparty and the Swap Guarantor. None of the Issuer, the Trustee, the Dealer, the Arranger, the Principal Paying Agent, the Calculation Agent and the Paying Agents has made any investigation of, or makes any representation or warranty, express or implied, as to the Swap Counterparty or the Swap Guarantor. Prospective investors in the Notes should make their own investigation of the Swap

Counterparty and the Swap Guarantor (including with regard to their financial condition and creditworthiness) and the full terms of the Charged Agreements.

**Transfer of Swap Agreement**

The terms of the Swap Agreement will provide that the Swap Counterparty may, without the consent of Noteholders or the Issuer, transfer all or part of its interest and obligations in and under the Swap Agreement to any affiliate of the Swap Counterparty (the **Transferee**), provided that the Transferee either: (a) has at least an equivalent credit rating as of the date of such transfer to that of the Swap Guarantor as of the date of such transfer; or (b) is guaranteed by the Swap Guarantor or an affiliate of the Swap Counterparty that has a credit rating as at the date of such transfer that is at least equivalent to that of the Swap Guarantor as at the date of such transfer on substantially the same terms as the existing guarantee of the Swap Counterparty's obligations, and provided that certain requirements and conditions set out in the Swap Agreement and the Supplemental Trust Deed have been satisfied. These requirements and conditions include (without limitation) the requirement that: (i) the Transferee shall, at the time of such transfer, have entered into an ISDA Master Agreement with the Issuer on substantially the same terms as the ISDA Master Agreement between the Issuer and the Swap Counterparty; (ii) as of the date of such transfer the Transferee will not, as a result of such transfer, be required to withhold or deduct on account of tax under the ISDA Master Agreement; (iii) Moody's Investors Service Limited has provided prior written notification that the then current ratings of the Notes will not be adversely affected; (iv) a Termination Event or an Event of Default does not occur under the Swap Agreement as a result of such transfer; and (v) no additional amount will be payable by the Issuer to the Swap Counterparty or to the Transferee on the next succeeding scheduled payment date as a result of such transfer.

Consequently, in the case of a transfer of the Swap Agreement to an affiliate transferee having at least an equivalent credit rating as of the date of such transfer to that of the Swap Guarantor or is guaranteed by an affiliate of the Swap Counterparty (other than the Swap Guarantor) that as of the date of such transfer is so rated, the Issuer and ultimately the Noteholders will be exposed to the creditworthiness of such affiliate transferee or such other swap guarantor, as the case may be, and its respective ability to meet the payment obligations that have been so transferred in substitution for an exposure to the Swap Guarantor. As a result of any transfer of the Swap Agreement to an affiliate transferee, the jurisdiction of such affiliate transferee shall be the relevant jurisdiction for the purposes of determining the occurrence of any tax event pursuant to Section 5(b)(ii) of the ISDA Master Agreement.

Upon such transfer, the Calculation Agent shall adjust such of the Terms and Conditions of the Notes as it shall in its sole and absolute discretion determine to be appropriate to reflect that the Swap Counterparty has transferred all or part of its interest and obligations in and under the Swap Agreement to an affiliate of the Swap Counterparty and shall determine the effective date of that adjustment.

**THE CONSIDERATIONS SET OUT ABOVE ARE NOT, AND ARE NOT INTENDED TO BE, A COMPREHENSIVE LIST OF ALL CONSIDERATIONS RELEVANT TO A DECISION TO PURCHASE OR HOLD THE NOTES. THE ATTENTION OF INVESTORS IS ALSO DRAWN TO THE SECTION HEADED "RISK FACTORS" IN THE BASE PROSPECTUS.**

## DOCUMENTS INCORPORATED BY REFERENCE

The following document is also deemed to be incorporated into and form part of this Prospectus:

(a) the base prospectus dated 11th November, 2005 of the Issuer in respect of Notes issued by it pursuant to its Equity First Programme (the **Base Prospectus**) with the exception of (a) the summary section on pages 7 to 9 thereof, and (b) the Terms and Conditions on pages 35 to 97 thereof (which shall for the avoidance of doubt, in each case, be replaced by the sections herein entitled "Summary" and "Terms and Conditions of the Notes" respectively); and

(b) the prospectus supplement to the Base Prospectus dated 9th March, 2006 of the Issuer (the **Prospectus Supplement**) which supplements and forms part of the Base Prospectus (references herein to the Base Prospectus shall be deemed to include the Prospectus Supplement),

save that any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained in any document which is subsequently incorporated by reference herein by way of a supplement prepared in accordance with Article 16 of the Prospectus Directive modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus. Terms used herein but not otherwise defined shall have the meanings given to them in the Base Prospectus. This Prospectus must be read in conjunction with the Base Prospectus and full information on the Issuer and the offer of the Notes is only available on the basis of the combination of the provisions set out within this document and the Base Prospectus.

In relation to the Base Prospectus, the following information appears on the specified pages:

| **Information** | **Section of source document** |
|---|---|
| Risk Factors | Pages 10 to 15 |
| General Description of the Programme | Pages 16 to 27 |
| Documents Incorporated by Reference | Pages 28 to 30 |
| Form of the Notes | Pages 31 to 34 |
| Use of Proceeds | Pages 115 |
| Description of the Issuer | Pages 123 to 124 |
| Information Concerning Citibank, N.A. | Pages 125 to 129 |
| Information Concerning Citigroup Inc. | Pages 130 to 135 |
| Business of the Issuer | Page 136 |

| | |
|---|---|
| Taxation | Pages 137 to 152 and pages 2 to 4 of the Prospectus Supplement |
| Subscription, Sale and Transfer Restrictions | Pages 158 to 170 |
| Notice to Investors | Pages 171 to 172 |
| General Information | Pages 173 to 175 |

Any information in the Base Prospectus not set out in the relevant cross-reference table above but included in the Base Prospectus is given for information only.

This Prospectus and the documents incorporated by reference in it will be published on the Luxembourg Stock Exchange's website (www.bourse.lu).

The Issuer will provide, without charge upon oral or written request, a copy of any or all of the documents which are incorporated in whole or in part herein by reference. Written or oral requests for such documents should be directed to the Issuer at its principal office set out in this Prospectus. In addition, such documents will be available, free of charge, from the principal office in Luxembourg of Fortis Banque Luxembourg S.A. in its capacity as paying agent in Luxembourg (the **Luxembourg Paying Agent**).

**TERMS AND CONDITIONS OF THE NOTES**

This Note is one of a Series (as defined below) of Notes issued with the benefit of the Trust Deed (as defined below), namely the offer of up to 20,000 Series 2006-261-G Premium Express Defensiv Zertifikat 2 Dow Jones EUROSTOXX 50® Index Linked Limited Recourse Secured Notes of EUR 1,000 each due 8th July, 2011 issued by Allegro Investment Corporation S.A. (the **Issuer**) pursuant to its EUR 15,000,000,000 Equity First Product Programme (the **Equity First Product Programme**).

References herein to the **Notes** shall be references to the Notes of this Series and shall mean:

(i) in relation to the Notes in bearer form (**Bearer Notes**) represented by a temporary or permanent global Note (each a **Bearer Global Note**), units of the lowest Specified Denomination in the Specified Currency;

(ii) any Bearer Global Note; and

(iii) any definitive Notes in bearer form issued in exchange for a Bearer Global Note (each a **Definitive Bearer Note**).

The Notes will be constituted by, and in accordance with, the Amended and Restated Master Trust Deed dated 11th November, 2005 between, *inter alios*, the Issuer and Citicorp Trustee Company Limited as trustee (the **Trustee**) (the Amended and Restated Master Trust Deed as further amended and/or supplemented and/or restated from time to time by trust deeds supplemental thereto but excluding any supplemental trust deed relating to a particular Tranche, Class or Series of Notes, the **Master Trust Deed**) and the Supplemental Trust Deed in respect of the Notes (the **Supplemental Trust Deed** and, together with the Master Trust Deed, the **Trust Deed**) to be dated 7th July, 2006 (the **Issue Date**) between the Issuer, and Citigroup Financial Products Inc. (**CFPI**) (the **Swap Counterparty**) and the Trustee. The Notes are secured by the Trust Deed.

The Notes have the benefit of an Amended and Restated Agency Agreement dated 11th November, 2005, between, *inter alios*, the Issuer, the Trustee, Citibank, N.A. as principal paying agent (the **Principal Paying Agent**, which expression shall include any successor principal paying agent), the other paying agents named therein (together with the Principal Paying Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents), Citigroup Global Markets Limited as redemption agent (the **Redemption Agent**, which expression shall include any additional or successor redemption agent), Citibank N.A. as exchange agent (the **Exchange Agent**, which expression shall include any additional or successor exchange agents), Citibank, N.A. as agent bank (the **Agent Bank**, which expression shall include any additional or successor agent banks), Citigroup Global Markets Deutschland AG & Co. KGaA as registrar (the **Registrar**, which expression shall include any additional or successor registrar) and the transfer agents named therein (each a **Transfer Agent**, which expression shall include any additional or successor transfer agent), (the Agency Agreement as further amended and/or supplemented and/or restated from time to time, together the **Agency Agreement**). The Agency Agreement also provides for the appointment by the Issuer of a calculation agent (the **Calculation Agent**) in relation to any Class (as defined below) or Series of Notes. The Principal Paying Agent, the other Paying Agents, the Redemption Agent, the Exchange Agent, the Agent Bank, the Calculation Agent, the Registrar and the Transfer Agent are hereinafter together referred to herein as the **Agents**. There is also a Custodial Services Agreement dated 23rd May, 2001 between, *inter alios*, the Issuer, the Trustee and Citibank, N.A. as custodian (the **Custodian**, which expression shall include any additional or successor custodians) (as further amended and/or supplemented and/or restated from time to time, the **Custodial Services Agreement**).

Subject as provided below, any reference to **Noteholders** or **holders** in relation to the Notes shall mean the holders of the Notes and shall, in relation to any Notes represented by a Bearer Global Note, be construed as provided below.

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing) and **Class** means a Tranche together with any further Tranche or Tranches of Notes which are (a) expressed to be consolidated and form a single Class and (b) identical in all material respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices and **Series** means Notes which are expressed to be secured on, *inter alia*, the same assets.

Copies of the Trust Deed, the Agency Agreement, the Custodial Services Agreement, and the Charged Agreements (as defined below), are available for inspection during normal business hours at the specified office of each of the Paying Agents. The Noteholders are deemed to have notice of, are bound by and are entitled to the benefit of all the provisions of the Trust Deed, the Custodial Services Agreement, the Agency Agreement, the Charged Agreements and the Prospectus relating to the Notes which are applicable to them. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, the Agency Agreement, the Custodial Services Agreement and the Charged Agreements.

Words and expressions defined in the Trust Deed or the Agency Agreement shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated. In addition, capitalised terms contained in these Terms and Conditions, unless otherwise defined in the Trust Deed or Agency Agreement, shall have the meanings set forth in these Terms and Conditions.

## 1. FORM, DENOMINATION AND TITLE

(a) Form and Denomination

The Notes are in bearer form, denominated in Euro (**€** or **EUR**) (the **Specified Currency**) and each representing EUR 1,000 (the **Specified Denomination**).

(b) Transfer and Title

(i) Bearer Notes

Subject as set out below, title to the Bearer Notes will pass by delivery and in accordance with applicable law. Subject as set out below, the bearer of any Bearer Note will (except as otherwise required by law or ordered by a court of competent jurisdiction or an official authority) be treated as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes.

(ii) Bearer Global Notes

The Notes will initially be represented by interests in a temporary global bearer note (the **Temporary Global Note**), without interest coupons, which will be deposited on the Issue Date with Clearstream Banking AG, Frankfurt (**Clearstream, Frankfurt**). Co-ownership interests in the Temporary Global Note will be exchangeable in whole or in part (free of charge) upon request as described therein for co-ownership interests in a permanent global note (the **Permanent Global Note**) on or after the date (the **Exchange Date**) which is the later of (i) 40 days after the date on which the Temporary Global Note is issued and (ii) expiry of the applicable Distribution Compliance Period (as defined in Regulation S under the United States Securities Act of 1933, as amended

(**Regulation S**)) and upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury regulations.

The Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for Definitive Bearer Notes only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default has occurred and is continuing, (ii) the Issuer has been notified by the Trustee or any Agent that Clearstream, Frankfurt has been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or has announced an intention permanently to cease business or has in fact done so and no successor clearing system acceptable to the Trustee is available, (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Global Note in definitive form and a certificate to such effect is given by the Issuer to the Trustee or (iv) the Issuer would suffer a disadvantage as a result of a change in laws or regulations (taxation or otherwise) or as a result of a change in the practice of Clearstream, Frankfurt which would not be suffered were the Notes in definitive form and a certificate to such effect is given by the Issuer to the Trustee.

Each purchaser or holder of a Note initially represented by the Temporary Global Note or represented by the Permanent Global Note shall be deemed to have represented by such purchase and/or holding that it is not a benefit plan investor, is not using the assets of a benefit plan investor to acquire the Note, and shall not at any time hold such Note for or on behalf of a benefit plan investor. For the purposes hereof, **benefit plan investor** means (a) an employee benefit plan (as defined in Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended, (**ERISA**)), whether or not subject to ERISA, and specifically including pension plans maintained outside of the U.S., (b) a plan described in Section 4975(e)(1) of the U.S. Internal Revenue Code of 1986, as amended, (the **Internal Revenue Code**), or (c) any entity whose underlying assets include plan assets by reason of a plan's investment in the entity under U.S. Department of Labor Regulations § 2510.3-101 (29 C.F.R. § 2510.3-101).

(iii) Bearer Global Notes - holders

For so long as any of the Notes is represented by a Bearer Global Note held in Clearstream, Frankfurt, each person (other than Clearstream, Frankfurt) who is for the time being shown in the records of Clearstream, Frankfurt as the holder of a particular principal amount of such Notes (in which regard any certificate or document issued by Clearstream, Frankfurt as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Swap Counterparty, the Trustee and the Agents as the holder of such principal amount of such Notes for all purposes other than with respect to the payment of principal or interest (if any) on such principal amount of such Notes, for which purpose the bearer or Clearstream, Frankfurt shall be treated by the Issuer, the Trustee and any Agent as the holder of such principal amount of such Notes in accordance with and subject to the terms of the Bearer Global Note; and the expressions "Noteholder" and "holder of Notes" and related expressions shall be construed accordingly. Notes which are represented by a Bearer Global Note will be transferred only in accordance with the rules and procedures for the time being of Clearstream, Frankfurt. References to Clearstream, Frankfurt shall, wherever the context so permits, be deemed to include a reference to any additional or alternative clearing system.

(iv) Registered Notes

Notes in registered form will not be issued.

## 2. PROVISIONS RELATING TO THE NOTES

(a) Status of the Notes

The Notes are secured, limited recourse obligations of the Issuer, secured in the manner described in Condition 3 (*Security*) and recourse in respect of which is limited in the manner described in Condition 12 (*Enforcement*), and rank and will rank *pari passu* without any preference among themselves.

(b) Status of the Notes Guarantee

No guarantee has been given by any third party in respect of the Issuer's obligations under the Notes.

(c) Minimum Trading Size

The minimum trading size of the Notes is EUR 1,000.

## 3. SECURITY

(a) Security

The obligations of the Issuer under the Notes are secured by, *inter alia*:

(A) an assignment by way of first fixed security of all of the Issuer's rights, title and interest in, to and under the Agency Agreement and the Custodial Services Agreement in respect of the Notes (including, without limitation, the rights of the Issuer in respect of all funds and/or assets held from time to time by the Principal Paying Agent and/or the other Paying Agents, the Custodian and/or the Redemption Agent for payment of principal or premium (if any) in respect of the Notes or otherwise in relation to the Notes);

(B) an assignment by way of first fixed security of all of the Issuer's rights, title and interest in, to and under the Charged Agreements in respect of the Notes; and

(C) an assignment by way of first fixed security of all of the Issuer's rights, title and interest in, to and under any of its bank accounts in respect of the Notes and the debts represented thereby (but excluding any moneys available to the Issuer after application of the proceeds of the Mortgaged Property in accordance with the order of priorities set out in Condition 3(e)).

The security referred to in paragraphs (A) through (C) inclusive above is herein referred to as **Mortgaged Property**.

The secured creditors of all Series of Notes of the Issuer are also secured pursuant to the Master Trust Deed by a floating charge over the assets of the Issuer which will become enforceable upon formal notice being given of an intention to appoint an administrator in relation to the Issuer or an application being made to, or a petition being lodged or a document being filed, with the court for administration in relation to the Issuer.

(b) Charged Assets

The obligations of the Issuer under the Notes are not secured on any bonds, notes, securities commodities or other similar assets.

(c) Charged Agreements:

The Issuer will enter into a hedging agreement (the **Swap Agreement**) with the Swap Counterparty. The Swap Agreement will comprise an Amended and Restated ISDA Master Agreement dated as of 11th November, 2005 as amended and supplemented from time to time between the Issuer and CFPI (the **Master Agreement**) and a swap transaction between the Issuer and CFPI, as evidenced by a confirmation to be dated 7th July, 2006 (the **Confirmation**) which supplements, forms a part of and is subject to the Master Agreement.

Under the Swap Agreement, the Swap Counterparty will make certain payments to the Issuer in respect of amounts due on the Notes.

The obligations of the Swap Counterparty in respect of the Swap Agreement will be guaranteed pursuant to a guarantee dated as of 11th November, 2005 (the **Swap Guarantee**) by Citigroup Inc. (the **Swap Guarantor**).

The Swap Agreement and the Swap Guarantee are together referred to as the **Charged Agreements** and each a **Charged Agreement**.

The terms of the Swap Agreement will provide that the Swap Counterparty may, without the consent of Noteholders or the Issuer, transfer all or part of its interest and obligations in and under the Swap Agreement to any affiliate of the Swap Counterparty (the **Transferee**) provided that the Transferee either: (a) has at least an equivalent credit rating as of the date of such transfer to that of the Swap Guarantor as of the date of such transfer; or (b) is guaranteed by the Swap Guarantor or an affiliate of the Swap Counterparty that has a credit rating as at the date of such transfer that is at least equivalent to that of the Swap Guarantor as at the date of such transfer on substantially the same terms as the existing guarantee of the Swap Counterparty's obligations, and provided that certain requirements and conditions set out in the Swap Agreement and the Supplemental Trust Deed have been satisfied. These requirements and conditions include (without limitation) the requirement that: (i) the Transferee shall, at the time of such transfer, have entered into an ISDA Master Agreement with the Issuer on substantially the same terms as the ISDA Master Agreement between the Issuer and the Swap Counterparty; (ii) as of the date of such transfer the Transferee will not, as a result of such transfer, be required to withhold or deduct on account of tax under the ISDA Master Agreement; (iii) Moody's has provided prior written notification that the then current ratings of the Notes will not be adversely affected; (iv) a Termination Event or an Event of Default does not occur under the Swap Agreement as a result of such transfer; and (v) no additional amount will be payable by the Issuer to the Swap Counterparty or to the Transferee on the next succeeding scheduled payment date as a result of such transfer.

Upon such transfer, the Calculation Agent shall adjust such of the Terms and Conditions as it shall in its sole and absolute discretion determine to be appropriate to reflect that the Swap Counterparty has transferred all or part of its interest and obligations in and under the Swap Agreement to an affiliate of the Swap Counterparty and shall determine the effective date of that adjustment.

Upon any such transfer, the Swap Agreement comprising the ISDA Master Agreement between the Issuer and the Transferee and any swap transaction between the Issuer and the Transferee as evidenced by any confirmation supplemental thereto and any guarantee relating thereto shall also be Charged Agreements.

The Swap Agreement will terminate on the Maturity Date unless terminated earlier in accordance with the terms thereof. In particular, the Swap Agreement will terminate in whole or in part (as

applicable) if the Notes are repaid pursuant to Condition 7 (*Repayment*) or Condition 9 (*Purchase*). In the event of an early termination, in the case of the Swap Agreement, either party may be liable to make a termination payment to the other in respect of any loss which that other party may have suffered as a result of such termination.

None of the Issuer or the Swap Counterparty or the Swap Guarantor under the Swap Agreement or the Swap Guarantee is obliged to gross up any payment to be made thereunder if withholding taxes are imposed. If the Issuer or the Swap Counterparty or the Swap Guarantor, on the occasion of the next payment due under the relevant Charged Agreement, would be required by law to withhold or account for tax or would suffer tax in respect of, or would receive net of tax, its income relating to such Charged Agreement so that it would be unable to make payment of the full amount due, the provisions of Condition 7(c) (*No repayment for taxation* reasons) shall apply.

The Trustee shall not be bound or concerned to make any investigation into the creditworthiness of either of the Swap Counterparty or the Swap Guarantor, the validity of any obligations of either the Swap Counterparty or the Swap Guarantor under or in respect of the Charged Agreements or any of the terms of the Charged Agreements (including, without limitation, whether the cashflows from the Charged Agreements and the Notes are matched).

To the extent that the Swap Counterparty and the Swap Guarantor fail to make payments due to the Issuer under the Charged Agreements, the Charged Agreements will be terminated and, subject to Conditions 7(d) (*Repayment upon termination of the Charged Agreements*), Condition 7(g) (*Compulsory Resales*) and 11 (*Events of Default*), the Notes will become repayable in accordance with these Terms and Conditions and the security therefor will become enforceable in accordance with and subject to the provisions of Condition 12 (*Enforcement*).

(A) All payments to be made by the Issuer hereunder in respect of the Notes of this Series and the Swap Agreement will be made only from and to the extent of the sums received or recovered from time to time by or on behalf of the Issuer or the Trustee in respect of the Mortgaged Property (as defined in Condition 3(a)) applied in accordance with the order of priorities set out in Condition 3(e);

(B) to the extent that such sums are less than the amount which the holders of the Notes and the Swap Counterparty may have expected to receive (the difference being referred to herein as a "shortfall"), such shortfall will be borne by such holders and by the Swap Counterparty in accordance with the inverse of the order of priorities set out in Condition 3(e); and

(C) each holder of Notes, by subscribing for or purchasing such Notes and the Swap Counterparty, will be deemed to accept and acknowledge that it is fully aware that:

(i) the holders of the Notes and the Swap Counterparty shall look solely to the sums referred to in paragraph (A), as applied in accordance with paragraphs (A) and (B) above, (the **Relevant Sums**) for payments to be made by the Issuer hereunder in respect of the Notes and the Swap Agreement;

(ii) the obligations of the Issuer to make payments in respect of the Notes and the Swap Agreement will be limited to the Relevant Sums and the holders of the Notes and the Swap Counterparty shall have no further recourse to the Issuer in respect of the Notes or the Swap Agreement, respectively;

(iii) without prejudice to the foregoing, any right of the holders of the Notes and the Swap Counterparty to claim payment of any amount exceeding the Relevant Sums shall be automatically extinguished; and

(iv) the holders of the Notes and the Swap Counterparty shall not be able to petition for the winding up of the Issuer as a consequence of any such shortfall.

No such shortfall shall constitute an Event of Default under Condition 11 (*Events of Default*) nor entitle the Swap Counterparty or the Swap Guarantor to terminate the remainder of the Charged Agreements.

None of the Trustee, the shareholders of the Issuer, the Swap Counterparty or the Swap Guarantor has any obligation to any Noteholder for payment of any amount by the Issuer in respect of the Notes.

(d) Realisation of Mortgaged Property upon repayment under Conditions 7 (*Repayment*), 9 (*Purchase*) or 11 (*Events of Default*)

In the event of the security constituted under the Trust Deed over any of the Mortgaged Property becoming enforceable on an early repayment of Notes as provided in Condition 7 (*Repayment*) or 11 (*Events of Default*) or a purchase of the Notes as provided in Condition 9 (*Purchase*), the Trustee may in its discretion and, if so requested in writing by the holders of at least one-fifth in aggregate principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders or by the Swap Counterparty shall (but in each case without any liability as to the consequence of such action and without having regard to the effect of such action on individual Noteholders or the Swap Counterparty), realise such Mortgaged Property and/or take such action as may be permitted under applicable laws against any obligor in respect of such Mortgaged Property, provided that the Trustee shall not be required to take any such action unless indemnified to its satisfaction and subject as provided in Condition 11 (*Events of Default*). On the happening of any such event, the Charged Agreements (or part thereof) (if any) will terminate in accordance with their terms.

(A) All payments to be made by the Issuer hereunder in respect of the Notes of this Series and the Swap Agreement will be made only from and to the extent of the sums received or recovered from time to time by or on behalf of the Issuer or the Trustee in respect of the Mortgaged Property (as defined in Condition 3(a)) applied in accordance with the order of priorities set out in Condition 3(e);

(B) to the extent that such sums are less than the amount which the holders of the Notes and the Swap Counterparty may have expected to receive (the difference being referred to herein as a "shortfall"), such shortfall will be borne by such holders and by the Swap Counterparty in accordance with the inverse of the order of priorities set out in Condition 3(e); and

(C) each holder of Notes, by subscribing for or purchasing such Notes, and the Swap Counterparty, will be deemed to accept and acknowledge that it is fully aware that:

(i) the holders of the Notes and the Swap Counterparty shall look solely to the sums referred to in paragraph (A), as applied in accordance with paragraphs (A) and (B) above (the **Relevant Sums**), for payments to be made by the Issuer hereunder in respect of the Notes and the Swap Agreement;

(ii) the obligations of the Issuer to make payments in respect of the Notes and the Swap Agreement will be limited to the Relevant Sums and the holders of the Notes and the Swap Counterparty shall have no further recourse to the Issuer in respect of the Notes and the Swap Agreement, respectively;

(iii) without prejudice to the foregoing, any right of the holders of the Notes and the Swap Counterparty to claim payment of any amount exceeding the Relevant Sums shall be automatically extinguished; and

(iv) the holders of the Notes and the Swap Counterparty shall not be able to petition for the winding up of the Issuer as a consequence of any such shortfall.

No such shortfall shall constitute an Event of Default under Condition 11 (*Events of Default*), nor entitle the Swap Counterparty or the Swap Guarantor to terminate the remainder (if any) of the Charged Agreements.

None of the Trustee, the shareholders of the Issuer, the Swap Counterparty or the Swap Guarantor has any obligation to any Noteholder for payment of any amount by the Issuer in respect of the Notes.

(e) Application of proceeds

(i) Mortgaged Property secured in respect of a Series

The Trust Deed provides that the Realisation Amount (following payment of all amounts due to the Trustee under or pursuant to the Trust Deed, including any costs, expenses and taxes incurred in connection with enforcement or realisation in accordance with the Trust Deed) shall be applied:

(A) first, in meeting the claims of the Swap Counterparty;

(B) secondly, on a *pro rata* and on a *pari passu* basis in meeting the claims of the Noteholders under the Notes; and

(C) thirdly, if applicable, after payment in accordance with (A) and (B) above, to the Issuer or as otherwise directed by the Issuer.

(ii) Definition relating to the application of proceeds

For the purposes of these Terms and Conditions, **Realisation Amount** means the equivalent in the Specified Currency of the net proceeds due (if any) as a result of the termination of the Swap Agreement to be received by or on behalf of the Issuer (or, in the case of enforcement, by or on behalf of the Trustee), having taken into account, for the avoidance of doubt, any costs and expenses which may be incurred by or on behalf of the Issuer or, as the case may be, the Trustee, to the extent the net proceeds are received in respect thereof.

(f) Shortfall after application of proceeds

(A) All payments to be made by the Issuer hereunder in respect of the Notes and the Swap Agreement will be made only from and to the extent of the sums received or recovered from time to time by or on behalf of the Issuer or the Trustee in respect of the Mortgaged Property

(as defined in Condition 3(a)) applied in accordance with the order of priorities set out in Condition 3(e);

(B) to the extent that such sums are less than the amount which the holders of the Notes and the Swap Counterparty may have expected to receive (the difference being referred to herein as a "shortfall"), such shortfall will be borne by such holders and the Swap Counterparty in accordance with the inverse of the order of priorities set out in Condition 3(e); and

(C) each holder of Notes, by subscribing for or purchasing such Notes and the Swap Counterparty, will be deemed to accept and acknowledge that it is fully aware that:

(i) the holders of the Notes and the Swap Counterparty shall look solely to the sums referred to in paragraph (A), as applied in accordance with paragraphs (A) and (B) above, (the **Relevant Sums**) for payments to be made by the Issuer hereunder in respect of the Notes and the Swap Agreement;

(ii) the obligations of the Issuer to make payments in respect of the Notes and the Swap Counterparty will be limited to the Relevant Sums and the holders of the Notes and the Swap Counterparty shall have no further recourse to the Issuer in respect of the Notes or the Swap Agreement, respectively;

(iii) without prejudice to the foregoing, any right of the holders of the Notes and the Swap Counterparty to claim payment of any amount exceeding the Relevant Sums shall be automatically extinguished; and

(iv) the holders of the Notes and the Swap Counterparty shall not be able to petition for the winding up of the Issuer as a consequence of any such shortfall.

No such shortfall shall constitute an Event of Default under Condition 11 (*Events of Default*) nor entitle the Swap Counterparty or the Swap Guarantor to terminate the remainder of the Charged Agreements.

None of the Trustee, the shareholders of the Issuer, the Swap Counterparty or the Swap Guarantor has any obligation to any Noteholder for payment of any amount by the Issuer in respect of the Notes.

## 4. RESTRICTIONS

So long as any of the Notes remain outstanding, the Issuer will not, without the written consent of the Trustee and the Swap Counterparty:

(i) engage in any activity or do anything whatsoever, except:

(aa) (A) issue Notes as contemplated by the Trust Deed (which may be rated or unrated) subject to the maximum aggregate principal amount which may be outstanding under the Programme at any one time or (B) enter into or incur indebtedness in respect of moneys borrowed or raised where such indebtedness is incurred on terms (1) that such indebtedness is secured on specified assets of the Issuer (other than its share capital) which do not form part of the charged assets in respect of any Series of securities so issued, (2) that recourse in respect of such indebtedness is limited to such secured assets, (3) that the enforcement provisions relating to such indebtedness

are substantially similar to those contained in these Terms and Conditions and (4) which provide for the extinguishment of all claims in respect of such indebtedness after application of the proceeds of the assets on which such indebtedness is secured (**Permitted Indebtedness**) provided that if such indebtedness is unrated by Moody's Investors Services Limited (**Moody's**), the Issuer may not enter into or incur such indebtedness until Moody's has confirmed in writing that the ratings of all outstanding Notes of the Issuer which are rated by Moody's will not be adversely affected by such indebtedness;

(bb) acquire any assets used to secure any Permitted Indebtedness, and exercise its rights and perform its obligations in respect thereof;

(cc) enter into and perform its obligations under the Trust Deed, the Agency Agreement, the Custodial Services Agreement, any Charged Agreements, agreements incidental to the issue and constitution of, and the granting of security for, Notes and any agreements relating to the creation of, the granting of security for, or incidental to, any Permitted Indebtedness;

(dd) enforce any of its rights whether under the Agency Agreement, the Custodial Services Agreement, any Charged Agreements or the Trust Deed or otherwise under any agreement entered into in relation to the Notes, any Permitted Indebtedness or the Mortgaged Property relating to any Series;

(ee) if appropriate for the Issuer borrow money subject to the restrictions set out in the Trust Deed; or

(ff) perform any act incidental to or necessary in connection with any of the above, including without limitation, entering into any swap, option or forward foreign exchange, stock or other securities lending agreement in connection with the issue of Notes or incurrence of any Permitted Indebtedness;

(ii) have any subsidiaries;

(iii) subject to subparagraph (i) above and (vi) below, dispose of any of its property or other assets or any part thereof or interest therein (otherwise than in accordance with Condition 9 (*Purchase*));

(iv) create or permit within its control to subsist any charge, mortgage, lien or other encumbrance over the Mortgaged Property other than those encumbrances created pursuant to, or as referred to in, the Master Trust Deed or the relevant Supplemental Trust Deed;

(v) have any employees;

(vi) declare any dividends or make any distributions of any other kind;

(vii) issue any further shares; or

(viii) perform such other activities as are expressly restricted in the Master Trust Deed.

## 5. INTEREST

The Notes do not bear interest.

## 6. PAYMENTS

(a) Method of payment

Subject as provided below payments in Euro will be made by credit or transfer to a Euro account (or any other account to which Euro may be credited or transferred) specified by the payee or, at the option of the payee, by a Euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment.

(b) Presentation of Definitive Bearer Notes

Payments of principal in respect of Definitive Bearer Notes will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Definitive Bearer Notes, at the specified office of any Paying Agent outside the United States (which expression, as used herein, 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)).

Notwithstanding the foregoing, payments on the Temporary Global Note due prior to the Exchange Date will only be made upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury regulations, and no payments due after the Exchange Date will be made on the Temporary Global Note unless, upon due certification, exchange of the Temporary Global Notes for an interest in the Permanent Global Note is improperly withheld or refused.

(c) Payments in respect of Bearer Global Notes

Payments of principal in respect of Notes represented by any Bearer Global Note will (subject as provided below) be made in the manner specified above in relation to Definitive Bearer Notes and otherwise in the manner specified in the relevant Bearer Global Note against presentation or surrender, as the case may be, of such Bearer Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Bearer Global Note will be made on such Bearer Global Note by the Paying Agent to which it was presented or surrendered and such record shall be *prima facie* evidence that the payment in question has been made.

The holder of a Bearer Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Bearer Global Note and the Issuer will be discharged *pro tanto* by payment to, or to the order of, the holder of such Bearer Global Note in respect of each amount so paid. Each of the persons shown in the records of Clearstream, Frankfurt as the beneficial holder of a particular principal amount of Notes represented by such Bearer Global Note must look solely to Clearstream, Frankfurt for his share of each payment made by the Issuer to, or to the order of, the holder of such Bearer Global Note. Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as such Bearer Global Note is outstanding and the Issuer will be discharged by payment to the holder of such Bearer Global Note in respect of each amount so paid.

(d) General provisions applicable to payments

Each of the persons shown in the records of Clearstream, Frankfurt as the beneficial holder of a particular principal amount of Notes represented by any Bearer Global Note must look solely to Clearstream, Frankfurt for his share of each payment made by the Issuer to, or to the order of, the holder of such Bearer Global Note. Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as such Bearer Global Note is outstanding and the Issuer will be discharged by payment to the holder of such Bearer Global Note in respect of each amount so paid.

Every payment of principal in respect of the Notes to or to the account of the relevant Paying Agent in the manner provided in the Agency Agreement relating to the Notes shall operate in satisfaction *pro tanto* of the relative obligation of the Issuer in respect of the Notes to pay such principal except to the extent that there is default in the subsequent payment thereof in accordance with these Terms and Conditions to the Noteholders.

(e) Payment Day

If the date for payment of any amount in respect of any Note is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 10 (*Prescription*)) is

(i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in:

(A) the relevant place of presentation; and

(B) London; and

(ii) a day on which the TARGET System is open.

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

(f) Interpretation of principal

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

(i) the Final Repayment Amount of the Notes;

(ii) the Mandatory Early Repayment Amount of the Notes; and

(iii) the Early Repayment Amount of the Notes.

## 7. REPAYMENT

(a) Repayment at maturity

Unless the Notes will have been previously repaid as specified below, the Issuer will, on 8th July, 2011 (the **Maturity Date**), repay each Note at the Final Repayment Amount.

The **Final Repayment Amount** in respect of each Note equal to the Specified Denomination shall be an amount in Euro (rounded down, if necessary, to the nearest cent) determined by the Calculation Agent, in its sole and absolute discretion, on the final Valuation Date equal to:

(i) where the Final Index Level is equal to or higher than the Autocall Level:

130 per cent. x Specified Denomination;

(ii) where:

(x) the Final Index Level is lower than the Autocall Level; and

(y) at no time during the period commencing on (but excluding) the Strike Date and ending on (and including) the final Valuation Date, the Official Closing Level of the Index has been equal to or lower than the Barrier Level:

100 per cent. x Specified Denomination; and

(iii) in all other cases other than as set out in sub-paragraphs (i) and (ii) above:

$$\frac{Final\ Index\ Level}{Start\ Index\ Level}\ x\ Specified\ Denomination.$$

(b) Repayment in relation to the Charged Assets

The obligations of the Issuer under the Notes are not secured on any bonds, notes, securities, commodities or other assets.

(c) No repayment for taxation reasons

If the Issuer (A) would be required by law to withhold or account for tax, (B) would suffer tax in respect of payments made to it under a Charged Agreement or (C) would receive net of tax any payment in respect of a Charged Agreement, so that it would be unable to make payment of the full amount due in respect of the Notes, the Issuer shall as soon as reasonably practicable so inform the Trustee and, if applicable, the Swap Counterparty and Moody's and shall use its reasonable endeavours to arrange the substitution of it as obligor of a company approved in writing by the Trustee and, if applicable, the Swap Counterparty (such approval of the Swap Counterparty not to be unreasonably withheld or delayed) incorporated in another jurisdiction wherein such withholding would not be applicable or such tax would not be accountable or suffered (subject to confirmation from Moody's that there would be no adverse change to the credit rating assigned to the Notes by Moody's).

If the Issuer is unable to arrange such substitution before the next payment is due in respect of the Notes, the Issuer shall as soon as reasonably practicable so notify the Trustee and, if applicable, the Swap Counterparty and Moody's and the Issuer shall notify the Principal Paying Agent and the Noteholders in accordance with Condition 16 (*Notices*) by promptly giving notice that all payments in respect of the Notes shall be made subject to, and after deduction of, all applicable taxes. Any such deduction shall not constitute an Event of Default under Condition 11 (*Events of Default*).

(d) Repayment upon termination of the Charged Agreements

If any Charged Agreement is terminated (in whole but not in part) for any reason other than in connection with a repayment or purchase of the Notes pursuant to Condition 7 (*Repayment*) (other than this Condition 7(d)), Condition 9 (*Purchase*) or Condition 11 (*Events of Default*), then the Issuer shall forthwith give notice thereof to the Trustee and the Redemption Agent of such termination. The Redemption Agent shall, subject to the provisions of the Trust Deed, enforce the security as soon as reasonably practicable by arranging for the payment of the Settlement Amount (as such term is defined in the Charged Agreement) (if any) to it by the Swap Counterparty. The Issuer shall at the same time give notice, which notice shall be irrevocable, to the Noteholders in accordance with Condition 16 (*Notices*) and to the Trustee, the Principal Paying Agent and the Swap Counterparty that the Notes are to be repaid pursuant to this Condition 7(d). Forthwith upon receipt of the proceeds from the Charged Agreements, the Issuer shall (unless otherwise agreed by the Trustee) give notice as soon as reasonably practicable in accordance with Condition 16 (*Notices*), which notice shall be irrevocable, of the date upon which the Notes are to be repaid. Upon the expiry of such notice the Issuer shall repay all but not some only of the Notes by way of cash settlement at the Early Repayment Amount, unless the Trustee shall certify to the Issuer than it considers in its absolute discretion that it is in the best interests of the Noteholders that such notice and repayment be delayed or not given or made, as the case may be, or an Extraordinary Resolution of the Noteholders shall otherwise direct.

In the event of any such repayment becoming due to be made by the Issuer in accordance with this Condition 7(d), the security constituted by the Trust Deed shall become enforceable and the Trustee may take such action as is provided in Condition 12 (*Enforcement*).

(e) Repayment at the option of the Issuer (Issuer Call)

The Issuer has no option to repay the Notes early.

(f) Repayment at the option of the Noteholders (Investor Put)

The Noteholders have no option to require the Issuer to repay the Notes early.

(g) Compulsory Resales

The Issuer shall have the right at any time, at the expense and risk of the holder of any Notes held by or on behalf of a U.S. person who is not a Section 3(c)(7) Eligible Investor at the time it purchases such Notes, (i) to repay such Notes, in whole or in part, to permit the Issuer to avoid registration under the Investment Company Act or (ii) to require such holder to sell such Notes to a Section 3(c)(7) Eligible Investor or to a non-U.S. person outside the United States. Prior to any such repayment pursuant to (i) above, the Issuer will provide to the Trustee satisfactory evidence that each repayment is necessary in order to avoid registration under the Investment Company Act. The determination of which Notes shall be repaid pursuant to (i) above or sold pursuant to (ii) above in any particular case shall be made at the discretion of the Issuer. Any such repayment shall be made at the Early Repayment Amount as defined below.

Inability to make payment of the full amount due in respect of a repayment of any Notes pursuant to this Condition 7(g) shall not constitute an Event of Default under Condition 11 (*Events of Default*). In the event of any such repayment pursuant to this Condition 7(g) by the Issuer, the security (or the relevant portion thereof) constituted by the Trust Deed and/or any Charging Document shall become enforceable to the extent applicable to the portion of the Notes so repaid and the Trustee may take

such action as is provided in Condition 12 (*Enforcement*) to enforce the relevant security interest(s). After satisfaction of the Issuer's obligations, the Charged Agreements (or the relevant portion thereof) will terminate.

For the purposes of these Terms and Conditions, **Section 3(c)(7) Eligible Investors** are persons who are "qualified institutional buyers" (**QIBs**) (as defined in Rule 144A of the U.S. Securities Act of 1933, as amended), but excluding therefrom: (i) QIBs which are broker-dealers which own and invest on a discretionary basis less than U.S.$25,000,000 in securities of issuers not affiliated to such QIB, (ii) partnerships, common trust funds, special trusts, pension funds, retirement plans or other entities in which the partners, beneficiaries or participants, as the case may be, may designate the particular investments to be made or the allocation thereof, (iii) entities that were formed, re-formed or recapitalised for the specific purpose of investing in the Notes, (iv) any investment company excepted from the Investment Company Act under Section 3(c)(1) or 3(c)(7) thereof and formed before 30th April, 1996, which has not received consent from its beneficial owners with respect to the treatment of such entity as a "qualified purchaser" (as defined in Section 2(a)(51) of the Investment Company Act and the rules and regulations thereunder) in the manner required by Section 2(a)(51)(C) of the Investment Company Act and the rules and regulations thereunder, and (v) any entity that will have invested more than 40 per cent. of its assets in securities of the Issuer subsequent to any purchase of Notes of the Issuer.

(h) Early Repayment Amount

For the purpose of Conditions 7(d), 7(g) and 7(m), and Condition 11 (*Events of Default*), the **Early Repayment Amount** in respect of each Note shall be an amount equal to the Relevant Proportion of the Termination Amount (each as defined in Condition 7(q) below).

If the Notes become repayable in accordance with Condition 7(d), 7(g) or 7(m), upon payment of the Early Repayment Amount in respect of each Note, the Issuer shall have discharged its obligations in respect of such Note and shall have no other liability or obligation whatsoever in respect thereof. For the avoidance of doubt, the Early Repayment Amount may be less than the principal amount in respect of a Note.

(i) Instalments

The principal of the Notes is not paid in instalments.

(j) Cancellation

All Notes which are repaid will forthwith be cancelled. All Notes so cancelled and the Notes purchased and cancelled pursuant to Condition 9 (*Purchase*) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

(k) Partial repayment of Notes

Each Note may only be repaid in whole, and not in part.

(l) Payments only to the extent of funds available therefor

(A) All payments to be made by the Issuer hereunder in respect of the Notes of this Series and the Swap Agreement will be made only from and to the extent of the sums received or recovered from time to time by or on behalf of the Issuer or the Trustee in respect of the

Mortgaged Property (as defined in Condition 3(a)) applied in accordance with the order of priorities set out in Condition 3(e);

(B) to the extent that such sums are less than the amount which the holders of the Notes and the Swap Counterparty may have expected to receive (the difference being referred to herein as a "shortfall"), such shortfall will be borne by such holders and the Swap Counterparty in accordance with the inverse of the order of priorities set out in Condition 3(e); and

(C) each holder of Notes, by subscribing for or purchasing such Notes, and the Swap Counterparty, will be deemed to accept and acknowledge that it is fully aware that:

(i) the holders of the Notes and the Swap Counterparty shall look solely to the sums referred to in paragraph (A), as applied in accordance with paragraphs (A) and (B) above, (the **Relevant Sums**) for payments to be made by the Issuer hereunder in respect of the Notes and the Swap Agreement;

(ii) the obligations of the Issuer to make payments in respect of the Notes and the Swap Agreement will be limited to the Relevant Sums and the holders of the Notes and the Swap Counterparty shall have no further recourse to the Issuer in respect of the Notes, or the Swap Agreement, respectively;

(iii) without prejudice to the foregoing, any right of the holders of the Notes and the Swap Counterparty to claim payment of any amount exceeding the Relevant Sums shall be automatically extinguished; and

(iv) the holders of the Notes and the Swap Counterparty shall not be able to petition for the winding up of the Issuer as a consequence of any such shortfall.

No such shortfall shall constitute an Event of Default under Condition 11 (*Events of Default*) nor entitle the Swap Counterparty or the Swap Guarantor to terminate the remainder of the Charged Agreements.

None of the Trustee, the shareholders of the Issuer, the Swap Counterparty or the Swap Guarantor has any obligation to any Noteholder for payment of any amount by the Issuer in respect of the Notes.

(m) Early Repayment for Extraordinary Reason, Illegality and Force Majeure

If the Calculation Agent determines in good faith that, for reasons beyond the control of the Issuer, the performance of the Issuer's obligations under the Notes is prevented by reason of force majeure or act of state occurring after such obligation is entered into or has become illegal or impossible in whole or in part, the Issuer may at its discretion and without obligation repay all but not some only of the Notes and terminate each Charged Agreement by giving not less than five nor more than 10 Business Days' notice to the Noteholders in accordance with Condition 16 (*Notices*) which notice shall be irrevocable and shall specify the date upon which the Notes shall be repaid (for the purposes of this Condition 7(m), such date on which the Notes become immediately due and payable, the **Early Repayment Date**).

In the event that any one or more of the provisions contained in these Terms and Conditions be or become invalid, the validity of the remaining provisions shall not in any way be affected thereby.

If the Notes are so cancelled, the Issuer will, if and to the extent permitted by applicable law, pay to each Noteholder in respect of each Note held by such holder an amount equal to the Early Repayment Amount of a Note notwithstanding the illegality or impossibility as determined by the Calculation Agent in its sole and absolute discretion acting in good faith and in a commercially reasonable manner. Payment will be made in such manner as shall be notified to the Noteholders in accordance with Condition 16 (*Notices*).

(n) Mandatory Early Repayment

If the Official Closing Level of the Index on any Valuation Date (other than the final Valuation Date) is equal to or higher than the Autocall Level, the Issuer will repay each Note on the immediately following Mandatory Early Repayment Date at the Mandatory Early Repayment Amount. Upon such payment, the Issuer will have no further obligations in respect of the Notes.

The Issuer will as soon as practicable, but in any event not later than the second Business Day prior to the Mandatory Early Repayment Date on which the Notes are to be repaid, notify the Trustee, the Agents and the Noteholders upon the Notes becoming subject to repayment.

The **Mandatory Early Repayment Amount** in respect of (i) a **Mandatory Early Repayment Date** so specified below and (ii) the Specified Denomination of the Notes (representing Euro 1,000 in principal amount) shall be the applicable amount so specified below:

| **Scheduled Valuation Date** | **Mandatory Early Repayment Amount** | **Mandatory Early Repayment Date** |
|---|---|---|
| 2nd July, 2007 | 106 per cent. x Specified Denomination | 23rd July, 2007 |
| 2nd July, 2008 | 112 per cent. x Specified Denomination | 9th July, 2008 |
| 2nd July, 2009 | 118 per cent. x Specified Denomination | 9th July, 2009 |
| 2nd July, 2010 | 124 per cent. x Specified Denomination | 9th July, 2010 |

(o) Determinations

Whenever any matter falls to be determined, considered or otherwise decided upon by the Issuer, the Calculation Agent or any other person (including where a matter is to be decided by reference to the Issuer's, the Calculation Agent's or such other person's opinion), unless otherwise stated, that matter shall be determined, considered or otherwise decided upon by the Issuer, the Calculation Agent or such other person, as the case may be, in good faith and in its sole and absolute discretion.

The Calculation Agent shall not act as agent or trustee for the Noteholders. All quotations and determinations given or made by the Calculation Agent in relation to the Notes shall (save in the case of manifest error) be final and binding on the Issuer, the Swap Counterparty, each Paying Agent and each Noteholder. None of the Issuer, the Swap Counterparty, the Paying Agents or the Calculation Agent shall have any responsibility to any person for any errors or omissions in (a) the calculation by the Calculation Agent of any amount due in respect of the Notes or (b) any determination made by the Calculation Agent. Whenever the Calculation agent is required to act or

to exercise judgment in any other way, it will do so in good faith and in a commercially reasonable manner.

(p) Adjustments to the Index

(A) If the Index:

(i) is not calculated and announced by the Sponsor but is calculated and announced by a successor to the Sponsor acceptable to the Calculation Agent; or

(ii) is 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 the Index,

then, in each case, that index (the **Successor Index**) shall be deemed to be the Index.

(B) If on or prior to any relevant date:

(i) the Sponsor announces that it will make a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in the constituent stock and capitalisation and other routine events) (an **Index Modification**); or

(ii) the Sponsor permanently cancels the Index and no Successor Index exists (an **Index Cancellation**); or

(iii) the Sponsor fails to calculate and announce the level of the Index (an **Index Disruption** and, together with an Index Modification and an Index Cancellation, each an **Index Adjustment Event**),

then the Calculation Agent shall, in its sole and absolute discretion, determine if such Index Adjustment Event has a material effect on the Notes and, if so, shall either (1) determine the Official Closing Level for each date following such change, failure or cancellation on which the Official Closing Level is required for the purposes of the Notes using, in lieu of a published level for the Index, the level for the Index on such date as determined by the Calculation Agent in accordance with the formula for and method of calculating the Index last in effect prior to that change, failure or cancellation, but using only those securities that comprised the Index immediately prior to that Index Adjustment Event; or (2) substitute the Index with a replacement index using, in the determination of the Calculation Agent, the same or a substantially similar method of calculation as used in the calculation of the Index and following any such substitution such replacement index shall be deemed to be the Index; or (3) the Swap Agreement will be terminated by the Swap Counterparty, and the Notes will be repaid, on the later of the Exchange Business Day immediately prior to the effectiveness of the Index Adjustment Event and the date the Index Adjustment Event is announced by the Sponsor in which case Condition 7(d) shall apply. Any swap or other hedging transaction cancelled as a result of an Index Adjustment Event will be valued using the formula or method used to calculate the Index in effect immediately prior to such Index Adjustment Event.

(C) If the Official Closing Level in relation to the Strike Date or a Valuation Date used or to be used by the Calculation Agent to determine the Mandatory Early Repayment Amount or the Final Repayment Amount, as applicable, is subsequently corrected and such correction is published by the Sponsor no later than the second Business Day prior to the applicable Mandatory Early Repayment Date or the Maturity Date, as the case may be, and in any such case the Calculation Agent has notified the Issuer within that time, then the Official Closing Level for the Strike Date or that Valuation Date, as applicable, shall be the Official Closing Level as so corrected.

(D) The Calculation Agent shall, as soon as reasonably practicable under the circumstances, notify the Issuer, the Principal Paying Agent and the Agent of any determination made by it pursuant to subparagraphs (A) and/or (B) and/or (C) above and the Agent shall, as soon as reasonably practicable notify the Noteholders of such information in accordance with Condition 16 (*Notices*).

(q) Definitions

For the purposes of these Terms and Conditions:

**Autocall Level** means 90 per cent. of the Start Index Level;

**Barrier Level** means 50 per cent. of the Start Index Level;

**Business Day** means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and which is an Exchange Business Day;

**Calculation Agent** means Citigroup Global Markets Limited;

**Disrupted Day** means any Scheduled Trading Day on which (a) the Sponsor fails to publish the level of the Index, (b) any Related Exchange fails to open for trading during its regular trading session, or (c) a Market Disruption Event has occurred.

The Calculation Agent shall, as soon as reasonably practicable, notify the Issuer of the existence or occurrence of a Disrupted Day on any day that but for the occurrence or existence of a Disrupted Day would have been the Strike Date or a Valuation Date and the Issuer shall as soon as practicable notify the Noteholders thereof in accordance with Condition 16 (*Notices*). Without limiting the obligation of the Calculation Agent to give notice to the Issuer as set forth in the preceding sentence, failure by the Calculation Agent to notify the Issuer of the occurrence of a Disrupted Day shall not affect the validity of the occurrence and effect of such Disrupted Day;

**Exchange** means, in respect of each component security comprised in the Index (each a **Component Security**), the principal stock exchange on which such Component Security is principally traded, as determined by the Calculation Agent;

**Exchange Business Day** means any Scheduled Trading Day on which (a) the Sponsor publishes the level of the Index and (b) each Related Exchange is open for trading during its regular trading session, notwithstanding any Exchange or Related Exchange closing prior to its Scheduled Closing Time;

**Final Index Level** means the Official Closing Level on the final Valuation Date;

**Index** means, subject to adjustment in accordance with Condition 7(p) above, the Dow Jones EUROSTOXX 50® Index, as calculated and published by the Sponsor;

**Mandatory Early Repayment Amount** has the meaning given to it in Condition 7(n);

**Mandatory Early Repayment Date** has the meaning given to it in Condition 7(n);

**Market Disruption Event** means either:

(i) the occurrence or existence, in respect of any Component Security, of:

(A) a Trading Disruption in respect of which 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 in respect of such Component Security; or

(B) 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 in respect of such Component Security; or

(C) an Early Closure in respect of such Component Security, which the Calculation Agent determines is material; and

the sum of (I) the aggregate of all Component Securities in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists and (II) the X Percentage (as defined in the definition of "Scheduled Trading Day" below) comprises 20 per cent. or more of the level of the Index; OR

(ii) the occurrence or existence, in respect of futures or options contracts relating to the Index, of: (A) a Trading Disruption at any time during the one hour period that ends at the Valuation Time in respect of the Related Exchange; (B) an Exchange Disruption at any time during the one hour period that ends at the Valuation Time in respect of the Related Exchange; or (C) an Early Closure, in each case in respect of such futures or options contracts and which the Calculation Agent determines is material.

As used in this definition of Market Disruption Event:

**Early Closure** means the closure on any Exchange Business Day of the Exchange in respect of any Component Security or the Related Exchange prior to its Scheduled Closing Time unless such earlier closing is announced by such Exchange or Related Exchange (as the case may be) at least one hour prior to the earlier of:

I. the actual closing time for the regular trading session on such Exchange or Related Exchange (as the case may be) on such Exchange Business Day; and

II. the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the relevant Valuation Time on such Exchange Business Day.

**Exchange Disruption** means 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 Exchange in respect of such Component Security; or

II. futures or options contracts relating to the Index on the Related Exchange.

**Trading Disruption** means any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise:

I. relating to any Component Security on the Exchange in respect of such Component Security; or

II. in futures or options contracts relating to the Index on the Related Exchange.

For the purposes of determining whether a Market Disruption Event exists in respect of a Component Security at any time, if an event giving rise to a Market Disruption Event occurs in respect of such Component Security at that time, then the relevant percentage contribution of that Component Security to the level of the Index shall be based on a comparison of (a) the portion of the level of the Index attributable to that Component Security to (b) the overall level of the Index, in each case using the official opening weightings as published by the Sponsor as part of the market "opening data".

The Calculation Agent shall, as soon as reasonably practicable, notify the Issuer of the existence or occurrence of a Disrupted Day on any day that but for the occurrence or existence of a Disrupted Day would have been the Strike Date or a Valuation Date and the Issuer shall as soon as practicable notify the Noteholders thereof in accordance with Condition 16 (*Notices*);

**Official Closing Level** means, in respect of any day, subject as provided in Condition 7(p) above, the official closing level of the Index on such day as determined by the Calculation Agent;

**Related Exchange(s)** means EUREX (a joint Swiss-German derivatives exchange), 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);

**Relevant Proportion** means, in respect of each Note, the proportion which the outstanding principal amount of such Note bears to the aggregate outstanding principal amount of all Notes then outstanding;

**Scheduled Closing Time** means, in respect of an Exchange or the Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or the 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 any day on which (i) the Sponsor is scheduled to publish the level of the Index, (ii) each Related Exchange is scheduled to be open for trading for its regular trading session and (iii) no more than 20 per cent. of the Component Securities that comprise the level of the Index are scheduled to be unavailable for trading on the relevant Exchange(s) by virtue of such day not being a day upon which any such relevant Exchange is scheduled to be open for trading for its regular trading sessions (such unavailable percentage being the **X Percentage**).

For the purposes of determining the X Percentage, the relevant percentage contribution of each Component Security unavailable for trading shall be based on a comparison of (A) the portion of the level of the Index attributable to that Component Security relative to (B) the overall level of the Index, in each case using the official opening weightings as published by the Sponsor as part of the market "opening data";

**Scheduled Strike Date** means the original date that, but for the occurrence of an event causing a Disrupted Day, would have been the Strike Date;

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

**Sponsor** means the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and methods of calculations and adjustments, if any, related to the Index and (b) announces directly or through an agent the level of the Index on a regular basis during each Scheduled Trading Date which as of the Issue Date is STOXX Limited;

**Start Index Level** means the Official Closing Level on the Strike Date

**Strike Date** means 30th June, 2006 or if such day is not a Scheduled Trading Day, the next following Scheduled Trading Day and provided further that if, in the opinion of the Calculation Agent, such day is a Disrupted Day, then the Strike Date shall be the first succeeding Scheduled Trading Day which is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the Scheduled Strike Date is a Disrupted Day. In that case (a) that eighth Scheduled Trading Day shall be deemed to be the Strike Day (notwithstanding the fact that such day is a Disrupted Day) and (b) the Calculation Agent shall determine the level of the Index as of the Valuation Time on that eighth Scheduled Trading Day in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted prices as of the Valuation Time on that eighth 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 the relevant security on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security as of the Valuation Time on that eighth Scheduled Trading Day); provided always that if the Calculation Agent determines that it is not material that any date which would otherwise be the Strike Date is (i) not a Scheduled Trading Day because the Related Exchange is not scheduled to be open or (ii) a Disrupted Day solely because the Related Exchange fails to open, the Calculation Agent shall have the discretion to determine such day to be the Strike Date (notwithstanding the fact that such date is not a Scheduled Trading Day because the Related Exchange is not scheduled to be open or is a Disrupted Day solely because the Related Exchange fails to open).

In determining what is "material", the Calculation Agent shall have regard to such circumstances as it in its sole and absolute discretion deems appropriate, which may include (but are not limited to):

(i) the effect on the level of the Index of any trading in futures or options contracts on the Related Exchange; and;

(ii) the Issuer's hedging arrangements in respect of the Notes and the hedging arrangements of the Swap Counterparty in respect of the Swap Agreement.

**Termination Amount** means the sum of the amounts (if any) calculated in accordance with Section 6(e) of the Swap Agreement payable by the Swap Counterparty to the Issuer pursuant to the terms of the Swap Agreement or by the Swap Guarantor pursuant to the terms of the Swap Guarantee, as the case may be. For the purposes of Section 6(e) of the Swap Agreement, the applicable payment measure and payment method is Market Quotation and Second Method (each as defined in the ISDA Master Agreement), respectively.

*The Termination Amount will in part be based on quotations from dealers of the amount the determining party would have to pay or expect to be paid in consideration for entering into an agreement with each such dealer to enter into a replacement swap agreement that would have the effect of preserving for the determining party the economic equivalent of its future rights and obligations under the Swap Agreement. When giving quotations dealers may take into account a number of factors which may include, but are not limited to, prevailing interest rates, market volatility, swap rates and macro economic events. The foregoing text is a summary only of certain provisions of the Swap Agreement and Noteholders should refer to the Swap Agreement for the complete terms of the Swap Agreement. If there is any inconsistency between this italised text and the Swap Agreement, the Swap Agreement will prevail;*

**Valuation Date** means each of (i) 2nd July, 2007, (ii) 2nd July, 2008, (iii) 2nd July, 2009, (iv) 2nd July, 2010 and (v) 1st July, 2011 or if any such day is not a Scheduled Trading Day, the relevant Valuation Date shall be the next following Scheduled Trading Day and provided further that if, in the opinion of the Calculation Agent, such day is a Disrupted Day, then that Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the relevant Scheduled Valuation Date is a Disrupted Day. In that case (a) that eighth Scheduled Trading Day shall be deemed to be the relevant Valuation Date (notwithstanding the fact that such day is a Disrupted Day) and (b) the Calculation Agent shall determine the level of the Index as of the Valuation Time on that eighth Scheduled Trading Day in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on that eighth 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 the relevant security on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security as of the Valuation Time on that eighth Scheduled Trading Day); provided always that (A) the relevant Valuation Date will not be later than the second Business Day prior to the corresponding Mandatory Early Repayment Date or the Maturity Date, as applicable, and if the eighth Scheduled Trading Day would be later than the second Business Day prior to the corresponding Mandatory Early Repayment Date or the Maturity Date, as applicable, references to the eighth Scheduled Trading Day shall be deemed to be such second Business Day prior to the corresponding Mandatory Early Repayment Date or the Maturity Date, as applicable, and (B) if the Calculation Agent determines that it is not material that any date which would otherwise be a Valuation Date is (i) not a Scheduled Trading Day because the Related Exchange is not scheduled to be open or (ii) a Disrupted Day solely because the Related Exchange fails to open, the Calculation Agent shall have the discretion to

determine such day to be the relevant Valuation Date (notwithstanding the fact that such date is not a Scheduled Trading Day because the Related Exchange is not scheduled to be open or is a Disrupted Day solely because the Related Exchange fails to open).

In determining what is "material", the Calculation Agent shall have regard to such circumstances as it in its sole and absolute discretion deems appropriate, which may include (but are not limited to):

(i) the effect on the level of the Index of any trading in futures or options contracts on the Related Exchange; and

(ii) the Issuer's hedging arrangements in respect of the Notes and the hedging arrangements of the Swap Counterparty in respect of the Swap Agreement; and

**Valuation Time** means, (i) for the purposes of determining whether a Market Disruption Event has occurred: (A) in respect of a Component Security, the Scheduled Closing Time on the relevant Exchange, and (B) in respect of any options contracts or futures contracts on the Index, the close of trading on the relevant Related Exchange, and (ii) in all other circumstances, the time as at which the official closing level of the Index is calculated and published by the Sponsor. If, for the purposes of (i) above, the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

(r) Interpretation of repayment

References in these Terms and Conditions to repayment of the Notes shall, for the purposes of the Trust Deed, the Agency Agreement, the Custodial Services Agreement, the Bearer Global Notes, the Definitive Bearer Notes and the Charged Agreements, be deemed to include redemption of the Notes, and related expressions shall be construed accordingly.

## 8. DELIVERY OPTION

The Notes are cash settled and accordingly, there is no obligation under the Notes for the Issuer to physically deliver any assets to any Noteholder.

## 9. PURCHASE

The Issuer may purchase any of the Notes at any time and from time to time in the open market or otherwise at any price. Any Notes purchased by the Issuer shall be notified to the Trustee and Paying Agent and shall be cancelled promptly following such purchase.

On any such purchase the Charged Agreements (or a proportionate part thereof which corresponds to the Notes to be purchased) will be terminated.

## 10. PRESCRIPTION

The Notes will become void unless presented for payment within a period of ten years after the Relevant Date therefor.

**Relevant Date** means the date on which payment of principal first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Trustee or the Principal Paying Agent, as the case may be, on or prior to such due date, it means the date on which, the full amount

of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 16 (*Notices*).

## 11. EVENTS OF DEFAULT

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-fifth in aggregate principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders or by the Swap Counterparty, provided that the Trustee shall not act on the directions of the Noteholders to the extent that such request or directions conflict with any directions of the Swap Counterparty, the Trustee shall (subject in any such case to being indemnified to its satisfaction) give notice to the Issuer that the Notes are, and they shall accordingly immediately become, due and repayable at the Early Repayment Amount (for the purposes of this Condition 11, such date on which the Notes become immediately due and repayable, the **Early Repayment Date**) and the security constituted by the Trust Deed shall become enforceable and the proceeds of realisation of such security shall be applied as specified in Condition 3(e) if any of the following events shall occur and be continuing (each an **Event of Default**):

(a) if default is made for a period of 14 days or more in the payment of any sum due in respect of the Notes or any of them; or

(b) if any order shall be made by any competent court or any resolution passed for the winding-up or dissolution of the Issuer, save for the purposes of amalgamation, merger, consolidation, reorganisation or other similar arrangements on terms approved in advance by the Trustee or by an Extraordinary Resolution of the Noteholders; or

(c) if the Issuer fails to perform or observe any of its other obligations under the Notes or the Trust Deed (the breach of which obligation the Trustee shall have certified to be in its opinion materially prejudicial to the interests of the Noteholders) and such failure continues for a period of 30 days (or such longer period as the Trustee may permit) next following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or

(d) if the Issuer becomes required to register as an "Investment Company" under the Investment Company Act.

## 12. ENFORCEMENT

At any time after the Notes or any of them shall have become due and repayable and have not been repaid, the Trustee may, at its discretion and without notice, institute such proceedings against the Issuer as it may think fit to enforce repayment thereof together with accrued interest (if any) and to enforce the provisions of the Notes and/or the Trust Deed, but it shall not be bound to institute any such proceedings unless:

(a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or in writing by the Swap Counterparty or so requested in writing by the holders of at least one-fifth in aggregate principal amount of the Notes then outstanding provided that the Trustee shall not act on the directions of the Swap Counterparty to the extent that such directions conflict with any such request or the directions of the Noteholders or, in the opinion of the Trustee, would be prejudicial to the interests of the Noteholders; and

(b) it shall have been indemnified to its satisfaction.

No Noteholder nor the Swap Counterparty shall be entitled to proceed against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable time and such failure is continuing. Except as aforesaid, only the Trustee may enforce the rights of the Noteholders, the Swap Counterparty, the Calculation Agent or any Paying Agent.

After realising the security which has become enforceable and distributing the net proceeds in accordance with Condition 3 (*Security*), the obligations of the Issuer with respect to the Trustee, the Swap Counterparty, any Paying Agent, the Calculation Agent and any Noteholder in respect of the Notes, any Charged Agreement and the Agency Agreement shall be satisfied and none of the foregoing parties may take any further steps against the Issuer to recover any further sums in respect thereof and the right to receive any such sums shall be extinguished.

In particular, none of the Trustee, the Swap Counterparty, any Paying Agent, the Calculation Agent or any Noteholder shall be entitled in respect thereof to petition or to take any other steps for the winding-up of the Issuer nor shall any of them have any claim in respect of the Notes or any other Series or any other Tranche.

(A) All payments to be made by the Issuer hereunder in respect of the Notes of this Series and the Swap Agreement will be made only from and to the extent of the sums received or recovered from time to time by or on behalf of the Issuer or the Trustee in respect of the Mortgaged Property (as defined in Condition 3(a)) applied in accordance with the order of priorities set out in Condition 3(e);

(B) to the extent that such sums are less than the amount which the holders of the Notes and the Swap Counterparty may have expected to receive (the difference being referred to herein as a "shortfall"), such shortfall will be borne by such holders in accordance with the inverse of the order of priorities set out in Condition 3(e); and

(C) each holder of Notes, by subscribing for or purchasing such Notes and the Swap Counterparty, will be deemed to accept and acknowledge that it is fully aware that:

(i) the holders of the Notes and the Swap Counterparty shall look solely to the sums referred to in paragraph (A), as applied in accordance with paragraphs (A) and (B) above, (the **Relevant Sums**) for payments to be made by the Issuer hereunder in respect of the Notes and the Swap Agreement;

(ii) the obligations of the Issuer to make payments in respect of the Notes and the Swap Agreement will be limited to the Relevant Sums and the holders of the Notes and the Swap Counterparty shall have no further recourse to the Issuer in respect of the Notes or the Swap Agreement, respectively;

(iii) without prejudice to the foregoing, any right of the holders of the Notes and the Swap Counterparty to claim payment of any amount exceeding the Relevant Sums shall be automatically extinguished; and

(iv) the holders of the Notes and the Swap Counterparty shall not be able to petition for the winding up of the Issuer as a consequence of any such shortfall.

No such shortfall shall constitute an Event of Default under Condition 11 (*Events of Default*) nor entitle the Swap Counterparty or the Swap Guarantor to terminate the remainder of the Charged Agreements.

None of the Trustee, the shareholders of the Issuer, the Swap Counterparty or the Swap Guarantor has any obligation to any Noteholder for payment of any amount by the Issuer in respect of the Notes.

## 13. REPLACEMENT OF NOTES

Should any Note be lost, stolen, mutilated, defaced or destroyed, it may, subject to applicable laws and regulations, be replaced at the specified office of the Principal Paying Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes must be surrendered before replacements will be issued.

## 14. AGENTS

The names of the initial Agents and their initial specified offices are set out at the end of the Prospectus relating to the issue of the Notes.

The Issuer is entitled to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, provided that, so long as any of the Notes is outstanding:

(i) there will at all times be a Principal Paying Agent;

(ii) so long as any Notes are listed on a stock exchange, there will at all times be a Paying Agent (which may be the Principal Paying Agent) having a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other competent authority;

(iii) the Issuer will ensure that it maintains a Paying Agent in a Member State of the European Union that it is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to such Directive; and

(iv) there will at all times be a Calculation Agent.

Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 15 nor more than 30 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 16 (*Notices*).

In acting under the Agency Agreement and except as otherwise provided in the Trust Deed, the Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholders. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

The Principal Paying Agent's account details (being the account to which the Issuer will credit amounts payable under the Notes and to which the Swap Counterparty will credit amounts payable under the Swap Agreement to the Principal Paying Agent on behalf of the Issuer) are to the extent such details have changed since the date of any prior notification to be notified to the Issuer (with a copy to the Custodian and the Swap Counterparty) in writing not less than five Business Days prior to the date upon which any payment in respect of the Notes is to be made.

## 15. EXCHANGE OF TALONS

There are no Talons in relation to the Notes.

## 16. NOTICES

All notices to Noteholders regarding the Notes will be deemed to be validly given if published (a) in a leading English language daily newspaper of general circulation in London, (b) if and for so long as the Notes are listed on the Luxembourg Stock Exchange, on the Luxembourg Stock Exchange's website (www.bourse.lu) or a daily newspaper of general circulation in the Grand Duchy of Luxembourg, and (c) in a German national journal for statutory securities exchanges announcements. It is expected that such publication will be made in *The Financial Times* in London, in *d'Wort* or the *Tageblatt* in the Grand Duchy of Luxembourg and in the *Börsen-Zeitung* in Germany. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange (or any other relevant authority) on which the Notes are for the time being listed or which have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

Until such time as any Definitive Notes are issued, there may, so long as any Bearer Global Notes representing the Notes are held in their entirety by Clearstream, Frankfurt, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Clearstream, Frankfurt for communication by it to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or other relevant authority and the rules of that stock exchange or any other relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by the rules of that stock exchange or any other relevant authority. Any such notice shall be deemed to have been given to the holders of the Notes on the Business Day immediately following the day on which the said notice was given to Clearstream, Frankfurt.

## 17. MEETINGS OF NOTEHOLDERS; MODIFICATION, WAIVER AND SUBSTITUTION

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the modification by Extraordinary Resolution of these Terms and Conditions or other provisions of the Trust Deed. The quorum at any such meeting for passing an Extraordinary Resolution will be one or more persons holding or representing in the aggregate not less than 75 per cent. in principal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons being or representing Noteholders whatever the principal amount of the Notes so held or represented. An Extraordinary Resolution passed at any meeting of Noteholders will be binding on all Noteholders, whether or not they are present at the meeting.

The Trustee may agree, without the consent of the Noteholders (but subject to prior notification by the Issuer to Moody's and confirmation therefrom as to there being no adverse change to the credit rating granted by Moody's), to (a) any modification of, or to any waiver or authorisation of any breach or proposed breach of, any of these Terms and Conditions or any provision of the Trust Deed or, in the case of modification, the Agency Agreement or the Charged Agreements which, in the opinion of the Trustee, is not materially prejudicial to the interests of the Noteholders, provided however that no such modification shall be effective without the consent of the Swap Counterparty (such consent not to be unreasonably withheld or delayed), or (b) any modification to any of the

same which is of a formal, minor or technical nature or to correct an error which is, in the opinion of the Trustee, proven.

Subject as provided in the Trust Deed, the Trustee, if it is satisfied that so to do would not be materially prejudicial to the interests of the Noteholders, may agree, without the consent of the Noteholders (but subject to prior notification to, and confirmation from, Moody's as aforesaid), to the substitution of any other company in place of the Issuer as principal debtor under the Trust Deed and the Notes. No such substitution shall be effective without the consent of the Swap Counterparty and the Swap Guarantor (such consent not to be unreasonably withheld or delayed). Under the Trust Deed, the Issuer has covenanted that it shall use reasonable endeavours to procure the substitution as principal debtor of a company incorporated in some other jurisdiction than that of the Issuer in the event of the Issuer becoming subject to any of the tax events described in Condition 7(c) (*No repayment for taxation reasons*).

In connection with any exercise of its trusts, powers, authorities or discretions, the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of such exercise for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or political sub-division thereof. In connection with any such exercise, no person shall be entitled to claim, whether from the Issuer, any substitute Issuer, the Swap Counterparty, the Swap Guarantor, the Trustee or any other person, any indemnification or payment in respect of any tax consequence of any such exercise upon any person.

Any such modification, waiver, authorisation or substitution shall be binding on all Noteholders and any such modification or substitution shall be notified to the Noteholders by the Issuer in accordance with Condition 16 (*Notices*) as soon as practicable thereafter unless, in the case of a modification, the Trustee agrees otherwise.

## 18. FURTHER ISSUES

The Issuer shall be at liberty from time to time, without the consent of the Trustee, the Noteholders, the Swap Guarantor or (except in the case of (a) below) the Swap Counterparty to create and issue further bonds, notes or other securities either (a) so as to be consolidated and form a single Series with the existing Notes or (b) upon such terms as to security, interest, premium, repayment and otherwise as the Issuer may, in its absolute discretion, at the time of the issue thereof determine; provided that (i) in the case of (a) above (A) confirmation is received from Moody's that there will be no adverse change to the credit rating of the Notes which have been rated and with which the new Notes are to form a single Series and (B) the value of the Mortgaged Property is correspondingly increased, and (ii) in the case of (b) such bonds, notes or other securities are secured on assets of the Issuer other than those referred to in Condition 3 (*Security*) relating to any existing Notes and on terms in substantially the form of these Terms and Conditions which provide for the extinguishment of all claims in respect of such further bonds, notes or other securities after application of the proceeds of the assets upon which such further bonds, notes or other securities are secured. Any such bonds, notes or other securities shall be constituted in accordance with the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of bonds, notes or other securities of other Series in certain circumstances.

## 19. INDEMNIFICATION AND REPLACEMENT OF THE TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings unless indemnified to its satisfaction. The Trustee is exempted from any liability in respect of any loss, diminution in value or theft of all or any part of the Mortgaged Property, from any obligation to insure all or any part of the Mortgaged Property (including, in either such case, any documents evidencing, constituting or representing the same or transferring any rights, benefits and/or obligations thereunder), to procure the same to be insured or to monitor the adequacy of any insurance arrangements in respect of the Mortgaged Property and from any claim arising if all or any part of the Mortgaged Property (or any such document aforesaid) are held in an account with Euroclear and/or Clearstream, Luxembourg or any other clearing system in accordance with that clearing system's rules or otherwise held in safe custody by the Custodian or a bank or other custodian whether or not selected by the Trustee.

The Trust Deed provides that the Trustee may retire at any time on giving not less than three months' prior written notice to the Issuer without giving any reason and without being responsible for any liabilities incurred by reason of such retirement. In addition, the Noteholders of any Series may by Extraordinary Resolution remove the Trustee in relation to such Series. The Issuer has undertaken in the Trust Deed that, in the event of the only Trustee of any Series giving notice or being removed by Extraordinary Resolution of the Noteholders of such Series, it will use its best endeavours to procure that a new trustee in relation to such Series is appointed as soon as reasonably practicable thereafter. If the Issuer fails so to procure the appointment of such a new trustee, the Trustee which is retiring or has been removed (as the case may be) shall appoint a successor trustee in relation to such Series. The retirement or removal of the Trustee shall not become effective until a successor trustee is appointed.

## 20. TRUSTEE CONTRACTING WITH ISSUER AND OTHER PARTIES

The Trust Deed contains provisions pursuant to which the Trustee or any of its subsidiary or associated companies is entitled, *inter alia,* (a) to enter into business transactions with the Issuer and/or the Swap Counterparty and/or the Swap Guarantor and/or any obligor in respect of the Mortgaged Property and/or any of their subsidiary or associated companies and to act as trustee for the holders of any other securities issued by or relating to the Issuer and/or the Swap Counterparty and/or the Swap Guarantor and/or any obligor in respect of the Mortgaged Property and/or any of their subsidiary or associated companies, (b) to exercise and enforce its rights, comply with its obligations, and perform its duties, under or in relation to any such transactions or, as the case may be, any such trusteeships without regard to the interests of the Noteholders or the Swap Counterparty and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

## 21. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any rights to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

## 22. GOVERNING LAW AND SUBMISSION TO JURISDICTION

(a) Governing law

The Trust Deed, the Agency Agreement, the Swap Agreement and the Notes are governed by, and shall be construed in accordance with, English law. The Swap Guarantee is governed by, and will be construed in accordance with, New York law.

(b) Submission to jurisdiction

The Issuer irrevocably agrees, for the benefit of the Noteholders, that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes and submits to the exclusive jurisdiction of the English courts accordingly.

The Issuer hereby irrevocably waives any objection which it may have now or hereafter to the courts of England on the grounds that they are an inconvenient or inappropriate forum and hereby further irrevocably agrees that a judgment in any suit, action or proceedings (together referred to as **Proceedings**) brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

Nothing contained in this Condition 22 shall limit any right to take Proceedings against the Issuer 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.

The Issuer appoints Citigroup Global Markets Limited, currently of Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, as its agent for service of process, and undertakes that, in the event of such person ceasing so to act or ceasing to be domiciled in England, it will appoint another person domiciled in England as its agent for service of process in England in respect of any Proceedings.

Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

## OTHER INFORMATION

(a) Listings and admission to trading

Application will be made to the Luxembourg Stock Exchange for the Notes to be admitted to the official list of the Luxembourg Stock Exchange, and for the Notes to be admitted to trading on the regulated market of the Luxembourg Stock Exchange (the **Regulated Market**) pursuant to Investment Services Directive 93/22/EEC. References in this Prospectus to Notes being listed (and all related references) shall mean that such Notes will be admitted to trading on the Regulated Market of the Luxembourg Stock Exchange. The Regulated Market is a regulated market for the purposes of the Investment Services Directive 93/22/EC. Applications have also been made for the Notes to be included on the regulated unofficial market of the Stuttgart Stock Exchange (*Freiverkehr*) and to be included on the regulated unofficial market of the Frankfurt Stock Exchange (*Freiverkehr*).

(b) Ratings

The Notes are expected, on issue, to be assigned an Aa1 rating by Moody's Investors Service Limited. The rating solely addresses the Issuer's payment obligations under the Notes as set out in this Prospectus and does not address the level of the level of the Issuer's payment obligations. These payments are funded through payments due from Swap Counterparty under the Swap Agreement, guaranteed by Citigroup Inc. and the rating is thus based on, amongst other things, the ability of Citigroup Inc. (currently rated Aa1) to meet its obligations under the Swap Agreement.

(c) Distribution

The manner in which the Notes will be distributed will be non-syndicated.

The Notes will be issued in compliance with the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA D Rules).

(d) Notification

The competent authority in Luxembourg has provided Bundesanstalt für Finanzdienstleistungsaufsicht (*BaFin*) (the competent authority in Germany) with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive and the Luxembourg act dated 10th July, 2005 on prospectuses for securities.

(e) Interests of Natural and Legal Persons Involved in the Offer

Save as discussed in "Subscription, Sale and Transfer Restrictions" in the Base Prospectus, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.

(f) Reasons for the Offer, Estimated Net Proceeds and Total Expenses

(i) Reasons for the offer:

The net process from the issue of the Notes will be applied by the Issuer (a) to enter into or pay any amount required under or in respect of the related Charged Agreements, (b) to pay a distribution commission of 2.00 per cent. of the aggregate Nominal Amount of the Notes to the distributor(s) of

the Notes and (c) to pay expenses or any applicable fees in connection with the administration of the Issuer.

| | | |
|---|---|---|
| (ii) | Estimated net proceeds: | If all the Notes available under the offer are subscribed, the net proceeds will be EUR 20,000,000. |
| (iii) | Estimated total expenses: | EUR 30,000. |

(g) Operational Information

| | |
|---|---|
| ISIN Code: | DE000CG0EY53. |
| Common Code: | 025522567. |
| WKN: | CG0EY5. |
| Any clearing system(s) other than Euroclear, Clearstream Luxembourg and the relevant identification number(s): | Clearstream, Frankfurt. |
| Delivery: | Delivery against payment |
| Names and addresses of additional Paying Agent(s) (if any): | Citigroup Global Markets Deutschland AG & Co. KGaA, Reuterweg 16, 60323 Frankfurt am Main, Germany |

## DESCRIPTION OF THE DOW JONES EUROSTOXX 50® INDEX

*The material included in this section with respect to the Index is of limited scope and consists only of extracts from, or summaries of, documents which are publicly available and assumed to be reliable. However, this information is provided to prospective investors for their convenience only and none of the Issuer, the Arranger or the other Transaction Participants accept any responsibility for the accuracy or completeness of the information concerning the Index or for the occurrence of any event which would affect the accuracy or completeness of such information. In deciding whether to purchase Notes, prospective investors should form their own view of the merits of investing in the Notes based upon their own investigation, including consultation with their own professional advisers as they may consider appropriate, and not in reliance upon the information in this section.*

### General

Deutsche Börse, Dow Jones and Co. Inc., SBF-Bourse de Paris and Schweizer Börse have together founded a new company, named STOXX LIMITED (**STOXX**), and created a new family of indices. They consist of four major indices and various sector and regional indices calculated for Western Europe and the Euro zone.

The four major indices are:

(a) Dow Jones STOXX$^{R}$, the European broad index$^{(1)}$ (which duplicates the Dow Jones Global Indexes Europe index);

(b) Dow Jones STOXX 50®, the European blue-chip index (a 50-stock index derived from Dow Jones STOXX$^{R}$);

(c) Dow Jones EUROSTOXX$^{R}$, the Euro broad index$^{(2)}$ (Dow Jones STOXX excluding those countries not participating in European Economic and Monetary Union); and

(d) Dow Jones EUROSTOXX 50®, the Euro blue-chip index (a 50-stock index derived from Dow Jones EUROSTOXX$^{R}$) (the **Dow Jones EUROSTOXX 50®**).

The name of the Dow Jones EUROSTOXX 50® is a service mark of DOW JONES & COMPANY, INC. and has been licensed for use for certain purposes by the Issuer. The Index is available under Reuters RIC Code "STOXX50E".

***Notes:***

1. The European broad index covers companies from Austria, Belgium, Denmark, Finland, France, Germany, Greece, Italy, Ireland, The Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom. Luxembourg will be added when a continuous data feed becomes available. Other European countries may be added to the European broad index in the future.

2. The Euro broad index covers companies from Austria, Belgium, Finland, France, Germany, Italy, Ireland, The Netherlands, Portugal and Spain. Luxembourg will be added when a continuous data feed becomes available. Other countries may be added in the future.

The index is available under Bloomberg code "SX5E Index".

### Calculation of the Dow Jones EUROSTOXX 50®

The Dow Jones EUROSTOXX 50® is capitalisation-weighted and is calculated on both a price- and total-return basis. For the purpose of the determination of the Final Repayment Amount, the price-return based

index only is relevant. It is calculated in euro in real-time and is currently disseminated every 15 seconds from 9.00 a.m. to 5.45 p.m. (Central European Time).

The Dow Jones EUROSTOXX 50® is computed on the basis of last prices; a traded price on various exchanges listed below will trigger the calculation of the Dow Jones EUROSTOXX 50® after the opening trade of a component stock is received.

In the event of a suspension of the quotation during the trading session, the last traded price is used for all subsequent computations. If a quotation is suspended before the trading begins, the adjusted closing price from the previous day is taken for the calculation of the Dow Jones EUROSTOXX 50®. If there is a stock exchange holiday in one or more countries, the last available stock prices from this exchange will be used for the Dow Jones EUROSTOXX 50® calculation.

The Dow Jones EUROSTOXX 50® is based on 31 December 1991. The base value of the Dow Jones EUROSTOXX 50® was set at 1,000.

**Relevant Stock Exchange Markets**

The following countries and exchange/trading systems are currently used as a source for stock prices for the Dow Jones EUROSTOXX 50®:

| **Country** | **Stock Exchange/Trading System** |
|---|---|
| Austria | Vienna Stock Exchange |
| Belgium | Euronext Brussels |
| Finland | Helsinki Stock Exchange |
| France | Euronext Paris |
| Germany | Xetra |
| Greece | Athens |
| Ireland | Irish Stock Exchange |
| Italy | Italian Stock Exchange |
| Netherlands | Euronext Amsterdam |
| Portugal | Euronext Lisbon |
| Spain | SIBE |

**Index Composition**

Securities are selected for Dow Jones STOXX50® so as to represent the largest and most liquid stocks in the market.

Dow Jones EUROSTOXX$^{R}$ is a subset of Dow Jones STOXX$^{R}$. Only companies from countries that are part of the European Monetary Union are included in Dow Jones EUROSTOXX$^{R}$.

The Dow Jones EUROSTOXX 50® is a subset of the stocks of 50 companies of the Dow Jones EUROSTOXX$^{R}$ index with the intent of reflecting the sector leaders.

**Periodic and Ongoing Reviews**

Currently the composition of the Dow Jones EUROSTOXX 50® is reviewed annually, and changes are implemented on the third Friday in September, using market data from the end of July as the basis for the review process. In addition, the Dow Jones EUROSTOXX 50® is continually reviewed for changes to the index composition necessitated, e.g., by extraordinary corporate actions affecting the component companies.

**Decision-Making Bodies**

STOXX's Advisory Committee advises the Supervisory Board on matters relating to the Dow Jones EUROSTOXX 50®. This committee proposes changes of the composition to the Supervisory Board. It makes recommendations with respect to the accuracy and transparency of the Dow Jones EUROSTOXX 50® computation. Decisions on the composition and changes in the Dow Jones EUROSTOXX 50® are reserved to the Supervisory Board.

**Performance of the Dow Jones EUROSTOXX 50®**

The high and low closing values (price-return) for the Dow Jones EUROSTOXX 50® for 2000, 2001, 2002, 2003, 2004 and 2005 are set out below:

| | *Year ended 31 December 2000* | *Year ended 31 December 2001* | *Year ended 31 December 2002* | *Year ended 31 December 2003* | *Year ended 31 December 2004* | *Year ended 31 December 2005* |
|---|---|---|---|---|---|---|
| High | 5,522.42 | 4,240.99 | 3,833.09 | 2,760.66 | 2,959.71 | 3,616.33 |
| Low | 4,471.89 | 3,857.01 | 2,150.27 | 1,849.64 | 2,580.04 | 2,924.01 |

Source: Sponsor's website: www.stoxx.com

The high and low closing values (price return) for the Dow Jones EUROSTOXX 50®, for the months January 2002 to April, 2006 are set out below:

The recent historical performance of the Dow Jones EUROSTOXX 50® should not be taken as an indicating future performance.

| **Month Ended** | | **High** | **Low** |
|---|---|---|---|
| 2002 | January | 3,833.09 | 3,576.60 |
| | February | 3,682.69 | 3,430.18 |
| | March | 3,796.26 | 3,645.33 |
| | April | 3,748.44 | 3,538.74 |
| | May | 3,595.73 | 3,388.44 |
| | June | 3,382.54 | 2,928.72 |
| | July | 3,165.47 | 2,438.31 |
| | August | 2,872.02 | 2,447.32 |
| | September | 2,723.14 | 2,187.22 |

| Month Ended | | High | Low |
|---|---|---|---|
| | October | 2,549.84 | 2,150.27 |
| | November | 2,669.89 | 2,434.73 |
| | December | 2,662.49 | 2,364.99 |
| 2003 | January | 2,529.86 | 2,154.53 |
| | February | 2,280.82 | 2,058.97 |
| | March | 2,249.11 | 1,849.64 |
| | April | 2,365.97 | 2,067.23 |
| | May | 2,389.70 | 2,229.43 |
| | June | 2,527.44 | 2,365.76 |
| | July | 2,519.79 | 2,366.86 |
| | August | 2,593.55 | 2,436.06 |
| | September | 2,641.55 | 2,395.87 |
| | October | 2,575.04 | 2,434.63 |
| | November | 2,657.60 | 2,568.71 |
| | December | 2,766.66 | 2,651.41 |
| 2004 | January | 2,896.78 | 2,782.52 |
| | February | 2,932.95 | 2,816.34 |
| | March | 2,959.71 | 2,702.05 |
| | April | 2,905.88 | 2,787.48 |
| | May | 2,823.37 | 2,659.85 |
| | June | 2,840.04 | 2,713.29 |
| | July | 2,806.62 | 2,640.61 |
| | August | 2,712.45 | 2,580.04 |
| | September | 2,790.67 | 2,691.67 |
| | October | 2,834.62 | 2,734.37 |
| | November | 2,922.24 | 2,834.03 |
| | December | 2,955.11 | 2,888.02 |
| 2005 | January | 2,984.59 | 2,924.01 |
| | February | 3,086.95 | 3,008.85 |
| | March | 3,114.54 | 3,032.13 |
| | April | 3,090.72 | 2,930.10 |
| | May | 3,096.54 | 2,949.09 |
| | June | 3,198.89 | 3,077.86 |
| | July | 3,333.05 | 3,170.06 |
| | August | 3,370.84 | 3,224.10 |

| Month Ended | | High | Low |
|---|---|---|---|
| | September | 3,429.42 | 3,274.42 |
| | October | 3,464.23 | 3,241.14 |
| | November | 3,471.43 | 3,212.45 |
| | December | 3,616.33 | 3,499.30 |
| 2006 | January | 3,691.41 | 3,532.68 |
| | February | 3,840.56 | 3,671.37 |
| | March | 3,870.89 | 3,727.96 |
| | April | 3,888.46 | 3,770.79 |

The official closing level of the Dow Jones EUROSTOXX 50® on 15th May, 2006 was 3,711.16.

Source: Sponsor's website: www.stoxx.com and Bloomberg

Further information regarding the performance of the Index may be obtained from the website of the Sponsor, www.stoxx.com.

***Disclaimer***

*The Notes are not in any way sponsored, endorsed, sold or promoted by STOXX LIMITED (**STOXX**) or Dow Jones & Company, Inc. (**Dow Jones**), and neither STOXX nor Dow Jones makes any representation or warranty whatsoever, expressly or impliedly, to the Noteholders or any member of the public regarding the advisability of investing in securities generally or in the Notes particularly. The Dow Jones EUROSTOXX 50® is determined, composed and calculated by STOXX without regard to the Issuer or the Notes. Neither STOXX nor Dow Jones is responsible for or has participated in the determination or calculation of the amounts payable in respect of the Notes. Neither STOXX nor Dow Jones has any obligations or liabilities in connection with the administration, marketing or trading of the Notes.*

*NEITHER STOXX NOR DOW JONES GUARANTEES THE ACCURACY AND/OR THE COMPLETENESS OF THE DOW JONES EUROSTOXX 50® OR ANY DATA INCLUDED THEREIN AND NEITHER SHALL HAVE ANY LIABILITY FOR ANY ERRORS, OMISSIONS OR INTERRUPTIONS THEREIN. NEITHER STOXX NOR DOW JONES MAKES ANY WARRANTY WHATSOEVER, EXPRESSLY OR IMPLIEDLY, AS TO RESULTS TO BE OBTAINED BY THE ISSUER, A HOLDER OF THE NOTES OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE DOW JONES EUROSTOXX 50® OR ANY DATA INCLUDED THEREIN. NEITHER STOXX NOR DOW JONES MAKES ANY EXPRESS OR IMPLIED WARRANTIES AND EACH EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE DOW JONES EUROSTOXX 50® OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL EITHER STOXX OR DOW JONES HAVE ANY LIABILITY FOR ANY LOST PROFITS OR INDIRECT, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES EVEN IF NOTIFIED OF THE POSSIBILITY THEREOF. THERE ARE NO THIRD PARTY BENEFICIARIES OF ANY AGREEMENTS OR ARRANGEMENTS BETWEEN STOXX AND THE ISSUER.*

*The Dow Jones EUROSTOXX 50® is owned by STOXX. The name of Dow Jones EUROSTOXX 50® is a service mark of Dow Jones and has been licensed for certain purposes by the Issuer.*

***NEITHER STOXX NOR DOW JONES GIVES ANY ASSURANCE REGARDING ANY MODIFICATION OR CHANGE IN ANY METHODOLOGY USED IN CALCULATING THE DOW JONES EUROSTOXX 50® AND NEITHER STOXX NOR DOW JONES IS UNDER ANY OBLIGATION TO CONTINUE THE CALCULATION, PUBLICATION AND DISSEMINATION OF THE DOW JONES EUROSTOXX 50®.***

## INFORMATION ABOUT ALLEGRO INVESTMENT CORPORATION S.A.

### General

The Issuer is a special purpose vehicle and was incorporated under the law of the Grand Duchy of Luxembourg on 22nd May, 2001 for an unlimited duration and copies of its constitutional documents were filed with the Luxembourg trade and companies register on 7th June, 2001 and published in "the *Mémorial, Recueil des Sociétés et Associations*" (the **Mémorial**) on 6th December, 2001. The company's constitutional documents were amended on 24th September, 2004 and the amendments were published in the Mémorial on 27th November, 2004. Following such amendment the company is a securitisation company pursuant to the Luxembourg law on securitisation dated 22nd March, 2004. The Issuer is registered with the Luxembourg trade and companies register under number B.82.192. The registered office of the Issuer is 7, Val Sainte-Croix, L-1371 Luxembourg.

The accounting year of the Issuer runs from 1st January to 31st December in each year. The first Annual General Meeting of the Issuer was held on 6th August, 2002.

### Share Capital and Shareholders

The authorised capital of the Issuer is Euro 124,000 divided into 1,240 fully paid ordinary shares of Euro 100 par value each.

The issued shares of the Issuer are held by, or on behalf of Dahmer Limited and Liburd Limited (the **Allegro Share Trustees**) under the terms of a declaration of trust under which the Allegro Share Trustees hold the shares on trust for charitable and heritage bodies.

### Directors and Management

The Issuer has three directors, as follows:

| **Name** | **Principal Occupation** |
|---|---|
| Alexis Kamarowsky | Managing Director, Interconsult S.A. |
| Federigo Cannizzaro di Belmontino | Deputy Managing Director, Interconsult S.A. |
| Jean-Marc Debaty | Class B Signatory, Interconsult S.A. |

The business address of the Directors is c/o Interconsult S.A. 7 Val Sainte-Croix, L-1371 Luxembourg.

The principal outside activities of the Directors above may be significant with respect to the Issuer to the extent that Luxembourg International Consulting S.A. provides professional administration, management and directorial services to other companies similar in nature to the Issuer. To the extent that a conflict between Luxembourg International Consulting S.A. and the Issuer exists, there may be a conflict of interest between the private interests of the Directors of the Issuer (or any one of them) and those of the Issuer.

Interconsult S.A. is the administrator of the Issuer. Its duties include the provision of certain administrative, accounting and related services. The appointment of the administrator may be terminated and the administrator may retire upon three months' notice subject to the appointment of an alternative administrator on similar terms to the existing administrator.

**Financial Statements**

In accordance with article 75 of the Luxembourg Companies Act, 1915, as amended, the Issuer is obliged to publish its annual accounts on an annual basis following the requisite holding of the annual meeting of the shareholders. The Issuer published its annual accounts for the first time on 14th October, 2002 covering the period 22nd May, 2001 to 31st December, 2001 and published its annual accounts for the year ended 31st December, 2002 on 26th September, 2003. Its annual accounts for the year ended 31st December, 2003 were published on 18th May, 2004 and its annual accounts for the year ended 31st December, 2004 were published on 11th May, 2005.

It is not intended that the Issuer will publish any financial statements other than its annual accounts in the future.

The annual accounts of the Issuer for the year ended 31st December, 2004 are incorporated in the Base Prospectus by reference and, together with any future published financial statements prepared for the Issuer, will be obtainable free of charge from the registered office of the Issuer, being the address set out at the end of this Prospectus, and from the Specified Office of the Paying Agents in London and the Grand Duchy of Luxembourg, as described at the end of this Prospectus.

The auditors of the Issuer are PricewaterhouseCoopers S.àr.l. Réviseur d'entreprises (**PWC**) of 400, route d'Esch, B.P. 1443, L-1014 Luxembourg. PWC is an accountancy firm authorised to carry on business in the Grand Duchy of Luxembourg by the CSSF. PWC is a member of the Institute des Réviseurs d'Enterprises as a registered réviseurs d'enterprises (personne morale).

## BUSINESS OF THE ISSUER

The Trust Deed contains restrictions on the activities in which the Issuer may engage. Pursuant to these restrictions, the business of the Issuer is limited to acquiring and holding Charged Assets and any assets used to secure any Permitted Indebtedness, issuing Notes up to a maximum aggregate principal amount outstanding at any one time as permitted under the Programme, entering into or incurring any Permitted Indebtedness, (where appropriate) borrowing money in certain other forms approved by the Trustee (subject to certain restrictions), entering into Charged Agreements and any agreements relating to any Permitted Indebtedness and performing its obligations and exercising its rights thereunder and entering into other related transactions and Credit Support Documents, in each case, in respect of or in relation to either (a) a Series of Notes or (b) any Permitted Indebtedness.

The assets of the Issuer will consist of, *inter alia*, Charged Assets and/or the benefit of Charged Agreements and Credit Support Documents in respect of each Series of Notes and the issued and paid-up capital of the Issuer and, where appropriate, assets and the benefit of any agreements relating to any Permitted Indebtedness or any other borrowings of the Issuer. **The only assets of the Issuer available to meet claims of holders of the relevant Notes are the assets comprised in the relevant collection of assets, rights and other benefits comprising the security for the relevant Notes.**

The Notes are obligations of the Issuer or, if applicable, the Issuer Credit Enhancer, and not of the shareholder(s) of the Issuer, the Share Trustees, the Trustee, the Arranger, the Administrator, the Swap Counterparty, any Swap Guarantor, any Credit Support Provider or any obligor in respect of any Charged Assets. Furthermore, they are not obligations of, or guaranteed in any way by, any of the Dealers.

## INFORMATION ABOUT THE SWAP AGREEMENT

The following is a summary of certain features of the Swap Agreement to be entered into and is qualified by reference to the detailed provisions of the Swap Agreement.

### The Swap Agreement

The Charged Agreements will include a hedging agreement with the Swap Counterparty (the **Swap Agreement**).

The Swap Agreement comprises an Amended and Restated ISDA Master Agreement dated as of 11th November, 2005 as amended and supplemented from time to time between the Issuer and Citigroup Financial Products Inc. (the **Master Agreement**) and a swap transaction between the Issuer and Citigroup Financial Products Inc., as evidenced by a confirmation to be dated 7th July, 2006 (the **Confirmation** and together with the Master Agreement, the **Swap Agreement**), which supplements, forms a part of, and is subject to the Master Agreement.

The obligations of the Citigroup Financial Products Inc. in respect of the Swap Agreement will be guaranteed pursuant to a guarantee dated as of 11th November, 2005 as amended and restated from time to time in respect of the obligations of Citigroup Financial Products Inc. under the Swap Agreement (the **Swap Guarantee**) by Citigroup Inc. (the **Swap Guarantor**).

The Swap Agreement and the Swap Guarantee are together referred to as the **Charged Agreements** and each a **Charged Agreement**.

### Payments under the Swap Agreement

The aggregate effect of payments due under the Swap Agreement is that the Swap Counterparty will make certain payments to the Issuer in respect of amounts due on the Notes and on the Issue Date the Issuer will pay an aggregate amount equal to the net proceeds of the issue of the Notes to the Swap Counterparty.

### Termination of Swap Agreement

The Swap Agreement will terminate on the Maturity Date unless terminated earlier in accordance with the terms of the Master Agreement.

### Early Termination

The Swap Agreement may be terminated early if or when one or more of the following events occur (in each case, subject as provided in the Swap Agreement):

(a) in whole, if the Notes become payable in whole in accordance with their respective terms and conditions prior to the Maturity Date;

(b) at the option of the Issuer or the Swap Counterparty, if there is a failure by the other party (after the giving of notice and the expiration of the applicable grace period) to pay any amounts due;

(c) at the option of the Issuer, if: (i) there is a failure by the Swap Counterparty to comply with or perform certain obligations under the Swap Agreement, (ii) any of certain representations made by the Swap Counterparty are materially incorrect or misleading, (iii) the Swap Counterparty merges without an assumption of the Swap Counterparty's obligations in respect of the Swap Agreement or (iv) the Swap Counterparty merges and either party is required to withhold tax as a result (see: **Transfer to avoid Tax Event** below); and

(d) at the option of the Issuer or the Swap Counterparty, if: (i) certain bankruptcy events specified in relation to the other party occur, (ii) withholding taxes are imposed on payments made by the Issuer or the Swap Counterparty under the Swap Agreement (see: **Transfer to avoid Tax Event** below) or (iii) it becomes illegal for either party to perform its obligations under the Swap Agreement.

**Consequences of Early Termination**

Upon any such early termination of the Swap Agreement (assuming that the Issuer has made payments to the Swap Counterparty out of the net proceeds of the issue of the Notes), the Issuer or the Swap Counterparty may be liable to make a termination payment to the other (regardless, if applicable, of which of such parties may have caused such termination).

The aggregate of the termination payments of the Swap Agreement will be equal to the corresponding amount due in respect of all of the outstanding Notes upon their repayment following such termination.

Upon an early termination of the Swap Agreement, there is no assurance that the aggregate of the termination payments payable by the Swap Counterparty to the Issuer (if any) will be sufficient to pay the principal amount due to be paid in respect of the Notes and any other amounts thereof that are due.

**Taxation**

Neither the Issuer nor the Swap Counterparty is obliged under the Swap Agreement to gross up any payment to be made under the Swap Agreement if withholding taxes are imposed.

**Transfer to avoid Tax Event**

If withholding taxes are imposed on payments to be made by the Issuer or the Swap Counterparty under the Swap Agreement, then the Swap Counterparty shall, at its sole option, have the right to require the Issuer:

(a) to transfer all of its interests and obligations under the Swap Agreement together with its interests and obligations under the Notes, the Trust Deed, the Agency Agreement and the Custodial Services Agreement to another entity, whether or not in the same tax jurisdiction as the Issuer, as would not have any obligation to withhold or deduct (if the Issuer is or would be required to make such deduction or withholding) or to which the Swap Counterparty would be entitled to make payments free from the relevant deduction or withholding (if the Swap Counterparty is or would otherwise be required to make such withholding or deduction), subject to obtaining the prior written consent of the Trustee; or

(b) to transfer its residence for tax purposes to another jurisdiction, subject to obtaining the prior written consent of the Trustee.

If the Issuer is unable to transfer its interests to another party or transfer its tax residence in accordance with the preceding provisions prior to the 30th day following the date of imposition of such withholding taxes, or if earlier, the 10th day prior to the first date on which it or the Swap Counterparty would otherwise be required to make a payment net of withholding taxes, the Swap Counterparty may terminate the swap transaction under the Swap Agreement.

**Transfer to another Swap Counterparty**

The terms of the Swap Agreement will provide that the Swap Counterparty may, without the consent of the Noteholders or the Issuer, transfer all or part of its interest and obligations in and under the Swap Agreement to any affiliate of the Swap Counterparty (the **Transferee**), provided that the Transferee either: (a) has at least an equivalent credit rating as of the date of such transfer to that of the Swap Guarantor as of the date of such transfer, or (b) is guaranteed by the Swap Guarantor or an affiliate of the Swap Counterparty that has a

credit rating as at the date of such transfer that is at least equivalent to that of the Swap Guarantor as at the date of such transfer on substantially the same terms as the existing guarantee of the Swap Counterparty's obligations, and provided that certain requirements and conditions set out in the Swap Agreement and the Supplemental Trust Deed have been satisfied. These requirements and conditions include (without limitation) the requirement that: (i) the Transferee shall, at the time of such transfer, have entered into an ISDA Master Agreement with the Issuer on substantially the same terms as the ISDA Master Agreement between the Issuer and the Swap Counterparty, (ii) as of the date of such transfer the Transferee will not, as a result of such transfer, be required to withhold or deduct on account of tax under the ISDA Master Agreement, (iii) Moody's has provided prior written notification that the then current ratings of the Notes will not be adversely affected, (iv) a Termination Event or an Event of Default does not occur under the Swap Agreement as a result of such transfer and (v) no additional amount will be payable by the Issuer to the Swap Counterparty or to the Transferee on the next succeeding scheduled payment date as a result of such transfer.

## FORM OF GUARANTEE FROM SWAP GUARANTOR TO CFPI

GUARANTEE, dated as of 11th November, 2005, of CITIGROUP INC., a Delaware corporation (the **Guarantor**), in favour of Allegro Investment Corporation S.A. (the **Counterparty**).

**1. Guarantee**

In order to induce the Counterparty to continue to enter into Transactions under an Amended and Restated ISDA Master Agreement dated as of 11th November, 2005 (the **Agreement**), with the Guarantor's wholly-owned subsidiary, Citigroup Financial Products Inc. (**CFPI**), the Guarantor absolutely and unconditionally guarantees to the Counterparty, its successors and permitted assigns, the prompt and timely payment of all amounts payable by CFPI under the Agreement in respect of any Transaction effected under the Agreement which shall have been entered into on or after the date of this Guarantee, whether due or to become due, secured or unsecured, joint or several (the **Obligations**) all without regard to any counterclaim, set-off, deductions or defense of any kind which the Guarantor may have or assert, and without abatement, suspension, deferment or diminution on account of any event or condition whatsoever; provided however, that the Guarantor's obligations under this Guarantee shall be subject to CFPI's defenses and rights to set-off, counterclaim or withhold payment as provided in the Agreement (if any) and provided further, however, that the Guarantor shall have no obligation to take action hereunder during any period when performance by CFPI, in accordance with the provisions of the Agreement, would constitute a violation of any applicable laws (other than bankruptcy, liquidation, reorganisation or similar laws affecting the rights of creditors generally). Any capitalized term used herein and not otherwise defined shall have the meaning assigned to it in the Agreement.

**2. Nature of Guarantee**

This Guarantee is a guarantee of payment and not of collection. The Counterparty shall not be obligated, as a condition precedent to performance by the Guarantor hereunder, to file any claim relating to the Obligations in the event that CFPI becomes subject to a bankruptcy, reorganization or similar proceedings, and the failure of the Counterparty to file a claim shall not affect the Guarantor's obligations hereunder. This Guarantee shall continue to be effective or be reinstated if any payment to the Counterparty by CFPI on account of any Obligation is returned to CFPI or is rescinded upon the insolvency, bankruptcy or reorganization of CFPI. This Guarantee shall rank *pari passu* with other senior unsecured obligations of the Guarantor.

**3. Consents, Waivers and Renewals**

The Guarantor agrees that the Counterparty may at any time and from time to time, either before or after the maturity thereof, without notice to or further consent of the Guarantor, change the time, manner or place of payment or any other term of, any Obligation, exchange, release, nonperfection or surrender any collateral for, or renew or change any term of any of the Obligations owing to it, and may also enter into a written agreement with CFPI or with any other party to the Agreement or person liable on any Obligation, or interested therein, for the extension, renewal, payment, compromise, modification, waiver, discharge or release thereof, in whole or in part, without impairing or affecting this Guarantee. Subject to the Guarantor's right to raise defenses, and claim the right to set-off, counterclaim or withhold payment to the extent such actions are available to the Primary Obligor as provided in paragraph 1, the Obligations of the Guarantor under this Guarantee are unconditional, irrespective of the value, genuineness, validity, or enforceability of the Obligations, and, to the fullest extent permitted by applicable law any other circumstance which might constitute a defense available to, or a discharge of, the Guarantor under the law of suretyship.

The Guarantor agrees that the Counterparty may have recourse to the Guarantor for payment of any of the Obligations, whether or not the Counterparty has proceeded against any collateral security or any obligor principally or secondarily obligated for any Obligation. The Guarantor waives demands, promptness, diligence and all notices that may be required by law or to perfect the Counterparty's rights hereunder except notice to the Guarantor of a default by CFPI under the Agreement. No failure, delay or single or partial exercise by the Counterparty of its rights or remedies hereunder shall operate as a waiver of such rights or remedies. All rights and remedies hereunder or allowed by law shall be cumulative and exercisable from time to time.

**4. Representations and Warranties**

The Guarantor hereby represents and warrants that:

(a) the Guarantor is duly organized, validly existing and in good standing under the laws of Delaware;

(b) the Guarantor has the requisite corporate power and authority to issue this Guarantee and to perform its obligations hereunder, and has duly authorized, executed and delivered this Guarantee;

(c) the Guarantor is not required to obtain any authorization, consent, approval, exemption or license from, or to file any registration with, any government authority as a condition to the validity of, or to the execution, delivery or performance of, this Guarantee;

(d) as of the date of this Guarantee, there is no action, suit or proceeding pending or threatened against the Guarantor before any court or arbitrator or any governmental body, agency or official in which there is a reasonable possibility of an adverse decision which could affect, in a materially adverse manner, the ability of the Guarantor to perform any of its obligations under, or which in any manner questions the validity of, this Guarantee;

(e) the execution, delivery and performance of this Guarantee by the Guarantor does not contravene or constitute a default under any statute, regulation or rule of any governmental authority or under any provision of the Guarantor's certificate of incorporation or by-laws or any contractual restriction binding on the Guarantor; and

(f) this Guarantee constitutes the legal, valid and binding obligation of the Guarantor enforceable in accordance with its terms, subject to the effect of any bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally, and to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

**5. Subrogation**

Upon payment by the Guarantor of any sums to the Counterparty under this Guarantee, all rights of the Guarantor against CFPI arising as a result thereof by way of right of subrogation or otherwise shall in all respects be subordinate and junior in right of payment to the prior indefeasible payment in full of all the obligations of CFPI under the Agreement, including all Transactions then in effect between CFPI and the Counterparty.

**6. Term of Guarantee**

This Guarantee is a continuing guarantee and shall remain in full force and effect from the period set forth in Paragraph 1 hereof until such time as it may be revoked by the Guarantor by notice given to the Counterparty, such notice to be deemed effective upon receipt thereof by the Counterparty or at

such later date as may be specified in such notice; provided, however, that such revocation shall not limit or terminate this Guarantee in respect of any Transaction effected under the Agreement which shall have been entered into from the period set forth in Paragraph 1 to the effectiveness of such revocation. Notwithstanding anything to the contrary in this Paragraph 6, this Guarantee shall terminate, and the Guarantor shall be released from all of the Obligations hereunder with respect to any Transaction(s), immediately upon the transfer or assignment of such Transaction(s) to an entity which is not an Affiliate of CFPI (as such term is defined in Section 14 of the Agreement), if such transfer or assignment is completed in accordance with the provisions of Section 7 of the Agreement.

**7. Notices**

Any notice or communication required or permitted to be made hereunder shall be made in the same manner and with the same effect, unless otherwise specifically provided herein, as set forth in the Agreement.

**8. Governing Law; Jurisdiction**

This Guarantee shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to choice of law doctrine and without giving effect to any provision thereof that would permit or require the laws of another jurisdiction to apply. The Guarantor hereby irrevocably consents to, for the purposes of any proceeding arising out of this Guarantee, the exclusive jurisdiction of the courts of the State of New York, and the United States District Court, located in the Borough of Manhattan in New York City.

**9. Miscellaneous**

Each reference herein to the Guarantor, the Counterparty or CFPI shall be deemed to include their respective successors and assigns. The provisions hereof shall inure in favour of each such successor or assign. This Guarantee (a) shall supersede any prior or contemporaneous representations, statements or agreements, oral or written, made by or between the parties with regard to the subject matter hereof; (b) may be amended only by a written instrument executed by the Guarantor and Counterparty; and (c) may not be assigned by either party without the prior written consent of the other party, save that, in relation to Transactions entered into in connection with issues of secured notes (**Notes**) by the Counterparty (including, for the avoidance of doubt, Transactions entered into before the date hereof and Transactions to be entered into on or after the date hereof), the Guarantor hereby consents to the assignment in favour of Citicorp Trustee Company Limited and its successors and assigns of the Counterparty's rights under this Guarantee.

**10. Taxation**

All sums payable by the Guarantor under this Guarantee shall be paid to the Counterparty free and clear of all deductions or withholdings whatsoever save only as may be required by law or regulation which in either case is binding on the Guarantor. If any such deduction or withholding is required in respect of any payment due from the Guarantor under this Guarantee which amounts to an Indemnifiable Tax, the relevant sum payable by the Guarantor shall be increased so that, after making the minimum deduction or withholding so required, the Guarantor shall pay to the Counterparty a net sum at least equal to the sum which would have been payable by the Guarantor pursuant to this Guarantee had no such deduction or withholding been required to be made on amounts payable by the Guarantor under this Guarantee.

**11. Modifications in relation to Rated Transactions**

Any amendment or assignment contemplated by Paragraphs 9(b) and 9(c) above shall be subject to confirmation from any relevant rating agency that the rating of any outstanding series of Notes,

which carries a rating from such rating agency, will not be adversely affected by such amendment or assignment as the case may be.

**IN WITNESS** whereof, the undersigned has executed this Guarantee as of the date first above written.

**CITIGROUP INC.**

By: _____

Name:

TITLE:

## GENERAL INFORMATION

### 1. Authorisation

The issue of the Notes is expected to be approved, by written resolution of the Board of Directors of the Issuer dated on or about 5th July, 2006.

### 2. Significant or Material Change

Save as disclosed in this Prospectus, there has been no significant change in the financial or trading position or prospects of the Issuer since 31st December, 2004 and there has been no material adverse change in the financial position or prospects of the Issuer since 31st December, 2004.

### 3. Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have or have had, in the last 12 months, a significant effect on the financial position or profitability of the Initial Issuer.

### 4. Financial Statements

In accordance with article 75 of the Luxembourg Companies Act 1915, as amended, the Issuer is obliged to publish its accounts on an annual basis following the requisite holding of the annual meeting of its shareholders. The annual accounts for the period 22nd May, 2001 to 31st December, 2001 were published on 14th October, 2002. The annual accounts for the year ending 31st December, 2002 were published on 26th September, 2003. The annual accounts for the year ending 31st December, 2003 were published on 18th May, 2004. The annual accounts for the year ending 31st December, 2004 were published on 11th May, 2005.

The annual accounts of the Issuer are obtainable free of charge from the Specified Office of the Paying Agents in London and the Grand Duchy of Luxembourg, as described in the Base Prospectus.

Other than annual accounts, the Issuer is not currently required to produce, and has no intention of producing, any other financial statements. However, any future financial statements that are prepared by the Issuer will be obtainable free of charge from the Specified Office of the Paying Agents in London and the Grand Duchy of Luxembourg, as described in the Base Prospectus.

The Trust Deed requires the Issuer to provide to the Trustee on an annual basis a certificate to the effect that as at a date not more than seven days before such certificate there did not exist any Event of Default or any other matter which is required to be brought to the Trustee's attention.

### 5. Listing of Notes

Application will be made to the Luxembourg Stock Exchange for the Notes to be admitted to the official list of the Luxembourg Stock Exchange and for the Notes to be admitted to trading on the regulated market of the Luxembourg Stock Exchange. References in this Prospectus to Notes being listed (and all related references) shall mean that such Notes will be admitted to trading on the Regulated Market of the Luxembourg Stock Exchange. The Regulated Market is a regulated market for the purposes of the Investment Services Directive 93/22/EC. Application will also be made for the Notes to be included on the regulated

unofficial market of the Stuttgart Stock Exchange (*Freiverkehr*) and to be included on the regulated unofficial market of the Frankfurt Stock Exchange (*Freiverkehr*).

The competent authority in Luxembourg has provided Bundesanstalt für Finanzdienstleistungsaufsicht (*BaFin*) (the competent authority in Germany) with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive and the Luxembourg act dated 10th July, 2005 on prospectuses for securities.

## 6. Documents on Display

Copies of the following documents (in English) will, when published, be available for inspection free of charge during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the registered office of the Issuer and the specified office of each of the Paying Agents for the time being in London and the Grand Duchy of Luxembourg:

(a) the constitutional documents of the Issuer;

(b) the published annual audited financial statements of the Issuer (if any) in respect of the financial years ended 31st December, 2003 and 31st December, 2004, in each case together with the audit reports prepared in connection therewith. The Issuer is not required, and does not intend, to prepare unaudited or interim financial statements;

(c) the Master Trust Deed (which includes the forms of the Bearer Global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talons and details of the terms and conditions on which the Trustee as representative of the Noteholders has been appointed), the Agency Agreement, the Custodial Services Agreement and the Dealer Agreement;

(d) any supplements to the documents referred to in (c) above, including the Charged Agreements relating to the Notes;

(e) a copy of the Base Prospectus; and

(f) a copy of this Prospectus.

## 7. Conditions for Determining Price

The Dealer will use its reasonable efforts to make bid and offer prices of the Notes available daily on financial information services, initially Reuters (expected to be Reuters page SED221).

## 8. Index Disclosure

Neither STOXX Limited (**STOXX**) nor Dow Jones & Co Inc. (**Dow Jones**) makes any representation or warranty, express or implied, to the owners of the Notes particularly. Neither STOXX nor Dow Jones make any representation or warranty, express or implied, to the owners of the Notes or any member of the public regarding the advisability of investing in securities generally or in the Notes particularly. STOXX and Dow Jones' only relationship to the Issuer and the Sponsor is the licensing of certain trademarks, trade names and service marks of STOXX and Dow Jones and of the Index Dow Jones EUROSTOXX 50® Index (the **Index**), which is determined, composed and calculated by STOXX without regard to the Issuer, the Sponsor or the Notes. Dow Jones has no obligation to take the needs of the Issuer or the Sponsor or the owners of the Notes into consideration in determining, composing or calculating the Index.

NEITHER STOXX NOR DOW JONES GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE INDEX OR ANY DATA INCLUDED THEREIN AND NEITHER STOXX NOR DOW JONES SHALL HAVE ANY LIABILITY FOR ANY ERRORS, OMISSIONS, OR INTERRUPTIONS THEREIN. NEITHER STOXX NOR DOW JONES MAKE ANY WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY THE ISSUER, THE SPONSOR, OWNERS OF THE NOTES, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE INDEX OR ANY DATA INCLUDED THEREIN. STOXX AND DOW JONES MAKE NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES, OR MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE INDEX OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL DOW JONES HAVE ANY LIABILITY FOR ANY LOST PROFITS OR INDIRECT, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES OR LOSSES, EVEN IF NOTIFIED OF THE POSSIBILITY THEREOF. THERE ARE NO THIRD PARTY BENEFICIARIES OF ANY AGREEMENTS OR ARRANGEMENTS BETWEEN DOW JONES, THE ISSUER AND SPONSOR.

**9. Business relationships**

The Issuer, the Dealer, the Arranger, the Trustee, the Administrator, the Agents or any of their affiliates may have existing or future business relationships with the Swap Counterparty or the Swap Guarantor and will pursue actions and take steps that they deem or it deems necessary or appropriate to protect their or its interests arising therefrom without regard to the consequences for a Noteholder.

**10. Post-Issuance Information**

The Issuer does not intend to provide any post-issuance information in relation to the Index or the performance of the Charged Agreements.

**REGISTERED OFFICE OF THE ISSUER**

**Allegro Investment Corporation S.A.**
7, Val Sainte-Croix
L-1371 Luxembourg
Telephone +352 22 11 90

**CALCULATION AGENT AND DEALER**

**Citigroup Global Markets Limited**
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB

**PRINCIPAL PAYING AGENT, AGENT BANK AND CUSTODIAN**

**Citibank, N.A. London**
Citigroup Centre 21st Floor
Canada Square
Canary Wharf
London E14 5LB

**THE GRAND DUCHY OF LUXEMBOURG PAYING AGENT**

**Fortis Banque Luxembourg S.A.**
50, avenue J.F. Kennedy
L-2951 Luxembourg

**GERMAN PAYING AGENT**

**Citigroup Global Markets Deutschland AG & Co. KGaA**
Reuterweg 16
60323 Frankfurt am Main
Germany

**TRUSTEE**

**Citicorp Trustee Company Limited**
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB

**LEGAL ADVISERS**

*To the Dealer and the Trustee as to English law and United States Law:*

**Allen & Overy LLP**
One New Change
London EC4M 9QQ

*To the Issuer, the Dealer, and the Trustee as to the Grand Duchy of Luxembourg law:*

**Bonn Schmitt Steichen**
44 Rue de la Vallée
L-2661 Luxembourg

**THE GRAND DUCHY OF LUXEMBOURG LISTING AGENT**

**Fortis Banque Luxembourg S.A.**

50, avenue J.F. Kennedy
L2951 Luxembourg

**Allen & Overy LLP**

**ICM:2832285.1**

## ZUSAMMENFASSUNG

**Diese Zusammenfassung ist als Einleitung zu diesem Prospekt zu verstehen und jede Entscheidung zur Anlage in Schuldverschreibungen sollte auf die Prüfung des gesamten Prospekts, einschließlich der durch Verweis einbezogenen Dokumente, gestützt werden. Nach Umsetzung der maßgeblichen Bestimmungen der Prospektrichtlinie in den Mitgliedstaaten des Europäischen Wirtschaftsraumes kann die Verantwortliche Person (*Responsible Person*) in diesen Mitgliedstaaten zivilrechtlich auf der Basis dieser Zusammenfassung einschließlich einer Übersetzung nur haftbar gemacht werden, soweit diese Zusammenfassung irreführend, unrichtig oder widersprüchlich ist, wenn sie zusammen mit den anderen Teilen dieses Prospekts gelesen wird. Für den Fall, dass vor einem Gericht in einem Mitgliedstaat des Europäischen Wirtschaftsraumes Ansprüche aufgrund der in diesem Prospekt enthaltenen Informationen geltend gemacht werden, hat der Kläger unter Umständen in Anwendung der einzelstaatlichen Rechtsvorschriften des Mitgliedstaats, in dem die Ansprüche geltend gemacht werden, die Kosten für die Übersetzung des Prospekts vor Prozessbeginn zu tragen.**

**Emittentin:**

Allegro Investment Corporation S.A., eine nach dem Recht des Großherzogtums Luxemburg am 22. Mai 2001 gegründete Zweckgesellschaft.

Die Emittentin ist eine von der *Commission de Surveillance du Secteur Financier* (**CSSF**) gemäß dem luxemburgischen Verbriefungsgesetz vom 22. März 2004 (das **Verbriefungsgesetz**) *(Securitisation Law)* zugelassene und beaufsichtigte Verbriefungsgesellschaft. Gemäß dem Verbriefungsgesetz werden die Vermögenswerte, Verbindlichkeiten und Verpflichtungen der Emittentin in separate Compartments getrennt. Die Vermögenswerte jedes Compartment stehen gemäß dem Verbriefungsgesetz lediglich zur Befriedigung der Verbindlichkeiten und Verpflichtungen der Emittentin zur Verfügung, die in Bezug auf dieses Compartment entstehen.

**Beschreibung:**

Bis zu 20.000 Serie 2006-261-G Premium Express Defensiv Zertifikat 2 Dow Jones EUROSTOXX 50® Index Linked Limited Recourse Secured Schuldverschreibungen zu je EUR 1.000, fällig am 8. Juli 2011.

Sofern die Schuldverschreibungen nicht vorzeitig ausgezahlt werden, werden sie am Fälligkeitstag (*Maturity Date*) (terminiert auf den 8. Juli 2011) zum Endgültigen Auszahlungsbetrag (*Final Repayment Amount*) wie nachstehend beschrieben ausgezahlt.

Die Schuldverschreibungen werden an einem Obligatorischen Vorzeitigen Auszahlungstag (*Mandatory Early Repayment Date*) (terminiert auf den 23. Juli 2007, den 9. Juli 2008, den 9. Juli 2009 und den 9. Juli 2010) zum jeweiligen Obligatorischen Vorzeitigen Auszahlungsbetrag (*Mandatory Early Repayment Amount*) je Schuldverschreibung gemäß Bedingung 7(n) ausgezahlt, wenn der Schlussstand des Index (*Index*) am entsprechenden Bewertungstag (*Valuation Date*) größer als 90 % des Schlussstandes des Index am Bezugstag (*Strike Date*) (terminiert auf den 30. Juni 2006) ist oder diesem entspricht.

Der in Bezug auf die Schuldverschreibungen zu zahlende Endgültige Auszahlungsbetrag ist an den Schlussstand des Dow Jones EUROSTOXX 50® Index (der **Index**) am letzten

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| | Bewertungstag im Verhältnis zu 90 % seines Schlussstandes am Bezugstag gebunden. Der Endgültige Auszahlungsbetrag kann die Festgelegte Stückelung der Schuldverschreibung unterschreiten. Die Schuldverschreibungen werden nicht verzinst.<br><br>Die in diesem Dokument beschriebenen Schuldverschreibungen stellen eine Tranche einer Serie von Schuldverschreibungen dar, die von der Emittentin im Rahmen des Equity First Product Programme begeben werden. Im Rahmen des Equity First Product Programme kann die Emittentin Inhaber- *(bearer notes)* oder Namensschuldverschreibungen *(registered notes)* in jeder Währung als festverzinsliche Schuldverschreibungen, variabel verzinsliche Schuldverschreibungen, Indexgebundene Schuldverschreibungen, Doppelwährungsschuldverschreibungen, Nullkuponschuldverschreibungen und Aktiengebundene Schuldverschreibungen begeben. Jede von der Emittentin begebene Serie von Schuldverschreibungen wird durch die Sicherungsgüter für diese Serie besichert und die Gläubiger einer Serie von Schuldverschreibungen haben kein Rückgriffsrecht auf die Sicherungsgüter einer anderen Serie von Schuldverschreibungen. |
| **Geschäft:** | Die Geschäftstätigkeit der Emittentin unterliegt den Beschränkungen des Treuhändervertrages *(Trust Deed)*. Zur Befriedigung der Ansprüche der Gläubiger von Schuldverschreibungen stehen nur die Vermögenswerte der Emittentin zur Verfügung, die im jeweiligen Bestand an Vermögenswerten, Rechten und sonstigen Vorteilen enthalten sind, der als Sicherheit für die Schuldverschreibungen dient.<br><br>Die Beschränkungen in Bezug auf die Tätigkeiten der Emittentin sind im Abschnitt "Business of the Issuer" beschrieben. |
| **Arrangeur, Dealer und Berechnungsstelle:** | Citigroup Global Markets Limited. |
| **Hauptzahlstelle und Verwahrungsstelle:** | Citibank, N.A. |
| **Zahlstelle in Deutschland:** | Citigroup Global Markets Deutschland AG & Co. KGaA. |
| **Zahlstelle im Großherzogtum Luxemburg:** | Fortis Banque Luxembourg S.A. |
| **Treuhänder:** | Citigroup Trustee Company Limited. |
| **Sicherheiten und Status der Schuldverschreibungen:** | Die Schuldverschreibungen sind gemäß Bedingung 3 (*Security)* und Bedingung 12 (*Enforcement*) besicherte Verbindlichkeiten der Emittentin mit beschränktem Rückgriffsrecht (*limited recourse*), die untereinander gleichrangig sein werden. Die Schuldverschreibungen sind im Treuhändervertrag durch die in Bedingung 3 (*Security*) der Schuldverschreibungsbedingungen beschriebenen Sicherungsrechte nach englischem Recht in Bezug auf die jeweiligen Abgetretenen Vereinbarungen besichert. Vor Verwertung der Sicherheiten für die Schuldverschreibungen werden die Erlöse aus den Sicherungsgütern der jeweiligen Serie gemäß der im Abschnitt "Terms and Conditions of the Notes" beschriebenen |

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| | Rangfolge verwendet. |
| **Form der Schuldverschreibungen:** | Die Schuldverschreibungen werden als Inhaberschuldverschreibungen in der Stückelung des Nennbetrages und gemäß den TEFRA-D-Vorschriften begeben. |
| **Ausgabepreis:** | 100 % der Festgelegten Stückelung (*Specified Denomination*) der Schuldverschreibungen. |
| **Angebotsfrist:** | Geschäftsbeginn am 1. Juni 2006 bis Geschäftsende am 30. Juni 2006 vorbehaltlich des Rechts der Emittentin auf Verkürzung oder Verlängerung dieser Frist nach ihrem alleinigen Ermessen. |
| **Tag der Begebung:** | 7. Juli 2006. |
| **Nennbetrag:** | EUR 1.000, dies entspricht der Festgelegten Stückelung jeder Schuldverschreibung. |
| **Mindesthandelsvolumen:** | EUR 1.000. |
| **Mindestanlage:** | EUR 1.000. |
| **Risikofaktoren:** | Potentielle Käufer der Schuldverschreibungen sollten sicherstellen, dass sie die Eigenschaften der Schuldverschreibungen sowie das Ausmaß der mit einer Anlage in die Schuldverschreibungen verbundenen Risiken vollständig verstehen, und vor dem Hintergrund ihrer eigenen finanziellen, steuerlichen und allgemeinen Situation über die Eignung einer Anlage in die Schuldverschreibungen entscheiden. Potentielle Käufer der Schuldverschreibungen werden auf den Abschnitt " Risk Factors" auf den Seiten 10 bis 17 dieses Prospekts und den Abschnitt "Risk Factors" auf den Seiten 10 bis 15 des Basisprospekts hingewiesen.<br><br>Potentielle Käufer der Schuldverschreibungen sollten insbesondere beachten, dass die Zahlung von Kapitalerträgen über den Nennbetrag der Schuldverschreibungen hinaus von der Wertentwicklung des Index abhängt. Der Wert des Index kann sowohl fallen als auch steigen. Potentielle Anleger erhalten möglicherweise einen Betrag, der geringer ist als ihr ursprünglicher Anlagebetrag, wenn (a) die Schuldverschreibungen unter bestimmten Umständen vorzeitig vor ihrem angegebenen Fälligkeitstag ausgezahlt werden; (b) die Anleger die Schuldverschreibungen vor dem angegebenen Fälligkeitstag der Schuldverschreibungen verkaufen; oder (c) die Swap-Partei und/oder die Swap-Garantin ihren Zahlungsverpflichtungen im Rahmen der Abgetretenen Vereinbarungen nicht oder nicht rechtzeitig nachkommen.<br><br>Die Emittentin ist eine Zweckgesellschaft mit beschränkter Haftung, die über kein wesentliches eigenes Vermögen verfügt, um ihren Verpflichtungen aus den Schuldverschreibungen nachzukommen. An die Schuldverschreibungsgläubiger zu zahlende Beträge werden ausschließlich aus den Mitteln gezahlt, die im Rahmen der Swap-Vereinbarung(en) an die Emittentin gezahlt werden. Kommt die Swap-Partei ihre Zahlungspflichten aus der Swap-Vereinbarung nicht nach, so ist die Swap-Garantin zur Erfüllung dieser Zahlungsverpflichtungen verpflichtet. |

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| | Entsprechend tragen die Schuldverschreibungsgläubiger das volle Kreditrisiko der Emittentin, der Swap-Partei und der Swap-Garantin.<br><br>Die Ansprüche der Anleger in die Schuldverschreibungen sind den Rechten bestimmter anderer Parteien im Rang nachgeordnet und sämtliche Rückgriffsrechte der Gläubiger der Schuldverschreibungen sind auf die Sicherungsgüter für die Schuldverschreibungen beschränkt. |
| **Swap-Partei:** | Citigroup Financial Products Inc. (**CFPI**). |
| **Swap-Garantin:** | Citigroup Inc. |
| **Abgetretene Vereinbarungen:** | Die Swap-Vereinbarung besteht aus einem geänderten und neugefassten ISDA Master Agreement (Rahmenvertrag für derivative Geschäfte auf der Basis des Standards der International Swap and Derivatives Association (ISDA)) vom 11. November 2005 in jeweils geltender Fassung zwischen der Emittentin und CFPI (das **Master Agreement**) und einem Swap-Geschäft zwischen der Emittentin und CFPI gemäß einem schriftlich bestätigten Einzelabschluss, der am 7. Juli 2006 unterzeichnet wird (der **Einzelabschluss**) und der dem Master Agreement unterliegt, dieses ergänzt und dessen Bestandteil ist.<br><br>Die Swap-Garantie besteht aus einer Garantie vom 11. November 2005 in Bezug auf CFPI durch Citigroup Inc.<br><br>Die Swap-Vereinbarung unterliegt englischem Recht. Die Swap-Garantie unterliegt dem Recht des Staates New York. |
| **Festgelegte Währung:** | Euro (**€** oder **EUR**). |
| **Vorzeitige Auszahlung:** | Neben der möglichen Auszahlung der Schuldverschreibungen am Obligatorischen Vorzeitigen Auszahlungstag (*Mandatory Early Repayment Date*) infolge der Wertentwicklung des Index sind die Schuldverschreibungen bei Eintritt bestimmter anderer Ereignisse vorzeitig auszuzahlen. Nach Eintritt eines solchen Ereignisses werden die Schuldverschreibungen ausgezahlt und die Emittentin zahlt gegebenenfalls den Vorzeitigen Auszahlungsbetrag (*Early Repayment Amount*) für jede Schuldverschreibung. Zu diesen Ereignissen zählen:<br><br>(a) die Beendigung der Abgetretenen Vereinbarungen; oder<br><br>(b) Rechtswidrigkeit oder Unmöglichkeit der Erfüllung der Pflichten der Emittentin aus den Schuldverschreibungen; oder<br><br>(c) ein Kündigungsgrund (im Sinne von Bedingung 11 (*Events of Default)* der Schuldverschreibungen). |
| **Quellensteuer:** | Sämtliche Zahlungen durch die Emittentin in Bezug auf die Schuldverschreibungen erfolgen vorbehaltlich eines gegebenenfalls anwendbaren Steuereinbehalts oder -abzugs. |
| **Auf die Schuldverschreibungen anwendbares Recht:** | Englisches Recht. |
| **Notierung und Zulassung** | Die Zulassung der Schuldverschreibungen zum Handel am |

| | |
|---|---|
| **zum Handel:** | Geregelten Markt der Luxemburger Börse und die Aufnahme in die Offizielle Liste der Luxemburger Börse werden beantragt. Ferner wird die Einbeziehung in den Handel im Freiverkehr der Stuttgarter Börse sowie in den Freiverkehr der Frankfurter Wertpapierbörse beantragt. |
| **Verkaufsbeschränkungen:** | Es bestehen Verkaufsbeschränkungen in Bezug auf die Vereinigten Staaten und den Europäischen Wirtschaftsraum (einschließlich des Vereinigten Königreichs und Deutschlands). |
| **Rating:** | Es wird erwartet, dass die Schuldverschreibungen bei Begebung von Moody's Investors Service Limited mit Aa1 bewertet werden. |
| **Erlösverwendung:** | Die Nettoerlöse aus der Begebung der Schuldverschreibungen werden von der Emittentin (a) zum Abschluss der Abgetretenen Vereinbarungen oder zur Zahlung von Beträgen im Rahmen oder in Bezug auf Abgetretene Vereinbarungen, (b) zur Zahlung einer Vertriebsprovision in Höhe von 3,00 % des gesamten Nennbetrags der Schuldverschreibungen an die Vertriebsstelle(n) der Schuldverschreibungen und (c) zur Zahlung von Kosten oder Gebühren im Zusammenhang mit der Verwaltung der Emittentin verwendet. |
| **Geschätzter Nettoerlös:** | 100 % des gesamten Nennbetrags der am Tag der Begebung begebenen Schuldverschreibungen. |
| **Geschätzte Gesamtkosten:** | EUR 30.000. |
| **Clearing-Systeme:** | Das Clearing der Schuldverschreibungen erfolgt über Euroclear, Clearstream, Frankfurt, und Clearstream, Luxemburg.<br><br>ISIN: DE000CG0EY53<br>Common Code: 025522567<br>WKN: CG0EY5 |
| **Lieferung:** | Lieferung gegen Zahlung. |

## 1 COUNTRY SUPPLEMENT - GERMANY

**26. Mai 2006**

***2 Dieses Country Supplement („Country Supplement“) enthält eine Übersetzung der Abschnitte „Risikofaktoren“ (Risk Factors) und „Schuldverschreibungsbedingungen“ (Terms and Conditions of the Notes), „Beschreibung des Dow Jones EUROSTOXX 50® Index“ (Description of the Dow Jones EUROSTOXX 50® Index), „Informationen über die Swap-Vereinbarung“ (Information about the Swap Agreement) und „Zusätzliche spezifische Darstellung der Besteuerung in Deutschland“ (Additional Specific Disclosure on Taxation in Germany), wie sie in dem in Luxemburg gebilligten Prospekt vom 26. Mai 2006 (der „Prospekt“) der Allegro Investment Corporation S.A. (die „Emittentin“), bezogen auf das***

***3 Angebot von bis zu 20.000 Stück Serie 2006-261- G Premium Express Defensiv Zertifikat 2 Dow Jones EUROSTOXX 50® Index Linked Limited Recourse Secured Schuldverschreibungen zu je EUR 1.000, die am 8. Juli 2011 fällig werden und unter dem Equity First Product Programme begeben werden (die „Schuldverschreibungen“)***

***4 enthalten sind.***

***5 Ausschließlich der Prospekt enthält die verbindlichen Angaben zu den Schuldverschreibungen. Die deutschsprachigen Fassungen der vorgenannten Textabschnitte sind eine nicht verbindliche Übersetzung und dienen lediglich der Erleichterung des Verständnisses.***

***6 Zudem enthält dieses Dokument Angaben zu den Beauftragten Verwaltungsstellen.***

***7 Die in der Übersetzung des Abschnitts „Zusätzliche spezifische Darstellung der Besteuerung in Deutschland“ enthaltenen Informationen sind lediglich allgemeiner Natur und dienen ausschließlich der Information. Sie dürfen nicht als steuerliche Beratung missverstanden werden; die Darstellung kann nicht, und beabsichtigt nicht, auf sämtliche erdenklich möglichen steuerlichen Überlegungen einzugehen, die für einen potentiellen Investor von Bedeutung sein könnten. Die Ausführungen basieren auf den deutschen Steuergesetzen und -vorschriften und der Verwaltungsauffassung (einschließlich Steuerabkommen) zur aktuellen Rechtslage zum Zeitpunkt der Erstellung dieses Dokumentes; die gesetzlichen Regelungen, Vorschriften und Verwaltungsauffassungen können sich, auch mit rückwirkendem Effekt, jederzeit ändern.***

***8 POTENZIELLEN ANLEGERN WIRD DAHER GERATEN, IHREN EIGENEN STEUERLICHEN BERATER ÜBER DIE KONSEQUENZEN ZU KONSULTIEREN, DIE AUS EINER INVESTITION IN DIE SCHULDVERSCHREIBUNGEN FOLGEN.***

***9 DIE SCHULDVERSCHREIBUNGEN SIND NICHT KAPITALGESCHÜTZT; ANLEGER IN DIE SCHULDVERSCHREIBUNGEN KÖNNEN IN ABHÄNGIGKEIT VON DER ENTWICKLUNG DES INDEX WÄHREND DER LAUFZEIT DER SCHULDVERSCHREIBUNGEN IHR ANGELEGTES KAPITAL GANZ ODER TEILWEISE VERLIEREN.***

*10*

INHALT

## *11* RISIKOFAKTOREN
## *RISK FACTORS*

12 Eine Anlage in die Schuldverschreibungen ist nur für Anleger geeignet, die über ausreichende Kenntnis und Erfahrung verfügen, um die Chancen und Risiken einer Anlage in die Schuldverschreibungen zu beurteilen. Potentielle Anleger sollten vor dem Treffen einer Anlageentscheidung in Bezug auf die Schuldverschreibungen die in diesem Prospekt enthaltenen Informationen vor dem Hintergrund ihrer persönlichen finanziellen Lage und ihrer Anlageziele sorgfältig prüfen.

### 13 Eignung

Potentielle Anleger sollten abwägen, ob eine Anlage in die Schuldverschreibungen vor dem Hintergrund ihrer persönlichen Umstände für sie geeignet ist, und sollten ihre Rechts-, Unternehmens- und Steuerberater zu Rate ziehen, um die Folgen einer Anlage in die Schuldverschreibungen zu erörtern und die Anlage selbst beurteilen zu können.

Eine Anlage in die Schuldverschreibungen eignet sich nur für Anleger, auf bzw. für die folgendes zutrifft:

Sie verfügen über das erforderliche Wissen und die erforderliche Erfahrung in finanziellen und geschäftlichen Angelegenheiten, um die Vorteile und Risiken einer Anlage in die Schuldverschreibungen zu beurteilen;

Sie haben Zugang zu und Erfahrung im Umgang mit den geeigneten Analysemethoden, um diese Vorteile und Risiken vor dem Hintergrund ihrer Finanzlage zu beurteilen;

Sie können das wirtschaftliche Risiko einer Anlage in die Schuldverschreibungen bis zum Fälligkeitstag eingehen; und

Ihnen ist bewusst, dass es während eines nicht unerheblichen Zeitraums nicht, oder auch gar nicht möglich sein kann, die Schuldverschreibungen vor dem Fälligkeitstag zu veräußern.

Potentielle Anleger in die Schuldverschreibungen sollten auf Grundlage ihrer eigenen Beurteilung und aufgrund der Beratung der von ihnen als notwendig erachteten Berater eine eigene unabhängige Entscheidung zur Anlage in die Schuldverschreibungen und hinsichtlich der Frage treffen, ob die Anlage in die Schuldverschreibungen für sie geeignet oder angemessen ist. Potentielle Anleger in die Schuldverschreibungen sollten (schriftliche oder mündliche) Mitteilungen der Emittentin, des Arrangeurs oder des Dealers nicht als Anlageberatung oder Empfehlung zur Anlage in die Schuldverschreibungen auffassen, da Informationen und Erläuterungen hinsichtlich der Schuldverschreibungsbedingungen nicht als Anlageberatung oder Empfehlung zur Anlage in die Schuldverschreibungen ausgelegt werden dürfen. (Schriftliche oder mündliche) Mitteilungen der Emittentin, des Arrangeurs oder des Dealers sind nicht als Versicherung oder Garantie hinsichtlich der zu erwartenden Ergebnisse einer Anlage in die Schuldverschreibungen anzusehen.

### 14 Kein Kapitalschutz

Für die Schuldverschreibungen besteht kein Kapitalschutz. Anleger in die Schuldverschreibungen können ihr angelegtes Kapital ganz oder teilweise verlieren, falls der Schlussstand des Index am letzten Bewertungstag (voraussichtlich der 1. Juli 2011) niedriger als 90 % des Schlussstandes des Index am Bezugstag (voraussichtlich der 30. Juni 2006) ist und der Schlussstand des Index an einem Tag während der Laufzeit der Schuldverschreibungen gleich oder kleiner als 50 % des Schlussstands des Index am Bezugstag ist.

Ferner kann der für die einzelnen Schuldverschreibungen zu zahlende Auszahlungsbetrag kleiner als die Festgelegte Stückelung sein, falls (i) die Schuldverschreibungen unter bestimmten

Umständen vor ihrem Fälligkeitstag ausgezahlt werden oder (ii) Investoren ihre Schuldverschreibungen vor dem Fälligkeitstag verkaufen oder (iii) die Swap-Partei oder die Swap-Garantin ihre Zahlungsverpflichtungen im Rahmen der Abgetretenen Vereinbarungen nicht erfüllen. In diesen Fällen bieten weder der Preis, für den die Schuldverschreibungen verkauft werden können, noch der Vorzeitige Auszahlungsbetrag der Schuldverschreibungen einen Kapitalschutz für eine Rückzahlung in Höhe der Festgelegten Stückelung.

## 15 Keine Verzinsung der Schuldverschreibungen

Auf die Schuldverschreibungen werden ungeachtet der Entwicklung des Index keine Zinsen gezahlt. Insofern haben Investoren bei einer Auszahlung der Schuldverschreibungen in Höhe der Festgelegten Stückelung die Gelegenheit verloren, eine Rendite für ihr Kapital zu erzielen.

## 16 Marktvolatilität

Die Marktvolatilität gibt den Grad der Instabilität und erwarteten Instabilität der Wertentwicklung des Index bzw. der darin enthaltenen Wertpapiere wieder. Die Höhe der Marktvolatilität ist nicht nur ein Maßstab für die tatsächliche Volatilität, sondern wird zudem weitgehend von den Kursen der Finanzinstrumente beeinflusst, die das Risiko der Marktvolatilität für die Anleger begrenzen sollen. Diese Kurse werden von Angebots- und Nachfragefaktoren auf den Märkten für Optionen und derivative Instrumente bestimmt, die wiederum von der tatsächlichen Marktvolatilität, der erwarteten Marktvolatilität, volkswirtschaftlichen Faktoren und Spekulationen beeinflusst werden.

## 17 Potentielle Konflikte

Die Swap-Partei sowie ihre Konzerngesellschaften können für eigene Rechnung oder für Rechnung Dritter Geschäfte mit dem Index oder den darin enthaltenen Wertpapieren abschließen, die einen positiven oder negativen Einfluss auf den Stand des Index und somit der Schuldverschreibungen haben können. Die Swap-Partei sowie ihre Konzerngesellschaften können in Bezug auf die Schuldverschreibungen eine andere Funktion als die derzeitige (z.B. als Berechnungsstelle) ausüben und außerdem in Bezug auf den Index oder die darin enthaltenen Wertpapiere weitere derivative Instrumente begeben. Eine Einführung dieser neuen konkurrierenden Produkte auf dem Markt kann den Wert der Schuldverschreibungen beeinträchtigen. Die Swap-Partei sowie ihre Konzerngesellschaften können zudem in Verbindung mit künftigen Emissionen von dem Index zugrundeliegenden Wertpapieren als Konsortialbank, als Finanzberater der jeweiligen Emittentin bzw. des Sponsors eines in dem Index enthaltenen Wertpapiers oder als Geschäftsbank der Emittentin bzw. des Sponsors des betreffenden Wertpapiers fungieren. Aus diesen Tätigkeiten können Interessenkonflikte erwachsen, die den Wert der Schuldverschreibungen beeinträchtigen können.

## 18 Kursrisiko / Vorzeitige Auszahlung

Der Kurs der Schuldverschreibungen kann, insbesondere bei einer vorzeitigen Auszahlung, unter den Anschaffungskosten liegen (siehe auch den nachstehenden Abschnitt "Liquiditätsrisiko"). Ein Anstieg des allgemeinen Zinsniveaus während der Dauer des Investments in die Schuldverschreibung kann dazu führen, dass der Kurs der Schuldverschreibung dementsprechend sinkt. Zinssätze werden von Angebots- und Nachfragefaktoren auf den internationalen Geldmärkten bestimmt, die volkswirtschaftlichen Faktoren, Spekulationen und Maßnahmen von Regierungen und Zentralbanken ausgesetzt sind. Zinssatzschwankungen in kurzfristigen und/oder langfristigen Zinssätzen können den Wert der Schuldverschreibungen beeinflussen. Zinssatzschwankungen der Währung, auf die die Schuldverschreibungen lauten und/oder Zinssatzschwankungen der Währung oder Währungen, auf die die in dem Index enthaltenen Wertpapiere lauten, können den Wert der Schuldverschreibungen beeinflussen.

## 19 Einfluss zusätzlich anfallender Kosten auf die Gewinnerwartungen

Kommissions- und andere Transaktionskosten, die im Zusammenhang mit dem Kauf oder Verkauf der Schuldverschreibungen entstehen, führen, insbesondere im Falle eines geringen Transaktionsvolumens, zu Kostenbelastungen, die das Gewinnpotential der Schuldverschreibungen erheblich verringern oder sogar ausschließen können. Anleger sollten sich daher vor Erwerb der Schuldverschreibungen über die mit dem Erwerb oder dem Verkauf der Schuldverschreibungen zusätzlich anfallenden Kosten informieren.

Auch wenn eine Auszahlung der Schuldverschreibungen zu 100% des Nennbetrages erfolgt, wird ein etwaiger Ausgabeaufschlag jedoch nicht zurückerstattet.

## 20 Risikoausschließende oder -einschränkende Geschäfte

Anleger können nicht darauf vertrauen, dass sie während der Laufzeit der Schuldverschreibungen Geschäfte abschließen können, die die Verlustrisiken der Schuldverschreibungen ausschließen oder einschränken können. Die Möglichkeit, risikoausschließende oder –einschränkende Geschäfte einzugehen, hängt insbesondere von den Marktverhältnissen und den jeweils zugrundeliegenden Bedingungen ab. Unter Umständen können Anleger solche Geschäfte nur zu einem ungünstigen Marktpreis tätigen, so dass den Anlegern ein zusätzlicher Verlust entstünde.

Potentielle Käufer der Schuldverschreibungen, die sich mit einem Kauf der Schuldverschreibungen gegen Marktrisiken in Verbindung mit einer Anlage in den dem Index zugrundeliegenden Wertpapieren absichern möchten, sollten sich der damit verbundenen Schwierigkeiten bewusst sein. So ist zum Beispiel der Wert der Schuldverschreibungen nicht notwendig unmittelbar an den Wert der dem Index zugrundeliegenden Wertpapiere gekoppelt. Aufgrund von Angebots- und Nachfrageschwankungen bezüglich der Schuldverschreibungen kann keine Gewähr für eine parallele Wertentwicklung zu dem Index zugrundeliegenden Wertpapieren übernommen werden. Daher und aus weiteren Gründen kann es gegebenenfalls nicht möglich sein, Werte in einem Portfolio zu den Preisen zu erwerben oder zu veräußern, die der Wertermittlung der Schuldverschreibungen zugrundegelegt werden.

## 21 Ermessensspielraum

Durch die Bedingungen der Schuldverschreibungen wird der Berechnungsstelle ein gewisser Ermessensspielraum bei Feststellungen und Berechnungen, etwa des Offiziellen Schluss-Standes des Index an einem maßgeblichen Tag, sowie bei Anpassungen des Index oder bei der Bestimmung vorzeitiger Auszahlungen eingeräumt. Auch wenn die Berechnungsstelle bei der Ausübung ihres Ermessens nach Treu und Glauben und auf wirtschaftlich angemessene Weise handeln wird, kann nicht garantiert werden, dass die Ausübung dieses Ermessens sich nicht auf die Wertentwicklung der Schuldverschreibungen, die Durchführung einer vorzeitigen Auszahlung, den Tag einer vorzeitigen Auszahlung oder die Höhe des Auszahlungsbetrags für die Schuldverschreibungen auswirken wird.

## 22 Liquiditätsrisiko

Es kann nicht garantiert werden, dass es einen Markt für die Schuldverschreibungen geben wird. Der Dealer beabsichtigt zwar, bei normalen Marktbedingungen täglich einen Kurs für die Schuldverschreibungen zu bestimmen; in welcher Höhe ein solcher Ankaufskurs bestimmt wird, kann allerdings nicht garantiert werden. Eine Vielzahl von Faktoren kann sich auf diesen Kurs (falls ein solcher gestellt wird) auswirken, darunter Restlaufzeit und ausstehender Kapitalbetrag der Schuldverschreibungen, die Wertentwicklung des Index, angenommene Index-Volatilität, Zinssätze, Wechselkursschwankungen und Bonitätsaufschläge (*Credit Spreads*). Jeder Schuldverschreibungsgläubiger kann seine Schuldverschreibungen dem Dealer zum Rückkauf anbieten; der Dealer wird sich unter üblichen Marktbedingungen bemühen, solche Rückkäufe täglich durchzuführen. Potentielle Anleger müssen jedoch bereit sein, die Schuldverschreibungen für einen unbestimmten Zeitraum oder bis zur Auszahlung bzw. Endfälligkeit der Schuldverschreibungen zu halten. Darüber hinaus sollten potentielle Anleger berücksichtigen,

dass die Schuldverschreibungen bestimmten Übertragungsbeschränkungen unterliegen und nur an bestimmte Empfänger veräußert werden dürfen. Solche Übertragungsbeschränkungen bezüglich der Schuldverschreibungen können deren Liquidität weiter eingrenzen.

### 23 Besteuerung

Jeder Gläubiger der Schuldverschreibungen ist selbst verantwortlich für Steuern oder sonstige Abgaben, die auf durch die Schuldverschreibungen bedingte Zahlungen anfallen und muss derartige Belastungen selbst übernehmen. Die Emittentin wird den Gläubigern der Schuldverschreibungen keine zusätzlichen Beträge für derartige Steuern oder Abgaben zahlen (siehe auch den Abschnitt mit dem Titel "Grand Duchy of Luxembourg Taxation" im Basisprospekt).

### 24 Quellensteuer auf die Schuldverschreibungen

Ist ein Steuereinbehalt oder -abzug von Zahlungen hinsichtlich der Schuldverschreibungen in einer Rechtsordnung gesetzlich vorgeschrieben, so besteht keinerlei Verpflichtung für die Emittentin, zusätzliche Zahlungen an die Schuldverschreibungsgläubiger hinsichtlich eines solchen Einbehalts oder Abzugs zu leisten.

### 25 EU-Richtlinie zur Besteuerung von Zinserträgen

Gemäß der Richtlinie 2003/48/EG des Rats der Europäischen Union zur Besteuerung von Zinserträgen sind die Mitgliedstaaten ab dem 1. Juli 2005 verpflichtet, den Finanzbehörden eines anderen Mitgliedstaats Angaben zu Zinszahlungen (oder vergleichbaren Erträgen) zu übermitteln, die von einer Person in ihrer Rechtsordnung an eine in dem jeweiligen anderen Mitgliedstaat ansässige natürliche Person geleistet werden. Jedoch gilt für Belgien, Luxemburg und Österreich während eines Übergangszeitraums eine Ausnahmeregelung, in deren Rahmen diese Staaten verpflichtet sind (sofern sie sich während dieses Zeitraums nicht anderweitig entscheiden), ein Quellensteuerverfahren hinsichtlich solcher Zahlungen einzusetzen (die Dauer dieses Übergangszeitraums hängt vom Abschluss bestimmter weiterer Verträge über den Informationsaustausch mit bestimmten anderen Ländern ab). Eine Reihe von Drittstaaten einschließlich der Schweiz, haben sich verpflichtet, vergleichbare Maßnahmen mit Wirkung ab demselben Tag zu ergreifen (im Falle der Schweiz ein Quellensteuersystem).

### 26 Beratung durch die Hausbank

Diese Risikohinweise ersetzen nicht die in jedem Fall vor der Kaufentscheidung unerlässliche individuelle Beratung durch den Anlageberater bzw. die Hausbank. Anlageentscheidungen sollten nicht allein auf Grundlage dieser Risikohinweise getroffen werden, da die vorliegenden Informationen eine individuelle Beratung, die die Bedürfnisse, Anlageziele, Erfahrungen, Kenntnisse und Umstände eines Anlegers berücksichtigt, nicht ersetzen können.

### 27 Inanspruchnahme von Kredit

Wenn Sie den Erwerb der Schuldverschreibungen mit Kredit finanzieren, müssen Sie beim Nichteintritt Ihrer Erwartungen nicht nur den eingetretenen Verlust hinnehmen, sondern auch den Kredit verzinsen und zurückzahlen. Dadurch erhöht sich Ihr Verlustrisiko erheblich. Sie sollten nie darauf setzen, den Kredit aus Gewinnen eines Geschäftes verzinsen und zurückzahlen zu können. Vielmehr müssen Sie vorher Ihre wirtschaftlichen Verhältnisse daraufhin überprüfen, ob Sie zur Verzinsung und gegebenenfalls kurzfristigen Tilgung des Kredits auch dann in der Lage sind, wenn statt der erwarteten Gewinne Verluste eintreten.

## 28 Kreditrisiko

Erwerber der Schuldverschreibungen sollten Kenntnisse und Erfahrungen mit finanziellen und geschäftlichen Angelegenheiten haben und das Kreditrisiko sowie die Chancen, Risiken und die Eignung einer Anlage in die Schuldverschreibungen beurteilen können, einschließlich jedes mit der Emittentin, der Swap-Partei und der Swap-Garantin verbundenen Kreditrisikos (für den Fall, dass die Swap-Partei sämtliche oder einen Teil ihrer Rechte und Pflichten aus der Swap-Vereinbarung an eine mit ihr verbundene Gesellschaft überträgt, sind die Erwerber der Schuldverschreibungen dem Kreditrisiko dieser Gesellschaft ausgesetzt).

Das Rating bezieht sich ausschließlich auf die im Prospekt dargelegten Zahlungsverpflichtungen der Emittentin im Rahmen der Schuldverschreibungen; das Rating bezieht sich nicht auf den Umfang der Zahlungsverpflichtungen der Emittentin. Diese Zahlungen werden über auf Seiten der Swap-Partei im Rahmen der Swap-Vereinbarung fällige Zahlungen finanziert, die jeweils durch die Citigroup Inc. garantiert sind; das Rating basiert somit u.a. auch auf der Fähigkeit der Citigroup Inc. (gegenwärtiges Rating „Aa1“), ihre Verpflichtungen im Rahmen der Swap-Vereinbarung zu erfüllen.

## 29 Schuldner der Schuldverschreibungen und beschränkter Rückgriff (*Limited Recourse*)

Alleiniger Schuldner der Schuldverschreibungen ist die Emittentin. Gläubiger der Schuldverschreibungen können daher sämtliche Zahlungen, die ihnen nach Maßgabe der Schuldverschreibungsbedingungen zustehen, nur von der Emittentin verlangen.
Weder der Treuhänder, die Anteilseigner der Emittentin, die Swap-Partei noch die Swap-Garantin sind verpflichtet, jegliche seitens der Emittentin gegenüber den Gläubigern von Schuldverschreibungen zahlbaren Beträge im Zusammenhang mit den Schuldverschreibungen zu begleichen. (Weitere Informationen zum Treuhänder, zu der Swap-Partei und zu der Swap-Garantin finden Sie in den Schuldverschreibungsbedingungen.)

DIE DEM RECHT DES STAATES NEW YORK UNTERLIEGENDE SWAP-GARANTIE BESICHERT NUR DIE VERBINDLICHKEITEN DER SWAP-PARTEI GEGENÜBER DER EMITTENTIN AUFGRUND DER SWAP-VEREINBARUNG. DIE SWAP-GARANTIN GARANTIERT **NICHT** DIE VERBINDLICHKEITEN DER EMITTENTIN UNTER DEN SCHULDVERSCHREIBUNGEN GEGENÜBER DEN GLÄUBIGERN DER SCHULDVERSCHREIBUNGEN. DIE SWAP-GARANTIE STELLT KEINE GEWÄHRLEISTUNG FÜR DIE ZAHLUNGSVERPFLICHTUNGEN DER EMITTENTIN UNTER DEN SCHULDVERSCHREIBUNGEN DAR.

Bei der Emittentin handelt es sich um eine Zweckgesellschaft mit nur geringem Eigenkapital, deren alleiniger Geschäftszweck darin besteht, Schuldverschreibungen zu begeben. Die Emittentin kann ihre Zahlungsverpflichtungen in Bezug auf die Schuldverschreibungen nicht aus sonstigen Vermögenswerten und Geldmitteln, sondern ausschließlich aufgrund der Swap-Vereinbarung erfüllen. Falls unvorhergesehene Aufwendungen entstehen (für die keine Vorsorge getroffen wurde), könnte die Emittentin möglicherweise nicht in der Lage sein, die entsprechenden Beträge zu zahlen, was zu einer vorzeitigen Beendigung der Laufzeit der Schuldverschreibung führen würde.

Soweit die Swap-Partei im Rahmen der Swap-Vereinbarung (wie in den Schuldverschreibungsbedingungen näher beschrieben) fällige Zahlungen an die Emittentin unterlässt, wäre die Emittentin nicht in der Lage, ihren Verpflichtungen in Bezug auf die Schuldverschreibungen nachzukommen. In diesem Fall würde die Swap-Vereinbarung nach Maßgabe von Bedingung 7(d) der Schuldverschreibungsbedingungen gekündigt und die Schuldverschreibungen wären zu ihrem Vorzeitigen Auszahlungsbetrag (wie in Bedingung 7(h) der Schuldverschreibungsbedingungen definiert) auszahlbar.

Als Sicherheiten für die Schuldverschreibungen dienen ausschließlich die Rechte und Ansprüche der Emittentin im Rahmen der Swap-Vereinbarung, der Swap-Garantie sowie des Agency-Agreement. Der zugrundeliegende Index ist weder als Sicherheit bestellt, noch wird/werden sie von der Emittentin erworben.

Zahlungen an die Gläubiger der Schuldverschreibungen erfolgen nach Maßgabe der folgenden Bedingungen:

Sämtliche von der Emittentin nach Maßgabe der Schuldverschreibungsbedingungen vorzunehmenden Zahlungen im Zusammenhang mit den Schuldverschreibungen dieser Serie werden ausschließlich aus denjenigen Beträgen beglichen, welche von der bzw. für die Emittentin oder dem bzw. für den Treuhänder im Zusammenhang mit den Sicherungsgütern (wie in Bedingung 3(a) der Schuldverschreibungsbedingungen definiert) zu gegebener Zeit empfangen oder beigetrieben werden (wobei diese in der Rangfolge nach Maßgabe der Bedingung 3(e) der Schuldverschreibungsbedingungen zu verwenden sind);

23. soweit die betreffenden Beträge niedriger sind als die Beträge, die den Gläubigern der Schuldverschreibungen gemäß den Schuldverschreibungsbedingungen zustehen, (wobei die entsprechende Differenz nachfolgend als "Fehlbetrag" bezeichnet wird), wird der Fehlbetrag von den genannten Gläubigern in der umgekehrten Reihenfolge der in Bedingung 3(e) der Schuldverschreibungsbedingungen beschriebenen Rangfolge getragen; und

24. Jeder Erwerber der Schuldverschreibungen wird ausdrücklich darauf hingewiesen, dass:

    (i) die Gläubiger der Schuldverschreibungen ausschließlich die in vorstehendem Absatz (a) genannten und gemäß vorstehenden Absätzen (a) und (b) verwendeten Beträge (die "Maßgeblichen Beträge") für Zahlungen geltend machen können, welche von der Emittentin hinsichtlich der Schuldverschreibungen sowie der Swap-Vereinbarung im Zusammenhang mit diesen Schuldverschreibungsbedingungen vorzunehmen sind;

    (ii) sich die Verpflichtung der Emittentin, Zahlungen im Zusammenhang mit den Schuldverschreibungen vorzunehmen, auf die Maßgeblichen Beträge beschränkt und dass die Gläubiger der Schuldverschreibungen und die Swap-Partei die Emittentin im Zusammenhang mit den Schuldverschreibungen oder der Swap-Vereinbarung nicht darüber hinaus in Anspruch nehmen können;

    (iii) unbeschadet des Vorstehenden jegliche Ansprüche der Gläubiger der Schuldverschreibungen auf Zahlung von Beträgen, die über die Maßgeblichen Beträge hinausgehen, automatisch erlöschen; und

    (iv) die Gläubiger der Schuldverschreibungen sowie die Swap-Partei nicht berechtigt sind, aufgrund eines solchen Fehlbetrags die Abwicklung der Emittentin zu beantragen.

Ein solcher Fehlbetrag stellt weder einen Kündigungsgrund gemäß Bedingung 11 (*Kündigungsgründe*) der Schuldverschreibungsbedingungen dar, noch berechtigt er die Swap-Partei oder die Swap-Garantin, die übrigen Abgetretenen Vereinbarungen (wie in Bedingung 3(c) der Schuldverschreibungsbedingungen definiert) zu beenden.

Weder der Treuhänder, die Anteilseigner der Emittentin, die Swap-Partei noch die Swap-Garantin sind verpflichtet, jegliche seitens der Emittentin gegenüber den Gläubigern von Schuldverschreibungen zahlbaren Beträge im Zusammenhang mit den Schuldverschreibungen zu begleichen.

**30 Anwendbares Recht**

Die Schuldverschreibungen unterliegen englischem Recht. Die Schuldverschreibungen unterliegen nicht deutschem Recht. Die Swap-Vereinbarung unterliegt englischem Recht und die Swap Garantie unterliegt New Yorker Recht.

## 31 ZUSÄTZLICHE RISIKOFAKTOREN IN VERBINDUNG MIT DEN SCHULDVERSCHREIBUNGEN

### 32 Indexbezogene Faktoren

Anleger in die Schuldverschreibungen sollten mit Investments in den weltweiten Kapitalmarkt und in Indizes im allgemeinen vertraut sein. Der Indexstand basiert auf den Werten der darin enthaltenen Werte. Hierbei sollten Anleger beachten, dass der Indexstand keine Erträge aus Reinvestitionen in die in ihm enthaltenen Werte berücksichtigt. Anleger sollten sich darüber im klaren sein, dass globale Entwicklungen der Wirtschaft, Finanzmärkte und Politik maßgeblichen Einfluss auf den Wert der im Index enthaltenen Werte bzw. auf die Entwicklung des Index haben können.

Zudem sollten Anleger beachten, dass etwaige Dividenden, die an Inhaber von im Index enthaltenen Wertpapieren gezahlt werden, nicht an die Emittentin oder an Gläubiger von Schuldverschreibungen gezahlt werden. Die Rendite der Schuldverschreibungen reflektiert daher keine Zahlungen von Dividenden, welche Anlegern zustünden, die direkt in die im Index enthaltenen Wertpapiere investiert haben. Folglich könnte die Rendite der Schuldverschreibungen geringer als die Rendite einer Direktinvestition in die im Index enthaltenen Wertpapiere ausfallen.

### 33 Obligatorischee Vorzeitige Auszahlung aufgrund der Indexentwicklung

Falls der Schlussstand des Index an einem Bewertungstag (mit Ausnahme des letzten Bewertungstages im Juli 2011) dem Schlussstand des Index am Bezugstag entspricht oder diesen übersteigt, zahlt die Emittentin alle Schuldverschreibungen an einem Obligatorischen Vorzeitigen Auszahlungstag zum betreffenden Obligatorischen Vorzeitigen Auszahlungsbetrag zurück, wie in Ziffer 7(n) näher beschrieben. In diesem Fall sind die Schuldverschreibungsgläubiger einem Wiederanlagerisiko ausgesetzt, da es ihnen möglicherweise nicht gelingt, die Anlage in die Schuldverschreibungen am Obligatorischen Vorzeitigen Auszahlungstag durch eine Anlage mit einem vergleichbaren Chancen- und Risikoprofil zu ersetzen.

### 34 Sonstige Vorzeitige Auszahlung

Die Schuldverschreibungen werden zudem in folgenden Fällen vorzeitig ausgezahlt:

(a) Beendigung der Abgetretenen Vereinbarungen gemäß Bedingung 7(d).

Die Swap-Vereinbarung kann vor dem Fälligkeitstag der Schuldverschreibungen beendet werden, wenn eines oder mehrere der folgenden Ereignisse eintritt bzw. eintreten (Einzelheiten sind in der Swap-Vereinbarung dargelegt):

(1) (i) Die Schuldverschreibungen werden vor dem Fälligkeitstag gemäß den Schuldverschreibungsbedingungen vollständig zahlbar;

(2) (ii) nach Wahl der Emittentin oder der Swap-Partei, wenn die andere Partei es (nach Benachrichtigung und Ablauf der entsprechenden Nachfrist) versäumt, fällige Beträge zu zahlen oder ihre Verpflichtungen im Rahmen der Swap-Vereinbarung zu erfüllen

(3) (iii) nach Wahl der Emittentin oder der Swap-Partei, wenn auf Zahlungen der Emittentin oder der Swap-Partei im Rahmen der Swap-Vereinbarung Quellensteuern erhoben werden;

(4) (iv) nach Wahl der Emittentin oder der Swap-Partei, wenn die Erfüllung der Pflichten einer Partei im Rahmen der Swap-Vereinbarung rechtswidrig wird; und

(5) (v) bei Eintritt bestimmter anderer Ereignisse, einschließlich eines Verstoßes gegen eine Zusicherung der Swap-Partei, Insolvenz einer Partei der Swap-Vereinbarung oder einer Fusion ohne Übernahme der Verpflichtungen in Bezug auf die Swap-Vereinbarung durch die Swap-Partei.

Weitere Informationen hinsichtlich der Swap-Vereinbarung finden potentielle Anleger im Abschnitt "Informationen über die Swap Vereinbarung".

(a) (b) Außerordentliche Vorzeitige Auszahlung, Ungesetzmäßigkeit und höhere Gewalt (*Force Majeure*) gemäß Bedingung 7(m) der Schuldverschreibungsbedingungen.

(b) (c) Kündigungsgründe gemäß Bedingung 11

In diesen Fällen wird der Vorzeitige Auszahlungsbetrag von der Berechnungsstelle gemäß den Schuldverschreibungsbedingungen festgesetzt und pro Schuldverschreibung ist kein Mindestauszahlungsbetrag in Höhe ihrer Festgelegten Stückelung vorgesehen. Der Vorzeitige Auszahlungsbetrag wird von der Berechnungsstelle gemäß den Schuldverschreibungsbedingungen festgesetzt.

## 35 ZUSÄTZLICHE RISIKOFAKTOREN IN ZUSAMMENHANG MIT DEN ABGETRETENEN VEREINBARUNGEN

Solange die Abgetretenen Vereinbarungen ausstehen, hängt die Fähigkeit der Emittentin zur Erfüllung ihrer Verpflichtungen aus den Schuldverschreibungen, unter anderem, von dem Erhalt der Zahlungen von der Swap-Partei und der Swap-Garantin aus den Abgetretenen Vereinbarungen ab. Folglich ist die Emittentin von der Bonität der Swap-Partei und der Swap-Garantin abhängig und auf die Erfüllung der jeweiligen Zahlungsverpflichtungen der Swap-Partei und der Swap-Garantin im Rahmen der Abgetretenen Vereinbarungen angewiesen. Demgemäss übernehmen die Schuldverschreibungsgläubiger das Kreditrisiko der Swap-Partei und der Swap-Garantin. Weder die Emittentin, noch der Treuhänder, noch der Dealer, noch der Arrangeur, noch die Hauptzahlstelle, noch die Berechnungsstelle noch die Zahlstellen haben die Swap-Partei und die Swap-Garantin überprüft und geben auch keine Zusicherungen oder Gewährleistungen, weder ausdrücklich noch stillschweigend, hinsichtlich dieser ab. Potentielle Erwerber der Schuldverschreibungen sollten die Swap-Partei und die Swap-Garantin (u.a. hinsichtlich deren Finanzlage und Bonität) sowie die gesamten Regelungen der Abgetretenen Vereinbarungen selbst überprüfen.

## 36 Übertragung der Swap-Vereinbarung

Die Bestimmungen der Swap-Vereinbarung werden vorsehen, dass die Swap-Partei die Rechte und Pflichten aus der Swap-Vereinbarung ohne Zustimmung der Schuldverschreibungsgläubiger oder der Emittentin an eine verbundene Gesellschaft (*affiliate*) der Swap-Partei (der "**Übertragungsempfänger**") ganz oder teilweise übertragen kann, vorausgesetzt, dass der Übertragungsempfänger entweder (a) am Tag der Übertragung ein Kredit-Rating aufweist, das dem der Swap-Garantin am Tag der Übertragung zumindest gleichwertig ist, oder (b) von der Swap-Garantin oder einer verbundenen Gesellschaft (*affiliate*) der Swap-Partei, die am Tag der Übertragung ein Kredit-Rating aufweist, das dem der Swap-Garantin am Tag der Übertragung zumindest gleichwertig ist, garantiert wird, zu im Wesentlichen denselben Bedingungen wie die bestehende Garantie hinsichtlich der Verbindlichkeiten der Swap-Partei und weiter vorausgesetzt, dass bestimmte Voraussetzungen und Bedingungen, die in der Swap-Vereinbarung und dem Nachtrag zum Rahmentreuhandvertrag ausgeführt sind, erfüllt sind. Diese Voraussetzungen und Bedingungen umfassen unter anderem, dass (i) der Übertragungsempfänger am Tag der Übertragung ein ISDA Master Agreement (Rahmenvertrag für derivative Geschäfte auf der Basis des Standards der International Swaps and Derivatives Association (ISDA)) mit der Emittentin zu im Wesentlichen denselben Bedingungen wie das ISDA Master Agreement zwischen der Emittentin und der Swap-Partei abgeschlossen hat; (ii) der Übertragungsempfänger ab dem Tag einer solchen Übertragung nicht infolge der Übertragung nach dem ISDA Master Agreement verpflichtet ist, Steuern einzubehalten oder einen Abschlag von Steuern vorzunehmen; (iii) Moody's Investors Service Limited zuvor schriftlich mitgeteilt hat, dass das aktuelle Rating der Schuldverschreibungen nicht beeinträchtigt wird sowie (iv) dass infolge der Übertragung kein Beendigungs- oder Kündigungsgrund im Rahmen der Swap-Vereinbarung eintritt und (v) die Emittentin am nächstfolgenden vorgesehenen Zahlungstag keine zusätzlichen Beträge an die Swap-Partei oder den Übertragungsempfänger infolge der Übertragung leisten muss.

Für den Fall einer Übertragung der Swap-Vereinbarung an eine verbundene Gesellschaft (*affiliate*), die am Tag der Übertragung ein Kredit-Rating aufweist, das dem der Swap-Garantin am Tag der Übertragung zumindest gleichwertig ist, oder die von einer verbundenen Gesellschaft (*affiliate*) der Swap-Partei (bei der es sich nicht um die Swap-Garantin handelt) garantiert wird, die am Tag der Übertragung ein solches Kredit-Rating aufweist, sind die Emittentin und letztendlich die Schuldverschreibungsgläubiger nach einem solchen Transfer dem Kreditrisiko der betreffenden verbundenen Gesellschaft bzw. des anderen Swapgaranten im Austausch zu demjenigen Kreditrisiko ausgesetzt, das sie zuvor gegenüber der Swap-Garantin zu tragen hatten und davon abhängig, dass die verbundene Gesellschaft (*affiliate*) bzw. der andere Swapgarant

ihre jeweiligen derart übertragenen Zahlungsverpflichtungen erfüllen. Nach der Übertragung der Swap-Vereinbarung an eine verbundene Gesellschaft (*affiliate*) ist diejenige Jurisdiktion, die für eine solche verbundene Gesellschaft (*affiliate*) maßgeblich ist, für die Beurteilung, ob ein Steuerereignis (tax event) gemäß Paragraph 5(b)(ii) des ISDA Master Agreement vorliegt, bestimmend.

Die Berechnungsstelle wird im Anschluss an eine solche Übertragung diejenigen Anpassungen an den Schuldverschreibungsbedingungen vornehmen, die sie zur Berücksichtigung der Übertragung der gesamten oder teilweisen Rechte und Pflichten aus der Swap Vereinbarung durch die Swap-Partei an eine verbundene Gesellschaft (*affiliate*) der Swap-Partei nach ihrem alleinigen und freien Ermessen für angemessen hält, und den Wirksamkeitstag dieser Anpassungen festlegen.

**DIE VORSTEHEND DARGELEGTEN ERWÄGUNGEN STELLEN KEINE VOLLSTÄNDIGE AUFSTELLUNG ALLER FÜR EINE ENTSCHEIDUNG ÜBER DEN ERWERB ODER DAS HALTEN DER SCHULDVERSCHREIBUNGEN MASSGEBLICHEN ERWÄGUNGEN DAR UND EINE SOLCHE VOLLSTÄNDIGE AUFSTELLUNG IST AUCH NICHT BEABSICHTIGT. ANLEGERN WIRD ZUDEM EINE AUFMERKSAME AUSEINANDERSETZUNG MIT DEM ABSCHNITT "RISIKOFAKTOREN" DES BASISPROSPEKTS NAHE GELEGT.**

## Deutsche Übersetzung der Schuldverschreibungsbedingungen
## *German Translation of the Terms and Conditions*

# SCHULDVERSCHREIBUNGSBEDINGUNGEN

**Nur die englische Fassung der Schuldverschreibungsbedingungen ("Terms and Conditions") ist rechtsverbindlich. Der folgende Text ist eine nicht verbindliche Übersetzung und dient lediglich der Erleichterung des Verständnisses.**

Diese Schuldverschreibung ist Teil einer Serie (wie nachstehend definiert) von Schuldverschreibungen, welche im Rahmen des Treuhandvertrages (wie nachstehend definiert) begeben werden, nämlich das Angebot von bis zu 20.000 Stück Serie 2006-261-G Premium Express Defensiv Zertifikat 2 Dow Jones EUROSTOXX 50® *Index Linked Limited Recourse Secured* Schuldverschreibungen der Allegro Investment Corporation S.A. (die "**Emittentin**") (*Issuer*) zu je EUR 1.000, die am 8. Juli 2011 fällig werden und unter dem EUR 15.000.000.000 Equity First Product Programme der Emittentin begeben werden (das "**Equity First Product Programme**").

Bezugnahmen in diesen Schuldverschreibungsbedingungen auf die "**Schuldverschreibungen**" sind Bezugnahmen auf die Schuldverschreibungen dieser Serie und bedeuten

(i) in Bezug auf die auf den Inhaber lautenden Schuldverschreibungen ("**Inhaberschuldverschreibungen**") (*Bearer Notes*), die durch eine vorläufige Globalurkunde oder Dauerglobalurkunde (jeweils eine "**Inhaberglobalurkunde**") (*Bearer Global Note*) verbrieft sind, Einheiten der kleinsten Festgelegten Stückelung in der Festgelegten Währung;

(ii) jegliche Inhaberglobalurkunde; und

(iii) jegliche auf den Inhaber lautenden Einzelurkunden, welche im Austausch gegen eine Inhaberglobalurkunde ausgegeben werden (jeweils eine "**Inhabereinzelurkunde**").

Die Schuldverschreibungen werden begeben im Rahmen und nach Maßgabe des Geänderten und Neugefassten Rahmentreuhandvertrages vom 11. November 2005 zwischen (neben anderen Vertragsparteien) der Emittentin und der Citicorp Trustee Company Limited als Treuhänder (der "**Treuhänder**") (der Geänderte und Neugefasste Rahmentreuhandvertrag in der eventuell durch weitere ergänzende Treuhandverträge geänderten und/oder ergänzten und/oder neuen Fassung, jedoch ohne Berücksichtigung von ergänzenden Treuhandverträgen, die sich auf eine bestimmte Tranche, Klasse oder Serie der Schuldverschreibungen beziehen, der "**Rahmentreuhandvertrag**") und des Nachtrags zum Rahmentreuhandvertrag vom 7. Juli 2006 (der "**Tag der Begebung**") hinsichtlich der Schuldverschreibungen (der "**Nachtrag zum Rahmentreuhandvertrag**" und zusammen mit dem Rahmentreuhandvertrag der "**Treuhandvertrag**") zwischen der Emittentin und der Citigroup Financial Products Inc. ("**CFPI**") (die "**Swap-Partei**") und dem Treuhänder. Die Schuldverschreibungen sind durch den Treuhandvertrag besichert.

Die Schuldverschreibungen werden im Rahmen eines Geänderten und Neugefassten Agency-Vertrages datiert vom 11. November 2005 zwischen (neben anderen Vertragsparteien) der Emittentin und dem Treuhänder, der Citibank, N.A. als Hauptzahlstelle (die "**Hauptzahlstelle**" (*Principal Paying Agent*), wobei dieser Begriff jegliche Nachfolger einschließt), den weiteren darin genannten Zahlstellen (gemeinsam mit der Hauptzahlstelle die "**Zahlstellen**", wobei dieser Begriff jegliche weitere Zahlstellen oder Nachfolger einschließt), der Citigroup Global Markets Limited als Rückzahlungsstelle (die "**Rückzahlungsstelle**" (*Redemption Agent*), wobei dieser Begriff jegliche weitere Rückzahlungsstellen oder Nachfolger einschließt), Citibank N.A. als Umtauschstelle (die "**Umtauschstelle**" (*Exchange Agent*), wobei dieser Begriff jegliche weitere Umtauschstellen oder Nachfolger einschließt), Citibank N.A. als Verwaltungsstelle (die "**Verwaltungsstelle**" (*Agent Bank*), wobei dieser Begriff jegliche weitere Verwaltungsstellen oder Nachfolger einschließt), Citigroup Global Markets Deutschland AG & Co. KGaA als Registerstelle (die "**Registerstelle**" (*Registrar*), wobei dieser Begriff jegliche weitere

Registrierstellen oder Nachfolger einschließt) und die darin benannten Übertragungsstellen (jeweils eine "**Übertragungsstelle**" (*Transfer Agent*), wobei dieser Begriff jegliche weitere Übertragungsstelle oder Nachfolger einschließt) (der Agency-Vertrag in jeweils revidierter und/oder ergänzter und/oder neuer Fassung insgesamt der "**Agency-Vertrag**" (*Agency Agreement*)) begeben. Der Agency-Vertrag sieht auch die Bestellung einer Berechnungsstelle (die "**Berechnungsstelle**" (*Calculation Agent*)) durch die Emittentin in Bezug auf jede Klasse (wie nachfolgend definiert) oder Serie von Schuldverschreibungen vor. Die Hauptzahlstelle, die sonstigen Zahlstellen, die Rückzahlungsstelle, die Umtauschstelle, die Verwaltungsstelle, die Berechnungsstelle, die Registerstelle und die Übertragungsstelle werden nachfolgend gemeinsam auch als die "**Beauftragten Stellen**" (*Agents*) bezeichnet. Des Weiteren besteht ein Verwahrungsstellenvertrag vom 23. Mai 2001 zwischen (neben anderen Vertragsparteien) der Emittentin, dem Treuhänder und Citibank, N.A. als Verwahrungsstelle (die "**Verwahrungsstelle**" (*Custodian*), wobei dieser Begriff jegliche weitere Verwahrungsstellen oder Nachfolger einschließt) (in jeweils revidierter und/oder ergänzter und/oder neuer Fassung, der "**Verwahrungsstellenvertrag**" (*Custodial Services Agreement*)).

Vorbehaltlich der nachstehenden Bestimmungen gelten Bezugnahmen auf "**Schuldverschreibungsgläubiger**" (*Noteholders*) bzw. "**Gläubiger**" (*Holders*) in Bezug auf Schuldverschreibungen als Bezugnahmen auf die Gläubiger der Schuldverschreibungen, und der Begriff ist in Bezug auf Schuldverschreibungen, welche durch eine Inhaberglobalurkunde verbrieft sind, nach Maßgabe der nachstehenden Bestimmungen auszulegen.

Für die Zwecke dieser Schuldverschreibungsbedingungen bezeichnet "**Tranche**" (*Tranche*) alle Schuldverschreibungen, welche in jeder Hinsicht gleich ausgestattet sind (einschließlich im Hinblick auf ihre Notierung), und "**Klasse**" (*Class*) bezeichnet eine Tranche zusammen mit jeder weiteren Tranche bzw. Tranchen von Schuldverschreibungen, welche (a) gemäß den entsprechenden Bestimmungen konsolidiert sind und eine einheitliche Klasse bilden und (b) in jeder maßgeblichen Hinsicht gleich ausgestattet sind (einschließlich im Hinblick auf ihre Notierung), mit Ausnahme des jeweiligen Tags der Begebung, des jeweiligen Verzinsungsbeginns und/oder des Ausgabepreises, und "**Serie**" (*Series*) bezeichnet Schuldverschreibungen, welche gemäß den entsprechenden Bestimmungen unter anderem durch dieselben Vermögenswerte besichert sind.

Abschriften des Treuhandvertrages, des Agency-Vertrages, des Verwahrungsstellenvertrags sowie sämtlicher Abgetretenen Vereinbarungen (wie nachstehend definiert) liegen während der regulären Geschäftszeiten bei den bezeichneten Geschäftsstellen einer jeden Zahlstelle zur Einsicht aus. In Bezug auf die Schuldverschreibungsgläubiger wird angenommen, dass diese Kenntnis von sämtlichen jeweils für sie geltenden Bestimmungen des Treuhandvertrages, des Verwahrungsstellenvertrages, des Agency-Vertrages, der Abgetretenen Vereinbarungen sowie des Prospektes in Bezug auf die Schuldverschreibungen haben, und sie durch diese gebunden sowie berechtigt sind, Nutzen aus den genannten Vereinbarungen und Dokumenten zu ziehen. Die Angaben in diesen Schuldverschreibungsbedingungen enthalten Zusammenfassungen und gelten vorbehaltlich der detaillierten Bestimmungen des Treuhandvertrages, des Agency-Vertrages, des Verwahrungsstellenvertrages und der Abgetretenen Vereinbarungen.

Soweit sich aus dem Zusammenhang nichts anderes ergibt oder etwas anderes angegeben ist, haben die in dem Treuhandvertrag oder dem Agency-Vertrag definierten Begriffe und Ausdrücke in diesen Schuldverschreibungsbedingungen jeweils dieselbe Bedeutung. Zudem haben in den vorliegenden Schuldverschreibungsbedingungen groß geschriebene Begriffe die ihnen in den vorliegenden Schuldverschreibungsbedingungen beigemessene Bedeutung, sofern sie nicht im Treuhand- oder Agency-Vertrag anders definiert sind.

## 1. FORM, STÜCKELUNG UND EIGENTUMSRECHT

(c) Form und Stückelung

Die Schuldverschreibungen lauten auf den Inhaber und auf Euro ("**€**" oder "**EUR**") (die "**Festgelegte Währung**") und repräsentieren jeweils EUR 1.000 (die "**Festgelegte Stückelung**").

(A) Übertragung und Eigentumsrecht

(i) Inhaberschuldverschreibungen

(a) Vorbehaltlich der nachstehenden Bestimmungen geht das Eigentumsrecht an den Inhaberschuldverschreibungen bei Lieferung nach Maßgabe der gesetzlichen Bestimmungen über. Vorbehaltlich der nachstehenden Bestimmungen werden die Inhaber von Inhaberschuldverschreibungen für jegliche Zwecke als Inhaber des uneingeschränkten Eigentumsrechtes an diesen Inhaberschuldverschreibungen behandelt (unabhängig davon, ob Zahlungen in Bezug auf diese rückständig sind und unbeschadet einer diesbezüglich erfolgten Eigentumsanzeige (*notice of ownership*) oder sonstigen schriftlichen Mitteilung oder einer Verlust- oder Diebstahlanzeige), soweit nicht gesetzliche Vorschriften, ein Beschluss eines zuständigen Gerichts oder eine behördliche Anordnung etwas anderes verlangen.

(ii) Inhaberglobalurkunden

(b) Die Schuldverschreibungen werden anfänglich durch Anteile an einer vorläufigen Inhaberglobalurkunde (eine "**Vorläufige Globalurkunde**") (*Temporary Global Note*) ohne Zinsscheine verbrieft, welche am Tag der Begebung bei Clearstream Banking AG, Frankfurt ("**Clearstream Frankfurt**") hinterlegt wird. Miteigentumsanteile an der Vorläufigen Globalurkunde können auf Antrag ganz oder teilweise (kostenfrei) gegen Miteigentumsanteile an einer Dauerglobalurkunde (die "**Dauerglobalurkunde**") ausgetauscht werden, und zwar am oder nach dem Tag (der "**Austauschtag**") (*Exchange Date*), der auf den jeweils späteren der folgenden Zeitpunkte fällt: (i) 40 Tage nach dem Tag der Ausgabe der Vorläufigen Globalurkunde oder (ii) den Ablauf der anwendbaren Platzierungsfrist (*Distribution Compliance Period*) (wie in Regulation S des US-Wertpapiergesetzes von 1933, in jeweils gültiger Fassung, ("**Regulation S**") definiert) und nach Vorlage einer Bescheinigung gemäß den Bestimmungen der US-Steuerrichtlinien (*U.S. Treasury Regulations*), dass der wirtschaftliche Eigentümer keine US-Person ist.

(c) Die Dauerglobalurkunde kann (kostenfrei) insgesamt, jedoch nicht teilweise, gegen Einzelverbriefte Inhaberschuldverschreibungen ausschließlich aufgrund des Eintritts eines Austauschereignisses ausgetauscht werden. Für diese Zwecke bezeichnet "**Austauschereigni**s" (*Exchange Event*) eines der folgenden Ereignisse: (i) ein Kündigungsgrund ist eingetreten und besteht fort, (ii) der Treuhänder oder eine Beauftragte Stelle benachrichtigt die Emittentin darüber, dass Clearstream Frankfurt ihre Geschäftstätigkeit für einen ununterbrochenen Zeitraum von 14 Tagen (ausgenommen aufgrund von gesetzlichen oder sonstigem Feiertagen) eingestellt hat oder die Absicht bekannt gegeben hat, ihre Geschäftstätigkeiten dauerhaft einzustellen oder dies bereits getan hat und kein für den Treuhänder annehmbares nachfolgendes Clearing-System zur Verfügung steht, (iii) der Emittentin sind nachteilige Steuerfolgen entstanden bzw. werden ihr entstehen, welche nicht entstanden wären oder würden, wenn die durch die Dauerglobalurkunde verbrieften Schuldverschreibungen durch Einzelurkunden verbrieft wären, und die Emittentin dem Treuhänder eine entsprechende Bescheinigung übergibt, (iv) der Emittentin Nachteile aus Gesetzesänderungen oder Änderungen anderer rechtlicher Regelungen (steuerrechtlicher oder anderer Natur) oder aus einer Änderung der Praxis von Clearstream Frankfurt entstehen, die nicht entstehen würden, wenn die Schuldverschreibungen durch Einzelurkunden verbrieft wären und die Emittentin dem Treuhänder eine entsprechende Bescheinigung übergibt.

(d) Für jeden Erwerber oder Gläubiger einer Schuldverschreibung, die in der Vorläufigen Globalurkunde oder der Dauerglobalurkunde verbrieft ist, gilt der Erwerb und/oder die Inhaberschaft als Zusicherung, dass der Erwerber oder Inhaber kein Anleger im Rahmen eines Investmentplanes ist, keine Vermögenswerte eines Anlegers im Rahmen eines Investmentplanes für den Erwerb der Schuldverschreibung nutzt, und er ausdrücklich die Schuldverschreibung zu keinem Zeitpunkt im Auftrag oder im Namen eines Anlegers im Rahmen eines Investmentplanes halten wird. In diesem Zusammenhang bezeichnet ein **Anleger im Rahmen eines Investmentplanes** (a) einen Mitarbeiterinvestmentplan (*employee benefit plan* wie in Section 3(3) des U.S. Employee Retirement Income Security Act of 1974 in der jeweils aktuellen Fassung (**ERISA**) definiert), unabhängig davon, ob

dieser in den Anwendungsbereich von ERISA fällt, was ausdrücklich auch außerhalb der USA bestehende Pensionspläne einschließt, (b) Pläne gemäß Section 4975(e)(l) des U.S. Internal Revenue Code of 1986 in der jeweils aktuellen Fassung (der "**Internal Revenue Code**") sowie (c) jeden Rechtsträger, dem Vermögenswerte zu Grunde liegen, die aufgrund einer Anlage eines Investment- oder Anlageplanes in diesen Rechtsträger im Rahmen der U.S. Department of Labor Regulations § 2510.3-101 (29 C.F.R. § 2510.3-10) Vermögenswerte eines Investment- oder Anlageplanes umfassen.

(iii) Inhaberglobalurkunden - Gläubiger

(e) Solange Schuldverschreibungen durch eine Inhaberglobalurkunde verbrieft sind, welche von Clearstream Frankfurt gehalten wird, wird jede Person (ausgenommen Clearstream Frankfurt), welche zu dem betreffenden Zeitpunkt in den Unterlagen von Clearstream Frankfurt als Gläubiger eines bestimmten Nennbetrages dieser Schuldverschreibungen eingetragen ist, (wobei in diesem Zusammenhang jede Bescheinigung oder jedes sonstige Dokument, welche bzw. welches von Clearstream Frankfurt hinsichtlich des Nennbetrages dieser Schuldverschreibungen, welcher einer Person zusteht, in jeder Hinsicht endgültig und bindend sind, sofern nicht ein offensichtlicher Irrtum vorliegt), von der Emittentin, der Swap-Partei, dem Treuhänder und den Beauftragten Stellen in jeder Hinsicht als Gläubiger des betreffenden Nennbetrages dieser Schuldverschreibungen behandelt, ausgenommen im Hinblick auf die Zahlung von Kapital oder Zinsen (soweit anwendbar) auf den betreffenden Nennbetrag dieser Schuldverschreibungen; für diesen Zweck wird der Inhaber oder Clearstream Frankfurt von der Emittentin, dem Treuhänder und jeder Beauftragten Stelle als Gläubiger des betreffenden Nennbetrages dieser Schuldverschreibungen nach Maßgabe der Bedingungen der Inhaberglobalurkunde behandelt, wobei die Begriffe "Schuldverschreibungsgläubiger", "Gläubiger von Schuldverschreibungen" und verwandte Bezeichnungen entsprechend auszulegen sind. Schuldverschreibungen, welche durch eine Inhaberglobalurkunde verbrieft sind, können nur nach Maßgabe der jeweils geltenden Regeln und Verfahren von Clearstream Frankfurt übertragen werden. Wann immer der Zusammenhang dies erlaubt, gilt jede Bezugnahme auf Clearstream Frankfurt gleichzeitig als Bezugnahme auf alle weiteren oder alternativen Clearing-Systeme.

(iv) Namensschuldverschreibungen (Registered Notes)

(f) Es werden keine Schuldverschreibungen als Namensschuldverschreibungen ausgegeben.

## 2. BESTIMMUNGEN HINSICHTLICH DER SCHULDVERSCHREIBUNGEN

(a) Status der Schuldverschreibungen

Die Schuldverschreibungen sind besicherte Verbindlichkeiten der Emittentin mit beschränktem Rückgriffsrecht (*limited recourse*), die derzeitig und zukünftig gleichrangig sind und zwischen denen keinerlei Bevorzugung erfolgt, wobei die Besicherung der Verbindlichkeiten in Bedingung 3 (*Sicherheiten*) und die Beschränkung des Rückgriffrechts in Bedingung 12 (*Durchsetzung*) näher beschrieben sind.

(B) Status der Schuldverschreibungsgarantie

Die Verbindlichkeiten der Emittentin aufgrund der Schuldverschreibungen sind nicht durch eine dritte Partei garantiert.

(C) Mindesthandelsvolumen

Das Mindesthandelsvolumen der Schuldverschreibungen beläuft sich auf EUR 1.000.

## 3. SICHERHEITEN

(a) Sicherheiten

Die Verbindlichkeiten der Emittentin aufgrund der Schuldverschreibungen sind unter anderem wie folgt besichert:

(A) durch eine Abtretung im Wege eines erstrangigen Sicherungsrechts nach englischem Recht (*assignment by way of first fixed security)* hinsichtlich sämtlicher Rechte, Rechtstitel und Ansprüche der Emittentin im Zusammenhang mit dem Agency-Vertrag und dem Verwahrungsstellenvertrag bezüglich der Schuldverschreibungen (einschließlich - ohne darauf beschränkt zu sein - der Rechte der Emittentin hinsichtlich sämtlicher Finanzmittel und/oder Vermögenswerte, die der Hauptzahlstelle, den übrigen Zahlstellen, der Verwahrstelle und/oder der Rückzahlungsstelle zu gegebener Zeit zur Zahlung von Kapital oder etwaigen Aufschlägen hinsichtlich der Schuldverschreibungen oder anderweitig im Zusammenhang mit den Schuldverschreibungen zur Verfügung stehen);

(B) durch eine Abtretung im Wege eines erstrangigen feststehenden Sicherungsrechts nach englischem Recht (*assignment by way of first fixed security*) hinsichtlich sämtlicher Rechte, Rechtstitel und Ansprüche der Emittentin im Zusammenhang mit den Abgetretenen Vereinbarungen bezüglich der Schuldverschreibungen; und

(C) durch eine Abtretung im Wege eines erstrangigen feststehenden Sicherungsrechts nach englischem Recht (*assignment by way of first fixed security*) hinsichtlich sämtlicher Rechte, Rechtstitel und Ansprüche der Emittentin im Zusammenhang mit ihren Bankkonten im Zusammenhang mit den Schuldverschreibungen und den dadurch begründeten Verbindlichkeiten (jedoch ohne Berücksichtigung von Geldern, die der Emittentin nach der Erlösverwendung aus den Sicherungsgütern gemäß der unter Bedingung 3(e) bestimmten Rangordnung zur Verfügung stehen).

Die in vorstehenden Absätzen (A) bis (C) genannten Sicherheiten werden in diesen Schuldverschreibungsbedingungen zusammenfassend als "**Sicherungsgüter**" (*Mortgaged Property*) bezeichnet.

Die besicherten Gläubiger aller Serien von Schuldverschreibungen der Emittentin sind nach Maßgabe des Rahmentreuhandvertrages auch im Wege eines allgemeinen, unbestimmten Sicherungsrechts englischen Rechts (*floating charge*) über die Vermögenswerte der Emittentin besichert, , das nach Abgabe einer förmlichen Mitteilung bezweckend der Ernennung eines Insolvenzverwalter hinsichtlich der Emittentin oder mit Stellung eines Antrags, Einreichung eines Rechtsmittels oder Hinterlegung eines Dokuments bei einem Insolvenzgericht hinsichtlich der Emittentin durchsetzbar wird.

(D) Sicherungswerte (Charged Assets)

Die Verbindlichkeiten der Emittentin aufgrund der Schuldverschreibungen sind nicht durch Anleihen, Schuldverschreibungen, Wertpapiere, Waren oder andere vergleichbare Vermögenswerte besichert.

(E) Abgetretene Vereinbarungen

Die Emittentin wird mit der Swap-Partei eine Hedgingvereinbarung (Absicherungsgeschäft) (die "**Swap-Vereinbarung**" )abschließen. Die Swap-Vereinbarung umfasst ein Geändertes und Neugefasstes ISDA Master Agreement (Rahmenvertrag für derivative Geschäfte auf der Basis des Standards der International Swap and Derivatives Association (ISDA)) vom 11. November 2005 (wie jeweils geändert und ergänzt) zwischen der Emittentin und CFPI (die " **Rahmenvereinbarung**") und ein Swap-Geschäft zwischen der Emittentin und CFPI gemäß einem schriftlich bestätigten Einzelabschluss datiert auf den 7. Juli 2006 (der "**Einzelabschluss**"), der der Rahmenvereinbarung unterliegt, diese ergänzt und deren Bestandteil ist.

Im Rahmen der Swap-Vereinbarung leistet die Swap-Partei bestimmte Zahlungen an die Emittentin hinsichtlich fälliger Beträge aus den Schuldverschreibungen.

Die Verbindlichkeiten der Swap-Partei hinsichtlich der Swap-Vereinbarung werden durch eine Garantie der Citigroup Inc. (die "**Swap-Garantin**") vom 11. November 2005 garantiert (die "**Swap-Garantie**").

Die Swap-Vereinbarung und die Swap-Garantie werden zusammen als die **Abgetretenen Vereinbarungen** bzw. jeweils einzeln als eine **Abgetretene Vereinbarung** bezeichnet.

Die Bestimmungen der Swap-Vereinbarung werden vorsehen, dass die Swap-Partei die Rechte und Pflichten aus der Swap-Vereinbarung ohne Zustimmung der Schuldverschreibungsgläubiger oder der Emittentin an jede verbundene Gesellschaft (*affiliate*) der Swap-Partei (jede ein "**Übertragungsempfänger**") ganz oder teilweise übertragen kann, vorausgesetzt, dass der Übertragungsempfänger entweder (a) am Tag der Übertragung ein Kredit-Rating aufweist, das dem der Swap-Garantin am Tag der Übertragung zumindest gleichwertig ist, oder (b) von der Swap-Garantin oder einer verbundenen Gesellschaft der Swap-Partei, die am Tag der Übertragung ein Kredit-Rating aufweist, das dem der Swap-Garantin am Tag der Übertragung zumindest gleichwertig ist, garantiert wird, zu im Wesentlichen denselben Bedingungen wie die bestehende Garantie hinsichtlich der Verpflichtungen der Swap-Partei und weiter vorausgesetzt, dass bestimmte Voraussetzungen und Bedingungen, die in der Swap-Vereinbarung und dem Nachtrag zum Rahmentreuhandvertrag ausgeführt sind, erfüllt sind. Diese Voraussetzungen und Bedingungen umfassen unter anderem, dass (i) der Übertragungsempfänger zum Tag der Übertragung ein ISDA Master Agreement (Rahmenvertrag für derivative Geschäfte auf der Basis des Standards der International Swaps and Derivatives Association (ISDA)) mit der Emittentin zu im Wesentlichen denselben Bedingungen wie das ISDA Master Agreement zwischen der Emittentin und der Swap-Partei abgeschlossen hat; (ii) dieser Übertragungsempfänger ab dem Tag einer solchen Übertragung nicht infolge der Übertragung nach dem ISDA Master Agreement verpflichtet ist, Steuern einzubehalten oder einen Abschlag von Steuern vorzunehmen, (iii) Moody's zuvor schriftlich mitgeteilt hat, dass das aktuelle Rating der Schuldverschreibungen nicht beeinträchtigt wird, (iv) infolge einer solchen Übertragung kein Beendigungs- oder Kündigungsgrund im Rahmen der Swap-Vereinbarung eintritt und (v) die Emittentin am nächstfolgenden vorgesehenen Zahlungstag keine zusätzlichen Beträge an die Swap-Partei oder den Übertragungsempfänger infolge der Übertragung leisten muss.

Die Berechnungsstelle wird im Anschluss an eine solche Übertragung diejenigen Anpassungen an den Schuldverschreibungsbedingungen vornehmen, die sie zur Berücksichtigung der Übertragung der gesamten oder teilweisen Rechte und Pflichten aus der Swap-Vereinbarung durch die Swap-Partei an eine verbundene Gesellschaft (affiliate) der Swap-Partei nach ihrem alleinigen und freien Ermessen für angemessen hält, und den Wirksamkeitstag dieser Anpassungen festlegen.

Nach jeder Übertragung umfasst Abgetretene Vereinbarungen sowohl die Swap-Vereinbarung, die aus dem ISDA Master Agreement (Rahmenvertrag für derivative Geschäfte auf der Basis des Standards der International Swap and Derivatives Association (ISDA)) zwischen der Emittentin und dem Übertragungsempfänger und jeder Swap-Transaktion zwischen der Emittentin und dem Übertragungsempfänger besteht, die durch einen Einzelabschluss dazu ergänzt wird, als auch jede Garantie in Bezug dazu.

Die Swap-Vereinbarung endet am Fälligkeitstag, soweit sie nicht vorher nach Maßgabe ihrer Bestimmungen beendet werden. Insbesondere endet die Swap-Vereinbarung vollständig bzw. teilweise, falls die Schuldverschreibungen gemäß Bedingung 7 (*Auszahlung*) oder Bedingung 9 (*Erwerb*) ausgezahlt werden. Im Falle der vorzeitigen Beendigung der Swap-Vereinbarung besteht die Möglichkeit, dass eine der Parteien verpflichtet ist, der anderen Partei eine Beendigungszahlung bzgl. des dieser Partei, aufgrund der Beendigung, möglicherweise entstandenen Schadens zu leisten.

Weder die Emittentin noch die Swap-Partei noch die Swap-Garantin sind im Zusammenhang mit der Swap-Vereinbarung oder der Swap-Garantie im Falle, dass Quellensteuern anfallen, verpflichtet, Zahlungen im Zusammenhang mit der Swap-Vereinbarung oder der Swap-Garantie um den jeweiligen Steuerbetrag zu erhöhen. Falls die Emittentin, die Swap-Partei oder die Swap-Garantin bei der nächsten im

Zusammenhang mit der betreffenden Abgetretenen Vereinbarung fälligen Zahlung gesetzlich verpflichtet wäre, hinsichtlich ihrer bzw. seiner Einnahmen im Zusammenhang mit der betreffenden Abgetretenen Vereinbarung Steuern einzubehalten, auszuweisen oder abzuführen oder diese Einnahmen nach Abzug von Steuern erhalten würde und aus diesem Grunde nicht in der Lage wäre, den fälligen Betrag vollständig zu begleichen, finden die Bestimmungen der Bedingung 7(c) (*Keine Auszahlung aus steuerlichen Gründen*) Anwendung.

Der Treuhänder ist weder verpflichtet noch gehalten, die Bonität der Swap-Partei oder der Swap-Garantin, die Gültigkeit der Verbindlichkeiten der Swap-Partei oder der Swap-Garantin im Zusammenhang mit den Abgetretenen Vereinbarungen oder jegliche der Bedingungen der Abgetretenen Vereinbarungen (einschließlich des Umstandes, ob die Cashflows (Kapitalflüsse) im Zusammenhang mit den abgetretenen Vereinbarungen und den Schuldverschreibungen miteinander übereinstimmen, jedoch nicht hierauf beschränkt) zu überprüfen.

Soweit die Swap-Partei und die Swap-Garantin es unterlassen, an die Emittentin Zahlungen im Zusammenhang mit den Abgetretenen Vereinbarungen vorzunehmen, so werden die Abgetretenen Vereinbarungen beendet und die Schuldverschreibungen werden vorbehaltlich Bedingung 7(d) (*Auszahlung bei Beendigung der Abgetretenen Vereinbarungen*), Bedingung 7(g) (*Zwangswiederverkauf*) sowie Bedingung 11 (*Kündigungsgründe*) gemäß diesen Schuldverschreibungsbedingungen zur Rückzahlung fällig, und die in diesem Zusammenhang bestellten Sicherheiten können gemäß und vorbehaltlich Bedingung 12 (*Durchsetzung)* verwertet werden.

Sämtliche von der Emittentin nach Maßgabe dieser Regelungen vorzunehmenden Zahlungen im Zusammenhang mit den Schuldverschreibungen dieser Serie und der Swap-Vereinbarung werden ausschließlich von denjenigen und bis zur Höhe derjenigen Beträgen beglichen, welche von der bzw. für die Emittentin oder von dem bzw. für den Treuhänder im Zusammenhang mit den Sicherungsgütern (wie in Bedingung 3(a) definiert) zu gegebener Zeit erhalten oder beigetrieben werden (wobei diese in der Rangfolge nach Maßgabe der Bedingung 3(e) zu verwenden sind);

soweit die betreffenden Beträge geringer sind als der Betrag, dessen Erhalt die Gläubiger der Schuldverschreibungen und die Swap-Partei gegebenenfalls erwartet haben (wobei die entsprechende Differenz in diesen Schuldverschreibungsbedingungen als "Fehlbetrag" bezeichnet wird), wird der Fehlbetrag von den genannten Gläubigern und der Swap-Partei in der umgekehrten Reihenfolge der in Bedingung 3(e) beschriebenen Rangfolge getragen; und

jeder Gläubiger von Schuldverschreibungen und die Swap-Partei nimmt (im Falle von Gläubigern von Schuldverschreibungen durch Zeichnung oder Erwerb solcher Schuldverschreibungen) zur Kenntnis und ist sich vollumfänglich darüber bewusst, dass:

(i) die Gläubiger der Schuldverschreibungen und die Swap-Partei ausschließlich die in vorstehendem Absatz (A) genannten und gemäß vorstehenden Absätzen (A) und (B) verwendeten Beträge (die "**Maßgeblichen Beträge**") für Zahlungen geltend machen können, welche von der Emittentin hinsichtlich der Schuldverschreibungen sowie der Swap-Vereinbarung im Zusammenhang mit diesen Schuldverschreibungsbedingungen vorzunehmen sind;

(ii) sich die Verpflichtung der Emittentin, Zahlungen im Zusammenhang mit den Schuldverschreibungen und der Swap-Vereinbarung vorzunehmen, auf die Maßgeblichen Beträge beschränkt und dass die Gläubiger der Schuldverschreibungen und die Swap-Partei die Emittentin im Zusammenhang mit den Schuldverschreibungen oder der Swap-Vereinbarung nicht darüber hinausgehend in Anspruch nehmen können;

(iii) unbeschadet des Vorstehenden jegliche Ansprüche der Gläubiger der Schuldverschreibungen und der Swap-Partei auf Zahlung von Beträgen, die über die Maßgeblichen Beträge hinausgehen, automatisch erlöschen; und

(iv) die Gläubiger der Schuldverschreibungen sowie die Swap-Partei nicht berechtigt sind, aufgrund eines solchen Fehlbetrages die Auflösung der Emittentin zu beantragen

Ein solcher Fehlbetrag stellt weder einen Kündigungsgrund gemäß Bedingung 11 (*Kündigungsgründe*) dar noch berechtigt er die Swap-Partei oder die Swap-Garantin, die übrigen Abgetretenen Vereinbarungen zu beenden.

Weder der Treuhänder, die Anteilseigner der Emittentin, die Swap-Partei noch die Swap-Garantin sind gegenüber den Gläubigern der Schuldverschreibungen verpflichtet, von der Emittentin zu zahlende Beträge im Zusammenhang mit den Schuldverschreibungen zu begleichen.

(F) Verwertung der Sicherungsgüter nach Auszahlung gemäß Bedingung 7 (*Auszahlung*), Bedingung 9 (*Erwerb*) oder Bedingung 11 (*Kündigungsgründe*)

Im Falle, dass die aufgrund des Treuhandvertrages bestellten Sicherheiten hinsichtlich eines Sicherungsgutes aufgrund einer vorzeitigen Auszahlung von Schuldverschreibungen gemäß Bedingung 7 (*Auszahlung*) oder Bedingung 11 (*Kündigungsgründe*) oder aufgrund eines Erwerbs der Schuldverschreibungen gemäß Bedingung 9 (*Erwerb*) durchsetzbar werden, kann der Treuhänder nach seinem Ermessen und - soweit dies schriftlich von den Gläubigern von mindestens einem Fünftel des gesamten Nennbetrages der jeweils ausstehenden Schuldverschreibungen gefordert wird oder soweit dies aufgrund eines Außerordentlichen Beschlusses (wie im Treuhandvertrag definiert) der Schuldverschreibungsgläubiger oder von der Swap-Partei verlangt wird - wird der Treuhänder (ohne dass für diesen hierdurch jedoch eine Haftung hinsichtlich der Folgen der jeweiligen Handlung begründet wird sowie ohne Rücksicht auf die Auswirkung der jeweiligen Handlung auf einzelne Gläubiger von Schuldverschreibungen oder die Swap-Partei) das betreffende Sicherungsgut nach seinem Ermessen verwerten und/oder gegenüber jedem Schuldner hinsichtlich der Sicherungsgüter die gesetzlich zulässigen Maßnahmen ergreifen, wobei der Treuhänder nicht verpflichtet ist, solche Maßnahmen zu ergreifen, soweit er nicht zu seiner Zufriedenheit entschädigt wird und unter Vorbehalt der Bedingung 11 (*Kündigungsgründe*). Tritt eines der genannten Ereignisse ein, so werden die Abgetretenen Vereinbarungen (bzw. Teile davon) nach Maßgabe ihrer Bedingungen beendet.

(A) Sämtliche von der Emittentin nach Maßgabe dieser Regelungen vorzunehmenden Zahlungen im Zusammenhang mit den Schuldverschreibungen dieser Serie und der Swap-Vereinbarung werden ausschließlich aus denjenigen und bis zur Höhe derjenigen Beträgen beglichen, welche von der bzw. für die Emittentin oder von dem bzw. für den Treuhänder im Zusammenhang mit den Sicherungsgütern (wie in Bedingung 3(a) definiert) zu gegebener Zeit erhalten oder beigetrieben werden (wobei diese in der Rangfolge nach Maßgabe der Bedingung 3(e) zu verwenden sind);

(B) soweit die betreffenden Beträge niedriger sind als der Betrag, dessen Erhalt die Gläubiger der Schuldverschreibungen und die Swap-Partei gegebenenfalls erwartet haben (wobei die entsprechende Differenz in diesen Schuldverschreibungsbedingungen als "Fehlbetrag" bezeichnet wird), wird der Fehlbetrag von den genannten Gläubigern und der Swap-Partei in der umgekehrten Reihenfolge der in Bedingung 3(e) beschriebenen Rangfolge getragen; und

(C) jeder Gläubiger von Schuldverschreibungen nimmt durch Zeichnung oder Erwerb solcher Schuldverschreibungen zur Kenntnis und ist sich vollumfänglich

darüber bewusst und ebenso nimmt die Swap-Partei zur Kenntnis und ist sich vollumfänglich darüber bewusst, dass

(i) die Gläubiger der Schuldverschreibungen und die Swap-Partei ausschließlich die in vorstehendem Absatz (A) genannten und gemäß vorstehenden Absätzen (A) und (B) verwendeten Beträge (die "**Maßgeblichen Beträge**") für Zahlungen geltend machen können, welche von der Emittentin hinsichtlich der Schuldverschreibungen sowie der Swap-Vereinbarung im Zusammenhang mit diesen Schuldverschreibungen vorzunehmen sind;

(ii) sich die Verpflichtung der Emittentin, Zahlungen im Zusammenhang mit den Schuldverschreibungen und der Swap-Vereinbarung vorzunehmen, auf die Maßgeblichen Beträge beschränkt und dass die Gläubiger der Schuldverschreibungen und die Swap-Partei die Emittentin im Zusammenhang mit den Schuldverschreibungen und der Swap-Vereinbarung nicht darüber hinausgehend in Anspruch nehmen können;

(iii) unbeschadet des Vorstehenden jegliche Ansprüche der Gläubiger der Schuldverschreibungen und der Swap-Partei auf Zahlung von Beträgen, die über die Maßgeblichen Beträge hinausgehen, automatisch erlöschen; und

(iv) die Gläubiger der Schuldverschreibungen sowie die Swap-Partei nicht berechtigt sind, aufgrund eines solchen Fehlbetrags die Auflösung der Emittentin zu beantragen.

Ein solcher Fehlbetrag stellt weder einen Kündigungsgrund gemäß Bedingung 11 (*Kündigungsgründe*) dar, noch berechtigt er die Swap-Partei oder die Swap-Garantin, die übrigen Abgetretenen Vereinbarungen zu beenden.

Weder der Treuhänder, die Anteilseigner der Emittentin, die Swap-Partei noch die Swap-Garantin sind gegenüber den Gläubigern der Schuldverschreibungen verpflichtet, von der Emittentin zu zahlende Beträge im Zusammenhang mit den Schuldverschreibungen zu begleichen.

(G) Erlösverwendung

(i) Sicherungsgüter, die hinsichtlich einer Serie bestellt sind

Der Treuhandvertrag sieht vor, dass der Verwertungsbetrag (nach Zahlung sämtlicher im Zusammenhang mit oder gemäß dem Treuhandvertrag an den Treuhänder zahlbarer Beträge, einschließlich jeglicher Kosten, Auslagen und Steuern, welche im Zusammenhang mit einer Vollstreckung oder Verwertung nach Maßgabe des Treuhandvertrages angefallen sind) wie folgt zu verwenden ist:

(A) erstens zur Befriedigung der Ansprüche der Swap-Partei

(B) zweitens *anteilig* und auf *gleichrangiger* Basis zur Befriedigung der Ansprüche der Gläubiger der Schuldverschreibungen im Zusammenhang mit den Schuldverschreibungen; und

(C) drittens soweit anwendbar, nach Zahlung gemäß vorstehenden Absätzen (A) und (B), an die Emittentin oder gemäß deren Anweisung.

(ii) Begriffsbestimmung hinsichtlich der Erlösverwertung

(g) Für die Zwecke dieser Schuldverschreibungsbedingungen bezeichnet "**Verwertungsbetrag**" (*Realisation Amount*) den entsprechenden Betrag (in der Festgelegten Währung) der aufgrund der Beendigung der Swap-Vereinbarung fälligen Nettoerlöse, welche von oder im Auftrag für die Emittentin (bzw. im Fall einer Verwertung vom oder im Auftrag für den Treuhänder) erhalten werden; zur Klarstellung sei festgehalten, dass hierbei jegliche etwaigen Kosten und Auslagen, welche der

Emittentin bzw. dem Treuhänder selbst oder in ihrem bzw. seinem Namen entstanden sind, hierbei zu berücksichtigen sind, soweit die Nettoerlöse in diesem Zusammenhang erhalten wurden.

(H) Fehlbetrag nach Erlösverwendung

(A) Sämtliche von der Emittentin nach Maßgabe dieser Regelungen vorzunehmenden Zahlungen im Zusammenhang mit den Schuldverschreibungen dieser Serie und der Swap-Vereinbarung werden ausschließlich aus denjenigen und bis zu der Höhe derjenigen Beträgen beglichen, welche von der bzw. für die Emittentin oder von dem bzw. für den Treuhänder im Zusammenhang mit den Sicherungsgütern (wie in Bedingung 3(a) definiert) zu gegebener Zeit erhalten oder beigetrieben werden (wobei diese in der Rangfolge nach Maßgabe der Bedingung 3(e) zu verwenden sind);

(B) soweit die betreffenden Beträge geringere sind als der Betrag, dessen Erhalt die Gläubiger der Schuldverschreibungen und die Swap-Partei gegebenenfalls erwartet haben (wobei die entsprechende Differenz in diesen Schuldverschreibungsbedingungen als "Fehlbetrag" bezeichnet wird) wird der Fehlbetrag von den genannten Gläubigern und der Swap-Partei in der umgekehrten Reihenfolge der in Bedingung 3(e) beschriebenen Rangfolge getragen; und

(C) jeder Gläubiger von Schuldverschreibungen nimmt bei Zeichnung oder Erwerb solcher Schuldverschreibungen zur Kenntnis und ist sich vollumfänglich bewusst und ebenso nimmt die Swap-Partei zur Kenntnis und ist sich vollumfänglich darüber bewusst, dass:

(i) die Gläubiger der Schuldverschreibungen und die Swap-Partei ausschließlich die in vorstehendem Absatz (A) genannten und gemäß vorstehenden Absätzen (A) und (B) verwendeten Beträge (die "**Maßgeblichen Beträge**") für Zahlungen geltend machen können, welche von der Emittentin hinsichtlich der Schuldverschreibungen sowie der Swap-Vereinbarung im Zusammenhang mit diesen Schuldverschreibungsbedingungen vorzunehmen sind;

(ii) sich die Verpflichtung der Emittentin, Zahlungen im Zusammenhang mit den Schuldverschreibungen und der Swap-Partei vorzunehmen, auf die Maßgeblichen Beträge beschränkt und dass die Gläubiger der Schuldverschreibungen und die Swap-Partei die Emittentin im Zusammenhang mit den Schuldverschreibungen oder der Swap-Vereinbarung nicht darüber hinausgehend in Anspruch nehmen können;

(iii) unbeschadet des Vorstehenden jegliche Ansprüche der Gläubiger der Schuldverschreibungen und der Swap-Partei auf Zahlung von Beträgen, die über die Maßgeblichen Beträge hinausgehen, automatisch erlöschen; und

(iv) die Gläubiger der Schuldverschreibungen sowie die Swap-Partei nicht berechtigt sind, aufgrund eines solchen Fehlbetrages die Auflösung der Emittentin zu beantragen

Ein solcher Fehlbetrag stellt weder einen Kündigungsgrund gemäß Bedingung 11 (*Kündigungsgründe*) dar noch berechtigt er die Swap-Partei oder die Swap-Garantin, die übrigen Abgetretenen Vereinbarungen zu beenden.

Weder der Treuhänder, die Anteilseigner der Emittentin, die Swap-Partei noch die Swap-Garantin sind gegenüber den Gläubigern der Schuldverschreibungen verpflichtet, von der Emittentin zu zahlende Beträge im Zusammenhang mit den Schuldverschreibungen zu begleichen.

## 4. BESCHRÄNKUNGEN

Solange noch Schuldverschreibungen ausstehen, wird die Emittentin ohne die schriftliche Zustimmung des Treuhänders und der Swap-Partei weder:

(i) Tätigkeiten oder Handlungen irgendeiner Art unternehmen oder vornehmen, mit Ausnahme:

(h) (aa) (A) der Begebung von Schuldverschreibungen nach Maßgabe des Treuhandvertrages (wobei diese von einer Rating-Agentur bewertet oder unbewertet sein können), jedoch vorbehaltlich des maximalen Gesamtnennbetrages, der unter dem Programm jeweils ausstehen darf, oder (B) der Eingehung von Verbindlichkeiten hinsichtlich geliehener oder aufgenommener Gelder, soweit (1) diese Verbindlichkeiten durch bestimmte Vermögenswerte der Emittentin (mit Ausnahme ihres Gesellschaftskapitals), welche nicht Teil von Sicherungswerten (*charged assets*) im Hinblick auf eine Serie von derart begebenen Wertpapieren sind, besichert sind, (2) das Rückgriffsrecht hinsichtlich dieser Verbindlichkeiten auf die vorgenannten Sicherungswerte beschränkt ist, (3) die Verwertungsbestimmungen hinsichtlich dieser Verbindlichkeiten den in diesen Bedingungen genannten weitgehend ähnlich sind und (4) sämtliche Ansprüche im Zusammenhang mit diesen Verbindlichkeiten nach Verwendung der Erlöse aus den in diesem Zusammenhang bestellten Sicherheiten erlöschen (die "**Zulässigen Verbindlichkeiten**"), wobei jedoch im Falle, dass Moody's Investors Services Limited ("**Moody's**") keine Bewertung dieser Verbindlichkeiten vorgenommen hat, die Emittentin die Verbindlichkeiten nicht eingehen darf, bis Moody's schriftlich bestätigt hat, dass die Ratings aller ausstehenden, durch Moody's bewerteten Schuldverschreibungen der Emittentin durch diese Verbindlichkeiten nicht nachteilig beeinflusst werden;

(i) (bb) des Erwerbs von Vermögenswerten zur Besicherung von Zulässigen Verbindlichkeiten sowie der Ausübung ihrer jeweiligen Rechte und Pflichten in diesem Zusammenhang;

(j) (cc) der Eingehung und Erfüllung ihrer Pflichten aus dem Treuhandvertrag, dem Agency-Vertrag, dem Verwahrungsstellenvertrag, den Abgetretenen Vereinbarungen, jeglichen Nebenvereinbarungen im Zusammenhang mit der Begebung, Begründung und Besicherung von Schuldverschreibungen und Vereinbarungen im Zusammenhang mit der Begründung und Besicherung Zulässiger Verbindlichkeiten oder in diesem Zusammenhang getroffener Vereinbarung;

(k) (dd) der Durchsetzung ihrer Rechte aus dem Agency-Vertrag, dem Verwahrungsstellenvertrag, den Abgetretenen Vereinbarungen oder dem Treuhandvertrag oder anderen Vereinbarungen im Zusammenhang mit den Schuldverschreibungen, jeglichen Zulässigen Verbindlichkeiten oder den Sicherungsgütern hinsichtlich jeglicher Serien;

(l) (ee) der Aufnahme von Gelddarlehen, soweit dies für die Emittentin angebracht erscheint sowie vorbehaltlich der in dem Treuhandvertrag enthaltenen Beschränkungen; oder

(m) (ff) der Vornahme von erforderlichen Handlungen im Zusammenhang mit den vorstehenden Absätzen, einschließlich der Eingehung von Swap-, Options- oder Devisentermingeschäften oder Aktien- bzw. sonstigen Wertpapierdarlehen im Zusammenhang mit

der Begebung von Schuldverschreibungen oder der Eingehung Zulässiger Verbindlichkeiten (jedoch nicht hierauf beschränkt);

(ii) Tochtergesellschaften unterhalten;

(iii) vorbehaltlich vorstehendem Unterabsatz (i) und nachstehendem Unterabsatz (vi) ihr Eigentum oder anderweitige Vermögenswerte bzw. Teile davon oder Beteiligungen daran veräußern (außer gemäß Bedingung 9 (Erwerb));

(iv) die Sicherungsgüter (mit Ausnahme der gemäß dem Rahmentreuhandvertrag oder dem entsprechenden Nachtrag zum Rahmentreuhandvertrag bestellten oder dort genannten Belastungen) mit irgendwelchen Lasten, Hypotheken, Pfandrechten oder in anderer Weise belasten bzw. soweit dies in ihrem Einflussbereich liegt, eine derartige Belastung zulassen;

(v) Mitarbeiter beschäftigen;

(vi) Dividenden ausschütten oder Ausschüttungen in jeglicher anderer Form vornehmen;

(vii) weitere Aktien begeben; oder

(viii) andere in dem Rahmentreuhandvertrag ausdrücklich eingeschränkte Handlungen vornehmen.

## 5. ZINSEN

Die Schuldverschreibungen werden nicht verzinst.

## 6. ZAHLUNGEN

(a) Zahlungsweise

Vorbehaltlich der nachfolgenden Bestimmungen erfolgen Zahlungen in Euro durch Gutschrift oder Überweisung auf ein vom Zahlungsempfänger angegebenes, auf Euro lautendes Konto (oder ein anderes Konto, auf das Zahlungen in Euro gutgeschrieben oder überwiesen werden können) oder, nach Wahl des Zahlungsempfängers, durch Euroscheck-Zahlung.

Zahlungen erfolgen stets vorbehaltlich der am Zahlungsort hierfür geltenden steuerlichen oder sonstigen gesetzlichen Bestimmungen und Vorschriften.

(b) Vorlage von Inhabereinzelurkunden

Zahlungen von Kapital in Bezug auf Inhabereinzelurkunden erfolgen (vorbehaltlich nachstehender Bestimmungen) auf die in vorstehendem Absatz (a) vorgesehene Weise nur gegen Vorlage und Übergabe der Inhabereinzelurkunde (oder im Falle einer Teilzahlung fälliger Beträge gegen entsprechenden Vermerk darauf), jeweils bei der angegebenen Geschäftsstelle einer Zahlstelle außerhalb der Vereinigten Staaten (im Sinne dieses Dokuments bezeichnet "Vereinigte Staaten" die Vereinigten Staaten von Amerika (einschließlich der Einzelstaaten und des *District of Columbia*, ihre Territorien, Besitzungen und andere ihrer Rechtsordnung unterliegenden Gebiete)).

Unbeschadet des Vorstehenden erfolgen vor dem Austauschtag fällige Zahlungen auf die Vorläufige Globalurkunde nur gegen Bescheinigung des Nichtbestehens US-wirtschaftlichen Eigentums (*non-U.S. beneficial ownership*) gemäß den Bestimmungen der US-Steuerregularien (*U.S. Treasury regulations*) und auf die Vorläufige Globalurkunde erfolgen keine nach dem Austauschtag fällige Zahlungen, es sei denn, der Austausch der Vorläufigen Globalurkunden gegen einen Anteil an der Dauerglobalurkunde wird trotz ordnungsgemäßer Bescheinigung unzulässigerweise vorenthalten oder verweigert.

(c) Zahlungen auf Inhaberglobalurkunden

Zahlungen von Kapital auf durch eine Inhaberglobalurkunde verbriefte Schuldverschreibungen erfolgen (vorbehaltlich nachstehender Bestimmungen) auf die vorstehend für Inhabereinzelurkunden angegebene Weise und ansonsten auf die in der jeweiligen Inhaberglobalurkunde angegebene Weise gegen Vorlage bzw. Übergabe dieser

Inhaberglobalurkunde bei der angegebenen Geschäftsstelle einer Zahlstelle außerhalb der Vereinigten Staaten. Jede gegen Vorlage oder Übergabe einer Inhaberglobalurkunde erfolgte Zahlung wird auf der jeweiligen Inhaberglobalurkunde von der Zahlstelle vermerkt, der die Globalurkunde vorgelegt oder übergeben wurde, und dieser Vermerk gilt als *prima-facie*-Nachweis für die erfolgte Zahlung.

Der Gläubiger einer Inhaberglobalurkunde ist allein zum Empfang von Zahlungen in Zusammenhang mit den Schuldverschreibungen berechtigt, die durch diese Inhaberglobalurkunde verbrieft sind, und die Emittentin wird insofern durch die Zahlung an den Gläubiger der Inhaberglobalurkunde oder an dessen Order von ihren Zahlungsverpflichtungen in Höhe des gezahlten Betrages befreit. Die bei Clearstream Frankfurt als begünstigte Gläubiger eines bestimmten Nennbetrags von durch die Inhaberglobalurkunde verbrieften Schuldverschreibungen geführten Personen haben sich im Zusammenhang mit ihrem Anteil an Zahlungen der Emittentin an den Gläubiger der Inhaberglobalurkunde oder an dessen Order ausschließlich an Clearstream Frankfurt zu wenden. Solange diese Inhaberglobalurkunde aussteht haben diese Personen keine direkten Ansprüche gegen die Emittentin bezüglich der auf die Schuldverschreibungen fälligen Zahlungen, und die Emittentin wird durch die Zahlung an den Gläubiger dieser Inhaberglobalurkunde in Höhe des jeweils gezahlten Betrages von ihrer Verpflichtung befreit.

(d) Allgemeine Bestimmungen hinsichtlich Zahlungen

Die bei Clearstream Frankfurt als begünstigte Gläubiger eines bestimmten Nennbetrags von durch eine Inhaberglobalurkunde verbrieften Schuldverschreibungen geführten Personen haben sich im Zusammenhang mit ihrem Anteil an Zahlungen der Emittentin an den Gläubiger der Inhaberglobalurkunde oder an dessen Order ausschließlich an Clearstream Frankfurt zu wenden. Solange diese Inhaberglobalurkunde aussteht haben diese Personen keine direkten Ansprüche gegen die Emittentin bezüglich der auf die Schuldverschreibungen fälligen Zahlungen, und die Emittentin wird durch die Zahlung an den Gläubiger dieser Inhaberglobalurkunde in Höhe des jeweils gezahlten Betrages von ihrer Verpflichtung befreit

Zahlungen von Kapital in Bezug auf die Schuldverschreibungen an die (oder für Rechnung der) maßgebliche(n) Zahlstelle auf die im Agency-Vertrag in Bezug auf die Schuldverschreibungen vorgesehene Weise bewirken eine Erfüllung der entsprechenden Verpflichtung der Emittentin auf diese Schuldverschreibungen diese Zahlungen von Kapital zu leisten, es sei denn, dass im Hinblick auf die nachfolgende Zahlung dieser Beträge an die Schuldverschreibungsgläubiger ein Verzug nach Maßgabe dieser Schuldverschreibungsbedingungen eingetreten ist.

(e) Zahlungstag

Ist der Tag der Zahlung eines Betrages in Bezug auf Schuldverschreibungen kein Zahlungstag, so hat der betreffende Gläubiger erst am folgenden Zahlungstag am maßgeblichen Ort einen Anspruch auf Zahlung und keinen Anspruch auf Zinsen oder sonstige Zahlungen in Bezug auf diese Verzögerung. Für diese Zwecke bezeichnet "**Zahlungstag**" einen Tag (vorbehaltlich Bedingung 10 (*Verjährung*)), der:

(i) ein Tag ist, an dem Geschäftsbanken und Devisenmärkte

(A) am maßgeblichen Ort der Vorlage; und

(B) in London

(n) Zahlungen abwickeln und allgemein für Geschäfte geöffnet sind (einschließlich Devisen- und Sortengeschäfte); und

(ii) ein Tag ist, an dem das TARGET-System in Betrieb ist.

**TARGET-System** ist dabei das Trans European Automated Real Time Gross Settlement Express Transfer (TARGET) System.

(f) Bezugnahmen auf Kapital

Jegliche Bezugnahmen in diesen Schuldverschreibungsbedingungen auf Kapital im Zusammenhang mit den Schuldverschreibungen schließen - je nachdem - Folgendes ein:

(i) den Endgültigen Auszahlungsbetrag der Schuldverschreibungen; und

(ii) den Obligatorischen Vorzeitigen Auszahlungsbetrag der Schuldverschreibungen; und

(iii) den Vorzeitigen Auszahlungsbetrag der Schuldverschreibungen.

## 7. AUSZAHLUNG

(a) Auszahlung bei Fälligkeit

Sofern die Schuldverschreibungen nicht bereits wie nachstehend beschrieben vorher ausgezahlt werden, wird die Emittentin alle Schuldverschreibungen am 8. Juli 2011 (der "**Fälligkeitstag**") zum Endgültigen Auszahlungsbetrag auszahlen.

Der **Endgültige Auszahlungsbetrag** für jede Schuldverschreibung entsprechend der Festgelegten Stückelung ist ein (ggf. auf einen Cent abgerundeter) Betrag in Euro in folgender Höhe, der von der Berechnungsstelle nach alleinigem und freiem Ermessen am letzten Bewertungstag bestimmt wird:

(i) wenn der Schlussstand des Index dem Autocall-Wert entspricht oder diesen überschreitet:

(6) 130,00 % x Festgelegte Stückelung;

(ii) wenn

(7) (x) der Schlussstand des Index geringer ist als der Autocall-Wert; und

(8) (y) während des Zeitraums zwischen dem Bezugstag (ausschließlich) und dem letzten Bewertungstag (einschließlich) der Offizielle Schlussstand des Index zu keiner Zeit dem Schwellenwert entspricht oder diesen unterschreitet:

(9) 100 % x Festgelegte Stückelung; und

(iii) in allen anderen als den in vorstehenden Absätzen (i) und (ii) beschriebenen Fällen:

(b) $\frac{\text{Schlussstand des Index}}{\text{Anfangsstand des Index}} \text{ x Festgelegte Stückelung.}$

(c)

(b) Auszahlung in Bezug auf die Sicherungswerte

Die Verbindlichkeiten der Emittentin aus den Schuldverschreibungen sind nicht durch Anleihen, Schuldverschreibungen, Wertpapiere, Waren oder sonstige Vermögenswerte besichert.

(c) Keine Auszahlung aus steuerlichen Gründen

Wenn die Emittentin (A) aufgrund gesetzlicher Bestimmungen verpflichtet wäre, einen Steuereinbehalt vorzunehmen bzw. Steuern auszuweisen, oder (B) in Bezug auf Zahlungen aus einer Abgetretenen Vereinbarung steuerpflichtig wäre oder (C) Zahlungen in Bezug auf eine Abgetretene Vereinbarung nur nach Abzug von Steuern erhalten würde, so dass sie nicht in der Lage wäre, den in Bezug auf die Schuldverschreibungen zahlbaren Betrag in voller Höhe zu zahlen, dann wird die Emittentin dem Treuhänder und gegebenenfalls der Swap-Partei sowie Moody's dies so bald wie möglich mitteilen und sich nach besten Kräften bemühen, zu veranlassen, dass sie in ihrer Eigenschaft als Schuldner durch eine Gesellschaft ersetzt wird, welcher der Treuhänder und gegebenenfalls die Swap-Partei schriftlich zugestimmt haben (wobei die Zustimmung durch die Swap-Partei nur aus einem sachlichem Grund verweigert oder zeitlich hinausgeschoben werden darf) und die

nach dem Recht einer Rechtsordnung errichtet wurde, in der ein solcher Steuereinbehalt nicht vorzunehmen wäre und eine solche Steuer nicht auszuweisen bzw. eine solche steuerliche Belastung nicht gegeben wäre (vorbehaltlich der Bestätigung durch Moody's, dass dadurch keine Rückstufung des von Moody's zugewiesenen Ratings für die Schuldverschreibungen vorgenommen würde).

Ist die Emittentin nicht in der Lage, eine solche Ersetzung zu veranlassen, bevor die nächste Zahlung in Bezug auf die Schuldverschreibungen fällig wird, wird die Emittentin dem Treuhänder und gegebenenfalls der Swap-Partei und Moody's dies so bald wie möglich mitteilen, und die Emittentin wird der Hauptzahlstelle und den Schuldverschreibungsgläubigern gemäß Bedingung 16 (*Mitteilungen*) unverzüglich mitteilen, dass sämtliche Zahlungen in Bezug auf die Schuldverschreibungen allen anwendbaren Steuern unterliegen und diese Steuern in Abzug gebracht werden. Ein solcher Steuerabzug begründet keinen Kündigungsgrund gemäß Bedingung 11 (*Kündigungsgründe*).

(d) Auszahlung bei Beendigung der Abgetretenen Vereinbarungen

Wird eine Abgetretene Vereinbarung aus einem anderen Grund als in Zusammenhang mit der Auszahlung oder dem Erwerb von Schuldverschreibungen gemäß Bedingung 7 (*Auszahlung*) (mit Ausnahme dieser Bedingung 7(d)), Bedingung 9 (Erwerb) oder Bedingung 11 (*Kündigungsgründe*) (vollständig und nicht nur teilweise) beendet, so wird die Emittentin dem Treuhänder und der Rückzahlungsstelle diese Beendigung unverzüglich mitteilen. Die Rückzahlungsstelle wird dann vorbehaltlich der Bestimmungen des Treuhandvertrags die Sicherheit, sobald dies vernünftigerweise möglich ist, verwerten, indem sie für die Zahlung des (eventuellen) Abwicklungsbetrages (wie in der Abgetretenen Vereinbarung definiert) an sie durch die Swap-Partei sorgt. Gleichzeitig wird die Emittentin den Schuldverschreibungsgläubigern gemäß Bedingung 16 (*Mitteilungen*) und dem Treuhänder, der Hauptzahlstelle und der Swap-Partei unwiderruflich mitteilen, dass die Schuldverschreibungen gemäß dieser Bedingung 7(d) auszuzahlen sind. Die Emittentin wird (sofern nicht anderes mit dem Treuhänder vereinbart wurde) sofort nach Eingang der Erlöse aus den Abgetretenen Vereinbarungen gemäß Bedingung 16 (*Mitteilungen*), sobald vernünftigerweise möglich, unwiderruflich den Termin mitteilen, an dem die Schuldverschreibungen auszuzahlen sind. Nach Ablauf dieser Frist wird die Emittentin sämtliche und nicht nur bestimmte Schuldverschreibungen durch Barausgleich zum Vorzeitigen Auszahlungsbetrag auszahlen, es sei denn, sie erhält vom Treuhänder eine Bescheinigung, dass er nach seinem freien Ermessen zu der Auffassung gelangt ist, dass es im Interesse der Schuldverschreibungsgläubiger liegt, dass diese Mitteilung und Auszahlung verschoben werden bzw. nicht erfolgen, oder dass ein Außerordentlicher Beschluss der Schuldverschreibungsgläubiger anderes bestimmt.

Wird eine solche Auszahlung gemäß dieser Bedingung 7(d) durch die Emittentin fällig, wird die durch den Treuhandvertrag bestellte Sicherheit verwertbar, und der Treuhänder kann die in Bedingung 12 (*Durchsetzung*) vorgesehenen Maßnahmen ergreifen.

(e) Zahlung auf Verlangen der Emittentin (Kündigungsrecht der Emittentin)

Die Emittentin hat kein Recht, die Schuldverschreibungen vorzeitig auszuzahlen.

(f) Auszahlung auf Verlangen der Schuldverschreibungsgläubiger (Kündigungsrecht des Anlegers)

Die Schuldverschreibungsgläubiger haben kein Recht, von der Emittentin eine vorzeitige Auszahlung zu verlangen.

(g) Zwangswiederverkauf

Die Emittentin ist jederzeit berechtigt, auf Kosten und Risiko eines Gläubigers von Schuldverschreibungen, die durch oder im Namen einer US-Person, die zum

Zeitpunkt des Erwerbs dieser Schuldverschreibungen kein Berechtigter Anleger ("*Eligible Investor*") im Sinne von Section 3(c)(7) ist, gehalten werden, (i) diese Schuldverschreibungen ganz oder teilweise auszuzahlen, damit die Emittentin eine Registrierung im Rahmen des Investment Company Act vermeiden kann oder (ii) von dem entsprechenden Gläubiger den Verkauf dieser Schuldverschreibungen an einen Berechtigten Anleger nach Section 3(c)(7) oder eine Nicht-US-Person außerhalb der Vereinigten Staaten von Amerika verlangen. Vor einer Auszahlung gemäß Ziffer (i) wird die Emittentin gegenüber dem Treuhänder zufriedenstellend nachweisen, dass jede derartige Auszahlung erforderlich ist, um eine Registrierung im Rahmen des Investment Company Act zu vermeiden. Die Entscheidung darüber, welche Schuldverschreibungen gemäß voranstehender Ziffer (i) ausgezahlt oder gemäß voranstehender Ziffer (ii) verkauft werden, trifft im Einzelfall die Emittentin in ihrem eigenen Ermessen. Jede derartige Auszahlung erfolgt zum Vorzeitigen Auszahlungsbetrag, wie nachfolgend definiert.

Eine Unfähigkeit zur Zahlung des vollständigen Betrages, der hinsichtlich einer Auszahlung von Schuldverschreibungen gemäß dieser Bedingung 7(g) fällig ist, stellt keinen Kündigungsgrund nach Bedingung 11 (Kündigungsgründe) dar. Im Falle einer solchen Auszahlung gemäß dieser Bedingung 7(g) durch die Emittentin wird die durch den Treuhandvertrag und/oder eine Belastende Vereinbarung (*Charging Document*) begründete Sicherheit (bzw. der entsprechende Teil davon) umfänglich entsprechend dem Anteil der auf diese Art ausgezahlten Schuldverschreibungen durchsetzbar, und der Treuhänder kann die in Bedingung 12 (Durchsetzung) bestimmten Maßnahmen ergreifen, um das/die entsprechende(n) Sicherungsrecht(e) durchzusetzen. Nach der Erfüllung der Verpflichtungen der Emittentin enden die Abgetretenen Vereinbarungen (bzw. der entsprechende Teil davon).

Für die Zwecke dieser Schuldverschreibungsbedingungen sind **Berechtigte Anleger nach Section 3(c)(7)** (*Section 3(c)(7) Eligible Investors*) „*qualified institutional buyers*“ (**QIBs**) (im Sinne von *Rule 144A* des US-amerikanischen *Securities Act of 1933* in jeweils gültiger Fassung), jedoch mit folgenden Ausnahmen: (i) QIBs, bei denen es sich um Broker-Dealer handelt, die im Rahmen ihrer Dispositionsbefugnis weniger als USD 25.000.000 in Wertpapieren von nicht mit dem jeweiligen QIB verbundenen Emittenten halten und anlegen, (ii) Personengesellschaften, bankeigene Sondervermögen (*common trust funds*), Sondervermögen (*special trusts*), Pensionsfonds, Altersvorsorgepläne und sonstige Rechtssubjekte, bei denen die Gesellschafter, Begünstigten bzw. Beteiligten die einzelnen Anlagen oder deren Zuweisung bestimmen können, (iii) Rechtssubjekte, die ausschließlich für den Zweck der Anlage in die Schuldverschreibungen gegründet, wiedergegründet oder rekapitalisiert wurden, (iv) Investmentgesellschaften, die gemäß *Section 3(c)(1)* oder *Section 3(c)(7)* des *Investment Company Act* von den Bestimmungen des *Investment Company Act* ausgenommen sind, vor dem 30. April 1996 gegründet wurden und deren wirtschaftliche Eigentümer nicht der Behandlung dieser Gesellschaft als „*qualified purchaser*“ (im Sinne der Definition in *Section 2(a)(51)* des *Investment Company Act* und der darunter ergangenen Vorschriften und Richtlinien) gemäß *Section 2(a)(51)(C)* des *Investment Company Act* und den darunter ergangenen Vorschriften und Richtlinien zugestimmt haben, und (v) Rechtssubjekte, die nach einem Erwerb der Schuldverschreibungen der Emittentin mehr als 40 % ihres Vermögens in Wertpapieren der Emittentin angelegt haben.

(h) Vorzeitiger Auszahlungsbetrag

Für die Zwecke der Bedingungen 7(d), 7(g) und 7(m) sowie Bedingung 11 (*Kündigungsgründe*) entspricht der "**Vorzeitige Auszahlungsbetrag**" in Bezug auf jede Schuldverschreibung dem Betrag, der dem Maßgeblichen Verhältnis am Beendigungsbetrag (jeweils wie nachfolgend in Bedingung 7 (q) definiert) entspricht.

Werden die Schuldverschreibungen gemäß Bedingungen 7(d), 7(g) oder 7(m) auszahlbar, ist die Emittentin nach Zahlung des Vorzeitigen Auszahlungsbetrages im Hinblick auf jede Schuldverschreibung von ihren Verbindlichkeiten aus dieser Schuldverschreibung befreit und hat diesbezüglich keine weiteren Verpflichtungen. Zur Klarstellung sei darauf hingewiesen, dass der Vorzeitige Auszahlungsbetrag geringer sein kann, als der Nennbetrag einer Schuldverschreibung.

(i) Tilgungsraten

Der Kapitalbetrag der Schuldverschreibungen wird nicht in Raten gezahlt.

(j) Entwertung

Sämtliche ausgezahlten Schuldverschreibungen werden unverzüglich entwertet. Sämtliche entsprechend entwerteten Schuldverschreibungen sowie die gemäß Bedingung 9 (*Erwerb*) erworbenen und entwerteten Schuldverschreibungen werden an die Hauptzahlstelle weitergeleitet und können nicht wiederbegeben oder weiterverkauft werden.

(k) Teilauszahlung von Schuldverschreibungen

Jede Schuldverschreibung kann nur vollständig, nicht jedoch teilweise, ausgezahlt werden.

(l) Zahlungen unter dem Vorbehalt verfügbarer Mittel

(A) Sämtliche von der Emittentin hiernach im Hinblick auf die Schuldverschreibungen dieser Serie und die Swap-Vereinbarung zu leistenden Zahlungen erfolgen nur aus und im Umfang der Beträge, die ggf. durch oder im Auftrag der Emittentin oder des Treuhänders hinsichtlich der Sicherungsgüter (wie in Bedingung 3(a) definiert) eingenommen oder erlangt und gemäß der in Bedingung 3(e) bestimmten Rangfolge verteilt werden;

(B) Soweit diese Beträge geringer sind als der Betrag, den die Gläubiger der Schuldverschreibungen und die Swap-Partei unter Umständen erwartet haben (die Differenz wird im Rahmen dieses Dokuments als "Fehlbetrag" bezeichnet), so ist dieser Fehlbetrag von den entsprechenden Gläubigern und der Swap-Partei gemäß der umgekehrten Rangfolge aus Bedingung 3(e) zu tragen;

(C) jeder Gläubiger von Schuldverschreibungen nimmt bei Zeichnung oder Erwerb solcher Schuldverschreibungen zur Kenntnis und ist sich vollumfänglich bewusst und ebenso nimmt jede Swap-Partei zur Kenntnis und ist sich vollumfänglich darüber bewusst, dass:

(i) die Gläubiger der Schuldverschreibungen und die Swap-Partei hinsichtlich der Schuldverschreibungen sowie der Swap-Vereinbarung im Zusammenhang mit diesen Schuldverschreibungsbedingungen ausschließlich die Zahlung der in vorstehendem Absatz (A) genannten und gemäß vorstehenden Absätzen (A) und (B) verwendeten Beträge (die "**Maßgeblichen Beträge**") geltend machen können,;

(ii) sich die Verpflichtung der Emittentin, Zahlungen in Zusammenhang mit den Schuldverschreibungen und der Swap-Vereinbarung vorzunehmen, auf die Maßgeblichen Beträge beschränkt und dass die Gläubiger der Schuldverschreibungen und die Swap-Partei die Emittentin im Zusammenhang mit den Schuldverschreibungen bzw. der Swap-Vereinbarung nicht darüber hinausgehend in Anspruch nehmen können;

(iii) unbeschadet des Vorstehenden jegliche Ansprüche der Gläubiger der Schuldverschreibungen und der Swap-Partei auf Zahlung von

Beträgen, die über die Maßgeblichen Beträge hinausgehen, automatisch erlöschen; und

(iv) die Gläubiger der Schuldverschreibungen sowie die Swap-Partei nicht berechtigt sind, aufgrund eines solchen Fehlbetrages die Auflösung der Emittentin zu beantragen.

Ein solcher Fehlbetrag stellt weder einen Kündigungsgrund gemäß Bedingung 11 (Kündigungsgründe) dar, noch berechtigt er die Swap-Partei oder die Swap-Garantin, die übrigen Abgetretenen Vereinbarungen zu beenden.

Weder der Treuhänder, die Anteilseigner der Emittentin, die Swap-Partei noch die Swap-Garantin sind gegenüber den Gläubigern der Schuldverschreibungen verpflichtet, von der Emittentin zu zahlende Beträge im Zusammenhang mit den Schuldverschreibungen zu begleichen.

(m) Vorzeitige Auszahlung aufgrund außerordentlicher Gründe, Ungesetzmäßigkeit und höherer Gewalt (*Force Majeure*)

Stellt die Berechnungsstelle nach Treu und Glauben fest, dass die Erfüllung der Verpflichtungen der Emittentin in Zusammenhang mit den Schuldverschreibungen aus Gründen, die außerhalb des Einflussbereichs der Emittentin liegen, aufgrund von höherer Gewalt oder eines staatlichen Hoheitsakts nach Eingehen dieser Verpflichtung nicht möglich oder ganz oder teilweise rechtswidrig oder unmöglich ist, kann die Emittentin nach ihrem Ermessen und ohne dazu verpflichtet zu sein, unter Einhaltung einer Frist von mindestens fünf und höchstens 10 Geschäftstagen durch unwiderrufliche Mitteilung an die Schuldverschreibungsgläubiger nach Maßgabe von Bedingung 16 (*Mitteilungen*) und unter Angabe des Tages, an dem die Schuldverschreibungen ausgezahlt werden (für die Zwecke dieser Bedingung 7(m) ist dieser Tag, an dem die Schuldverschreibungen umgehend fällig und zahlbar werden, der "**Vorzeitige Auszahlungstermin**"), die Schuldverschreibungen insgesamt, jedoch nicht teilweise, auszahlen und die Abgetretenen Vereinbarungen kündigen.

Sollte eine oder mehrere der in diesen Schuldverschreibungsbedingungen enthaltenen Bestimmungen unwirksam sein oder werden, so berührt dies nicht die Wirksamkeit der übrigen Bestimmungen.

Werden die Schuldverschreibungen auf diese Weise entwertet, wird die Emittentin, wenn und soweit gemäß anwendbarem Recht zulässig, jedem Schuldverschreibungsgläubiger in Bezug auf jede von diesem Gläubiger gehaltene Schuldverschreibung einen Betrag zahlen, der dem Vorzeitigen Auszahlungsbetrag einer Schuldverschreibung entspricht, ungeachtet der von der Berechnungsstelle in ihrem alleinigen und freien Ermessen nach Treu und Glauben und auf wirtschaftlich angemessene Weise bestimmten Rechtswidrigkeit oder Unmöglichkeit. Die Zahlung erfolgt auf die den Schuldverschreibungsgläubigern gemäß Bedingung 16 (*Mitteilungen*) mitgeteilte Weise.

(n) Obligatorische Vorzeitige Auszahlung

Sofern der Offizielle Schlussstand des Index an einem Bewertungstag (mit Ausnahme des letzten Bewertungstages) dem Anfangsstand des Index entspricht oder diesen übersteigt, wird die Emittentin alle Schuldverschreibungen am unmittelbar darauf folgenden Obligatorischen Vorzeitigen Auszahlungstag zum Obligatorischen Vorzeitigen Auszahlungsbetrag auszahlen. Mit dieser Zahlung erlöschen sämtliche Verpflichtungen der Emittentin in Bezug auf die Schuldverschreibungen.

Die Emittentin wird so bald wie möglich, in jedem Fall jedoch spätestens am zweiten Geschäftstag vor dem Obligatorischen Vorzeitigen Auszahlungstag, an dem die Schuldverschreibungen auszuzahlen sind, den Treuhänder, die Beauftragten Stellen und die Schuldverschreibungsgläubiger von der bevorstehenden Auszahlung der Schuldverschreibungen in Kenntnis setzen.

Der "**Obligatorische Vorzeitige Auszahlungsbetrag**" (*Mandatory Early Repayment Amount*) in Bezug auf (i) einen nachstehend angegebenen "**Obligatorischen Vorzeitigen Auszahlungstag**" (*Mandatory Early Repayment Date*) und (ii) die Festgelegte Stückelung der Schuldverschreibungen (in Höhe von Euro 1.000 des Nennbetrags) ist jeweils der nachstehend angegebene Betrag:

| **1.1.1. Vorgesehener Bewertungstag** | **1.1.2. Obligatorischerer Vorzeitiger Auszahlungsbetrag** | **1.1.3. Obligatorischerer Vorzeitiger Auszahlungstag** |
|---|---|---|
| **1.2.** 2. Juli 2007 | **1.3.** 106 % x Festgelegte Stückelung | **1.4.** 23. Juli 2007 |
| **1.5.** 2. Juli 2008 | **1.6.** 112 % x Festgelegte Stückelung | **1.7.** 9. Juli 2008 |
| **1.8.** 2. Juli 2009 | **1.9.** 118 % x Festgelegte Stückelung | **1.10.** 9. Juli 2009 |
| **1.11.** 2. Juli 2010 | **1.12.** 124 % x Festgelegte Stückelung | **1.13.** 9. Juli 2010 |

(o) Feststellungen

Sofern die Emittentin, die Berechnungsstelle oder eine sonstige Person hinsichtlich einer Angelegenheit eine Feststellung, Bewertung oder sonstige Entscheidung zu treffen haben(einschließlich solcher Angelegenheiten, welche die Emittentin, die Berechnungsstelle oder eine sonstige Person nach ihrem jeweiligen Ermessen entscheidet), so ist, soweit hierin nichts anderes festgelegt ist, jegliche Feststellung, Bewertung oder sonstige Entscheidung in Bezug auf diese Angelegenheit durch die Emittentin, die Berechnungsstelle bzw. eine sonstige Person nach Treu und Glauben und nach ihrem alleinigen und freien Ermessen vorzunehmen.

Die Berechnungsstelle handelt nicht im Auftrag der Schuldverschreibungsgläubiger oder als deren Treuhänder. Alle Berechnungen und Festsetzungen in Bezug auf die Schuldverschreibungen seitens der Berechnungsstelle sind für die Emittentin, die Swap-Partei, alle Zahlstellen und jeden Schuldverschreibungsgläubiger endgültig und bindend (außer im Falle offensichtlicher Fehler). Weder die Emittentin noch die Swap-Partei, die Zahlstellen oder die Berechnungsstelle übernehmen die Verantwortung für irgendwelche Fehler oder Unterlassungen (a) bei Berechnungen von Beträgen durch die Berechnungsstelle, die nach den Schuldverschreibungen fällig sind oder (b) bei von der Berechnungsstelle vorgenommenen Festsetzungen. Muss die Berechnungsstelle Handlungen vornehmen oder auf sonstige Weise eine Einschätzung bzw. ein Urteil treffen, so erfolgt dies immer nach Treu und Glauben und in einer wirtschaftlich angemessenen Weise.

(p) Anpassungen des Index

(A) Wird ein Index:

(i) nicht vom Sponsor berechnet und veröffentlicht, sondern von einem von der Berechnungsstelle akzeptierten Nachfolger des Sponsors oder

(ii) durch einen Nachfolge-Index ersetzt, der nach Entscheidung der Berechnungsstelle dieselbe oder eine im Wesentlichen vergleichbare Formel und Berechnungsmethode wie für die Berechnung des Index anwendet,

so gilt dieser Index (der "**Nachfolge-Index**") als der Index.

(B) Wenn

(i) der Sponsor an oder vor einem maßgeblichen Tag ankündigt, dass er eine wesentliche Änderung an der Formel oder Methode zur Berechnung des Index vornehmen wird oder eine sonstige wesentliche Änderung an dem

Index vornimmt (mit Ausnahme einer in dieser Formel oder Methode vorgesehenen Änderung, um den Index im Falle von Veränderungen der in ihm enthaltenen Aktien, der Kapitalisierung und sonstigen Routinefällen aufrechtzuerhalten) (eine "**Index-Änderung**") oder

(ii) der Sponsor an oder vor einem maßgeblichen Tag den Index dauerhaft einstellt und es keinen Nachfolge-Index gibt (eine "**Index-Einstellung**") oder

(iii) der Sponsor es an oder vor einem maßgeblichen Tag unterlässt, den Stand des Index zu berechnen und bekannt zu geben (eine "**Index-Unterbrechung**"; diese und eine Index-Änderung und eine Index-Einstellung jeweils ein "**Index-Anpassungsgrund**"),

dann stellt die Berechnungsstelle nach alleinigem und freiem Ermessen fest, ob dieser Index-Anpassungsgrund einen wesentlichen Einfluss auf die Schuldverschreibungen hat und, falls dies der Fall ist, wird die Berechnungsstelle entweder (1) den Offiziellen Schlussstand für jeden Tag nach dieser Änderung, Einstellung oder Unterbrechung, an dem der Offizielle Schlussstand für die Schuldverschreibungen benötigt wird, bestimmen, indem sie anstelle eines bekannt gegebenen Indexstands den Stand des Index an dem Tag verwendet, wie er von der Berechnungsstelle in Übereinstimmung mit der letzten vor dieser Änderung, Unterlassung oder Einstellung geltenden Formel und Methode für die Berechnung des Index festgestellt wird, jedoch nur anhand derjenigen Wertpapiere, aus denen der Index unmittelbar vor diesem Index-Anpassungsgrund bestand, bzw. (2) den Index durch einen Ersatz-Index ersetzen, der nach Feststellung durch die Berechnungsstelle auf der gleichen oder einer im wesentlichen gleichartigen Berechnungsmethode beruht, wie sie für die Berechnung des Index verwendet wurde, wobei nach einer solchen Ersetzung der Ersatz-Index als der Index gilt; oder (3) werden die Swap-Vereinbarung an dem späteren der folgenden Tage von der Swap-Partei beendet und die Schuldverschreibungen werden ausgezahlt: nämlich dem Börsenarbeitstag unmittelbar vor dem Eintreten des Index-Anpassungsgrundes oder dem Zeitpunkt der Bekanntgabe des Index-Anpassungsgrundes durch den Sponsor, woraufhin Bedingung 7(d) Anwendung findet. Jedes Swap- oder sonstige Absicherungsgeschäft, welches aufgrund eines Index-Anpassungsgrundes beendet wird, wird unter Bezugnahme auf die Formel oder Berechnungsmethode des Index, welche unmittelbar vor einem solchen Index-Anpassungsgrund angewendet wurde, bewertet.

(C) Falls der Offizielle Schlussstand im Hinblick auf den Bezugstag oder einen Bewertungstag, auf den die Berechnungsstelle zur Bestimmung des Obligatorischen Vorzeitigen Auszahlungsbetrages bzw. des Endgültigen Auszahlungsbetrages Bezug nimmt, nachträglich korrigiert und eine solche Korrektur spätestens am zweiten Geschäftstag vor dem betreffenden Obligatorischen Vorzeitigen Auszahlungstag bzw. dem Fälligkeitstag durch den Sponsor veröffentlicht wird und die Berechnungsstelle innerhalb dieses Zeitraumes die Emittentin benachrichtigt hat, so gilt der so korrigierte Offizielle Schlussstand als der Offizielle Schlussstand für den Bezugstag bzw. diesen Bewertungstag.

(D) Die Berechnungsstelle wird so schnell, wie unter den gegebenen Umständen tatsächlich möglich, die Emittentin, die Hauptzahlstelle und die Beauftragte Stelle über jede von ihr vorgenommene Festsetzung gemäß voranstehendem Unterabschnitt (A) und/oder (B) und/oder (C) unterrichten und die Beauftragte Stelle wird dies den Schuldverschreibungsgläubigern gemäß Bedingung 16 (*Mitteilungen*) so schnell, wie unter den gegebenen Umständen tatsächlich möglich, mitteilen.

(q) Begriffsbestimmungen

Für die Zwecke dieser Schuldverschreibungsbedingungen kommt den nachstehenden Begriffen jeweils die folgende Bedeutung zu:

(o) "**Autocall-Wert**" bezeichnet 90 % des Anfangsstands des Index;

(p) "**Schwellenwert**" bezeichnet 50 % des Anfangsstands des Index;

(q) "**Geschäftstag**" bezeichnet einen Tag, an dem die Geschäftsbanken und Devisenmärkte in London Zahlungen abwickeln und für den allgemeinen Geschäftsbetrieb geöffnet sind (einschließlich Geschäfte mit Devisen und Fremdwährungseinlagen) und der ein Börsenarbeitstag ist;

(r) "**Berechnungsstelle**" bezeichnet die Citigroup Global Markets Limited;

(s) "**Unterbrechungstag**" bezeichnet jeden Planmäßigen Handelstag, an dem (a) der Sponsor den Stand des Index nicht veröffentlicht, (b) eine Verbundene Börse während ihrer üblichen Handelszeit nicht für den Handel geöffnet ist oder (c) eine Marktstörung eingetreten ist.

(t) Die Berechnungsstelle unterrichtet die Emittentin sobald als möglich von dem Eintritt oder dem Bestehen eines Unterbrechungstages an einem Tag, der ohne den Eintritt oder das Bestehen eines Unterbrechungstages der Bezugstag oder ein Bewertungstag gewesen wäre, und die Emittentin unterrichtet die Schuldverschreibungsgläubiger hierüber sobald als möglich gemäß Bedingung 16 (*Mitteilungen*). Ohne die Verpflichtung der Berechnungsstelle zur Anzeige gegenüber der Emittentin nach dem vorstehenden Satz einzuschränken, die Unterlassung einer solchen Anzeige eines Unterbrechungstages gegenüber der Emittentin durch die Berechnungsstelle hat keine Auswirkungen auf die Gültigkeit des Eintritts und die Wirkung eines solchen Unterbrechungstages.

(u) "**Börse**" bezeichnet (i) in Bezug auf jedes im Index enthaltene Wertpapier (jedes ein "**Komponenten-Wertpapier**") die Hauptbörse, an der dieses Komponenten-Wertpapier nach Feststellung der Berechnungsstelle hauptsächlich gehandelt wird.

(v) "**Börsenarbeitstag**" bezeichnet jeden Planmäßigen Handelstag, an dem (a) der Sponsor den Stand des Index veröffentlicht und (b) jede Verbundene Börse während ihrer üblichen Handelszeit für den Handel geöffnet ist, ungeachtet dessen, ob eine Börse oder Verbundene Börse vor ihrem Vorgesehenen Börsenschluss schließt;

(w) "**Schlussstand des Index**" bezeichnet den Offiziellen Schlusstand am letzten Bewertungstag;

(x) "**Index**" bezeichnet vorbehaltlich einer Anpassung gemäß der vorstehenden Bedingung 7(p) den Dow Jones EUROSTOXX 50® Index, wie vom Sponsor berechnet und veröffentlicht;

(y) "**Obligatorischer Vorzeitiger Auszahlungsbetrag**" ist in Bedingung 7(n) definiert;

(z) "**Obligatorischer Vorzeitiger Auszahlungstag**" ist in Bedingung 7(n) definiert;

(aa) "**Marktstörung**" bezeichnet

(i) in Bezug auf ein Komponenten-Wertpapier entweder den Eintritt oder das Anhalten:

(bb) (A) einer Handelsstörung in Bezug auf das betreffende Komponenten-Wertpapier, die von der Berechnungsstelle, zu einem Zeitpunkt während des einstündigen Zeitraums unmittelbar vor dem maßgeblichen Bewertungszeitpunkt an der Börse für dieses Komponenten-Wertpapier, als wesentlich angesehen wird;

(cc) (B) einer Börsenstörung in Bezug auf das betreffende Komponenten-Wertpapier, die von der Berechnungsstelle, zu einem Zeitpunkt während des einstündigen Zeitraums unmittelbar vor dem maßgeblichen Bewertungszeitpunkt an der Börse für dieses Komponenten-Wertpapier, als wesentlich angesehen wird; oder

(dd) (C) eines Vorzeitigen Börsenschlusses in Bezug auf das betreffende Komponenten-Wertpapier, der von der Berechnungsstelle als wesentlich angesehen wird, und

(ee) die Summe von (I) allen Komponenten-Wertpapieren, für die eine Handelsstörung, eine Börsenstörung oder ein Vorzeitiger Börsenschluss auftritt oder anhält und (II) dem X-Prozentsatz (wie unten stehend in der Definition "Planmäßiger Handelstag" definiert), entspricht mindestens 20 % des Indexstandes; ODER

(ii) in Bezug auf Termin- oder Optionskontrakte bezüglich des Index das Eintreten oder Anhalten (A) einer Handelsstörung, zu einem Zeitpunkt während eines Zeitraums von einer Stunde, der zum Bewertungszeitpunkt in Bezug auf die Verbundene Börse endet, (B) einer Börsenstörung, zu einem Zeitpunkt während des einstündigen Zeitraums unmittelbar vor dem maßgeblichen Bewertungszeitpunkt an der jeweiligen Verbundenen Börse oder (C) eines Vorzeitigen Börsenschlusses, jeweils in Bezug auf die betreffenden Termin- oder Optionskontrakte und wie jeweils von der Berechnungsstelle als wesentlich bestimmt.

(ff) In dieser Definition von Marktstörung steht

(gg) "**Vorzeitiger Börsenschluss**" für den Schluss an einem Börsenarbeitstag der Börse hinsichtlich eines Komponenten-Wertpapiers oder einer Verbundenen Börsen vor dem Vorgesehenen Börsenschluss, es sei denn, ein solcher früherer Schluss wird von der betreffenden Börse oder Verbundenen Börse mindestens eine Stunde vor dem früheren der beiden folgenden Zeitpunkte angekündigt:

(hh) (I) dem Zeitpunkt des tatsächlichen Schlusses für die übliche Handelszeit an der bzw. den betreffenden Börse(n) oder Verbundenen Börse(n) am betreffenden Börsenarbeitstag;

(ii) (II) dem letztmöglichen Zeitpunkt für die Abgabe von Orders im System der Börse oder Verbundenen Börse zur Ausführung zum Bewertungszeitpunkt am betreffenden Börsenarbeitstag.

"**Börsenstörung**" für ein Ereignis (außer einem Vorzeitigen Börsenschluss), das stört oder beeinträchtigt (nach dem Ermessen der Berechnungsstelle) die allgemeine Fähigkeit der Marktteilnehmer,

(jj) (I) Transaktionen mit Komponenten-Wertpapieren zu tätigen oder an einer maßgeblichen Börse Marktkurse für diese Wertpapiere einzuholen, oder

(kk) (II) Transaktionen mit Termin- oder Optionskontrakten hinsichtlich dieses Index an einer maßgeblichen Verbundenen Börse zu tätigen oder dort Marktkurse für diese Kontrakte einzuholen,

(ll) "**Handelsstörung**" für eine seitens der maßgeblichen Börse oder Verbundenen Börse oder anderweitig bestimmte Aussetzung oder Einschränkung des Handels, sei es aufgrund von Preisschwankungen über die von der jeweiligen Börse oder Verbundenen Börse zugelassenen Grenzen hinaus oder aus sonstigen Gründen

(mm) (I) hinsichtlich von Komponenten-Wertpapieren an der Börse für diese Komponenten-Wertpapiere, oder

(nn) (II) bei Termin- oder Optionskontrakten hinsichtlich dieses Index an der Verbundenen Börse.

(oo) Folgendes gilt für die Bestimmung, ob zu einem bestimmten Zeitpunkt eine Marktstörung in Bezug auf ein Komponenten-Wertpapier besteht: Tritt hinsichtlich eines Komponenten-Wertpapiers zu diesem Zeitpunkt ein Ereignis ein, das zu einer

Marktstörung führt, so ergibt sich der betreffende prozentuale Anteil dieses Komponenten-Wertpapiers am Stand des Index aus einem Vergleich zwischen (a) dem auf dieses Komponenten-Wertpapier entfallenden Anteil des Standes des Index und (b) dem Gesamtstand des Index unter Heranziehung der offiziellen Eröffnungsgewichtungen wie sie vom Sponsor als ein Teil der Eröffnungsdaten *("opening data")* veröffentlicht werden.

(pp) Die Berechnungsstelle unterrichtet die Emittentin sobald als möglich von dem Eintritt oder dem Bestehen eines Unterbrechungstages an einem Tag, der ohne den Eintritt oder das Bestehen eines Unterbrechungstages der Bezugstag oder ein Bewertungstag gewesen wäre, und die Emittentin unterrichtet die Schuldverschreibungsgläubiger hierüber sobald als möglich gemäß Bedingung 16 (*Mitteilungen*).

(qq) "**Offizieller Schlussstand**" bezeichnet in Bezug auf einen Tag vorbehaltlich der vorstehenden Bestimmungen in Bedingung 7(p) den offiziellen Schlussstand des Index, wie er von der Berechnungsstelle festgestellt wird;

(rr) "**Verbundene Börse(n)** " bezeichnet EUREX (eine gemeinsame deutsch-schweizerische Derivate-Börse), eine Nachfolge-Börse oder ein Nachfolge-Notierungssystem, eine Ersatz-Börse oder ein Ersatz-Notierungssystem, an der bzw. dem der Handel in den Termin- oder Optionskontrakten hinsichtlich dieses Index vorübergehend abgewickelt wird (sofern die Berechnungsstelle bestimmt hat, dass die Liquidität in Bezug auf die Termin- oder Optionskontrakte hinsichtlich dieses Index an dieser vorübergehenden Ersatz-Börse oder diesem Ersatz-Notierungssystem mit der Liquidität an der ursprünglichen Verbundenen Börse vergleichbar ist);

(ss) "**Maßgebliches Verhältnis**" bezeichnet bzgl. jeder Schuldverschreibung das Verhältnis des ausstehenden Nominalbetrags einer solchen Schuldverschreibung zu dem gesamten ausstehenden Nominalbetrag aller zum jeweiligen Zeitpunkt ausgegebenen ausstehenden Schuldverschreibungen;

(tt) "**Vorgesehener Börsenschluss**" steht in Bezug auf Börse oder Verbundene Börse und einen Vorgesehenen Handelstag für den vorgesehenen Zeitpunkt des werktäglichen Börsenschlusses an dieser Börse oder Verbundenen Börse am betreffenden Vorgesehenen Handelstag, wobei ein nachbörslicher Handel oder ein sonstiger Handel außerhalb der üblichen Börsenzeiten nicht berücksichtigt wird;

(uu) "**Planmäßiger Handelstag**" bezeichnet jeden Tag, an dem (i) die Veröffentlichung des Standes des Index durch den Sponsor und (ii) die Öffnung jeder Verbundenen Börse zum Handel an den üblichen Handelszeiten vorgesehen ist und (iii) für nicht mehr als 20% der Komponenten-Wertpapiere, die im Index enthalten sind, vorgesehen ist, dass sie an der/den jeweiligen Börse(n) aus dem Grund nicht gehandelt werden, weil dieser Tag kein Tag ist, an dem vorgesehen ist, dass eine solche Börse während ihrer üblichen Handelszeit geöffnet ist (ein solcher Prozentsatz nichtgehandelter Wertpapiere, ist der "**X-Prozentsatz**");

(vv) Folgendes gilt für die Bestimmung des X-Prozentsatzes: der betreffende prozentuale Anteil aller Komponenten-Wertpapiere, die nicht gehandelt werden, ergibt sich aus einem Vergleich von (A) des auf dieses Komponenten-Wertpapier entfallenden Anteils des Standes des Index mit (B) dem Gesamtstand des Index, in jedem Fall unter Heranziehung der Eröffnungsgewichtungen, wie sie vom jeweiligen Sponsor als ein Teil der Eröffnungsdaten *("opening data")* veröffentlicht werden,

(ww) "**Vorgesehener Bezugstag**" bezeichnet den Tag, der ohne den Eintritt eines zu einem Unterbrechungstag führenden Ereignisses der Bezugstag gewesen wäre,

(xx) "**Vorgesehener Bewertungstag**" bezeichnet einen Tag, der ursprünglich ohne den Eintritt eines zu einem Unterbrechungstag führenden Ereignisses ein Bewertungstag gewesen wäre;

(yy) "**Sponsor**" steht für das Unternehmen, das (a) für die Regeln, Verfahren und Berechnungsmethoden und ggf. für Anpassungen hinsichtlich des Index zuständig ist

und (b) entweder selbst oder durch einen Vertreter den Stand des Index regelmäßig während jedes Planmäßigen Handelstages bekannt gibt. Sponsor ist am Tag der Begebung STOXX Limited;

(zz) "**Anfangsstand des Index**" bezeichnet den Offiziellen Schlusstand am Bezugstag;

(aaa) "**Bezugstag**" bezeichnet den 30. Juni 2006 oder, sofern dieser Tag kein Planmäßiger Handelstag ist, den nächstfolgenden Planmäßigen Handelstag, es sei denn ein solcher Tag ist nach Meinung der Berechnungsstelle ein Unterbrechungstag; in diesem Fall ist der Bezugstag der nächstfolgende Planmäßige Handelstag, der kein Unterbrechungstag ist, es sei denn, jeder der acht unmittelbar nachfolgenden Planmäßigen Handelstage ist ein Unterbrechungstag. In diesem Fall (a) gilt dieser achte Planmäßige Handelstag (ungeachtet dessen, dass dieser Tag ein Unterbrechungstag ist) als der Bezugstag und (b) stellt die Berechnungsstelle den Stand des Index zum Bewertungszeitpunkt an diesem achten Planmäßigen Handelstag gemäß der letzten vor Eintritt des ersten Unterbrechungstages geltenden Formel und Methode für die Berechnung des Index anhand des Börsenpreises jedes einzelnen im Index enthaltenen Wertpapiers zum Bewertungszeitpunkt an diesem achten Planmäßigen Handelstag (oder, wenn an diesem achten Planmäßigen Handelstag ein zu einem Unterbrechungstag führendes Ereignis in Bezug auf das jeweilige Wertpapier eingetreten ist, anhand ihrer nach Treu und Glauben vorgenommenen Schätzung des Wertes des jeweiligen Wertpapiers zum maßgeblichen Bewertungszeitpunkt an diesem achten Planmäßigen Handelstag) fest; wobei die Berechnungsstelle, wenn sie es für nicht wesentlich hält, dass ein Tag, der ansonsten der Bezugstag wäre, (i) kein Planmäßiger Handelstag ist, weil die Verbundene Börse planmäßig nicht geöffnet ist, oder (ii) lediglich deshalb ein Unterbrechungstag ist, weil die Verbundene Börse nicht geöffnet ist, nach ihrem Ermessen festlegen kann, dass dieser Tag der Bezugstag ist (unbeschadet der Tatsache, dass dieser Tag kein Planmäßiger Handelstag ist, weil die Verbundene Börse planmäßig nicht geöffnet ist, bzw. lediglich deshalb ein Unterbrechungstag ist, weil die Verbundene Börse nicht geöffnet ist).

(bbb) Bei der Bestimmung der "Wesentlichkeit" hat die Berechnungsstelle die Umstände zu berücksichtigen, die ihr nach ihrem freien und alleinigen Ermessen angemessen erscheinen; dazu gehören unter anderem:

(ccc) (i) die Auswirkungen des Handels mit Termin- oder Optionskontrakten an der Verbundenen Börse auf den Stand des Index; und

(ddd) (ii) die Absicherungsmaßnahmen der Emittentin in Bezug auf die Schuldverschreibungen und die Absicherungsmaßnahmen der Swap-Partei in Bezug auf die Swap-Vereinbarung.

(eee) "**Beendigungsbetrag**" ist die Summe der etwaigen Beträge, die nach Maßgabe von Paragraph 6(e) der Swap-Vereinbarung berechnet werden und von der Swap-Partei an die Emittentin gemäß der Swap-Vereinbarung bzw. von der Swap-Garantin gemäß der Swap-Garantie gezahlt werden. Zum Zwecke des Paragraphen 6(e) der Swap-Vereinbarung ist die anwendbare Zahlungsberechnung und Zahlungsmethode Market Quotation und Second Method (wie jeweils im ISDA Master Agreement definiert).

*(fff) Der Beendigungsbetrag beruht teilweise auf Preisangaben von Händlern hinsichtlich des Betrages, den die feststellende Partei zu zahlen hätte bzw. der voraussichtlich an sie zu zahlen wäre, und zwar jeweils als Gegenleistung für den Abschluss eines Vertrages mit dem jeweiligen Händler, nach dem ein Ersatz-Swapkontrakt abgeschlossen wird, der den wirtschaftlichen Gegenwert der künftigen Rechte und Pflichten der feststellenden Partei aus der Swap-Vereinbarung erhalten würde. Händler können bei der Stellung von Preisen eine Vielzahl von Faktoren berücksichtigen, u.a. die jeweiligen Zinssätze, die Marktvolatilität, Swapsätze und makroökonomische Gegebenheiten. Der vorstehende Text ist lediglich eine*

*Zusammenfassung bestimmter Regelungen der Swap-Vereinbarung; die Schuldverschreibungsgläubiger sollten die Swap-Vereinbarung selbst hinsichtlich ihrer vollständigen Bestimmungen heranziehen. Bei etwaigen Widersprüchen zwischen dieser Passage im Kursivdruck und der Swap-Vereinbarung ist allein der Wortlaut der Swap-Vereinbarung maßgeblich.*

(ggg) "**Bewertungstag**" steht jeweils für (i) den 2. Juli 2007, (ii) den 2. Juli 2008, (iii) den 2. Juli 2009, (iv) den 2. Juli 2010 und (v) den 1. Juli 2011 oder, sofern ein solcher Tag kein Planmäßiger Handelstag ist, den nächstfolgenden Planmäßigen Handelstag, es sei denn ein solcher Tag ist nach Meinung der Berechnungsstelle ein Unterbrechungstag; in diesem Fall ist der betreffende Bewertungstag der nächstfolgende Planmäßige Handelstag, der kein Unterbrechungstag ist, es sei denn, jeder der acht unmittelbar nachfolgenden Planmäßigen Handelstage ist ein Unterbrechungstag. In diesem Fall (a) gilt dieser achte Planmäßige Handelstag als betreffender Bewertungstag (ungeachtet dessen, dass dieser Tag ein Unterbrechungstag ist) und (b) stellt die Berechnungsstelle den Stand des Index zum Bewertungstag an diesem achten Planmäßigen Handelstag gemäß der letzten vor Eintritt des ersten Unterbrechungstages geltenden Formel und Methode für die Berechnung des Index anhand des Börsenpreises jedes einzelnen im Index enthaltenen Wertpapiers zum Bewertungszeitpunkt an diesem achten Planmäßigen Handelstag (oder, wenn an diesem achten Planmäßigen Handelstag ein zu einem Unterbrechungstag führendes Ereignis in Bezug auf das jeweilige Wertpapier eingetreten ist, anhand ihrer nach Treu und Glauben vorgenommenen Schätzung des Wertes des jeweiligen Wertpapiers zum maßgeblichen Bewertungszeitpunkt an diesem achten Planmäßigen Handelstag) fest; wobei (A) der jeweilige Bewertungstag in keinem Fall nach dem zweiten Geschäftstag vor dem entsprechenden Obligatorischen Vorzeitigen Auszahlungstag bzw. dem Fälligkeitstag liegt und, sofern der achte Planmäßige Handelstag nach dem zweiten Geschäftstag vor dem entsprechenden Obligatorischen Vorzeitigen Auszahlungstag bzw. dem Fälligkeitstag liegen sollte, Bezugnahmen auf den achten Planmäßigen Handelstag als Bezugnahmen auf diesen zweiten Geschäftstag vor dem entsprechenden Obligatorischen Vorzeitigen Auszahlungstag bzw. dem Fälligkeitstag zu behandeln sind, und (B) die Berechnungsstelle, wenn sie es für nicht wesentlich hält, dass ein Tag, der ansonsten ein Bewertungstag wäre, (i) kein Planmäßiger Handelstag ist, weil die Verbundene Börse planmäßig nicht geöffnet ist, oder (ii) lediglich deshalb ein Unterbrechungstag ist, weil die Verbundene Börse nicht geöffnet ist, nach ihrem Ermessen festlegen kann, dass dieser Tag der jeweilige Bewertungstag ist (unbeschadet der Tatsache, dass dieser Tag kein Planmäßiger Handelstag ist, weil die Verbundene Börse planmäßig nicht geöffnet ist, bzw. lediglich deshalb ein Unterbrechungstag ist, weil die Verbundene Börse nicht geöffnet ist).

(hhh) Bei der Bestimmung der "Wesentlichkeit" hat die Berechnungsstelle die Umstände zu berücksichtigen, die ihr nach ihrem freien und alleinigen Ermessen angemessen erscheinen; dazu gehören unter anderem:

(iii) (i) die Auswirkungen des Handels mit Termin- oder Optionskontrakten an der Verbundenen Börse auf den Stand des Index; und

(jjj) (ii) die Absicherungsmaßnahmen der Emittentin in Bezug auf die Schuldverschreibungen und die Absicherungsmaßnahmen der Swap-Partei in Bezug auf die Swap-Vereinbarung, und

(kkk) "**Bewertungszeitpunkt**" bezeichnet (i) für die Zwecke der Feststellung, ob eine Marktstörung eingetreten ist: (A) in Bezug auf ein Komponenten-Wertpapier, den Vorgesehenen Börsenschluss an der betreffenden Börse und (B) in Bezug auf Futures- und Optionskontrakte auf den Index, den Handelsschluss an der betreffenden Verbundenen Börse, und (ii) in allen anderen Fällen die Zeit, zu der der offizielle Schlussstand des Index vom Sponsor berechnet und veröffentlicht wird. Falls für die Zwecke von (i) die betreffende Börse vor ihrem jeweiligen Vorgesehenen Börsenschluss schließt und der festgelegte Bewertungszeitpunkt nach dem

tatsächlichen Börsenschluss liegt, ist der tatsächliche Zeitpunkt des Börsenschlusses der Bewertungszeitpunkt.

(r) Auslegung des Begriffs Auszahlung

Wird in diesen Schuldverschreibungsbedingungen auf eine Auszahlung der Schuldverschreibungen Bezug genommen, umfasst dies für die Zwecke des Treuhändervertrags, des Agency-Vertrags, des Verwahrungsstellenvertrags, der Inhaberglobalurkunden, der Einzelverbriefte Inhaberschuldverschreibungen und der Abgetretenen Vereinbarungen eine Rückzahlung der Schuldverschreibungen; mit diesen Begriffen in Verbindung stehende Begriffe sind entsprechend auszulegen.

## 8. OPTION BEZÜGLICH DER TATSÄCHLICHEN LIEFERUNG

Die Schuldverschreibungen werden in bar abgerechnet. Daher gibt es im Rahmen der Schuldverschreibungen keine Verpflichtung der Emittentin, Vermögensgegenstände physisch an Schuldverschreibungsgläubiger zu liefern.

## 9. ERWERB

Die Emittentin ist berechtigt, jederzeit und jeweils am freien Markt oder auf andere Weise zu jedem Preis Schuldverschreibungen zu erwerben. Von der Emittentin erworbene Schuldverschreibungen sind dem Treuhänder und der Zahlstelle mitzuteilen und nach dem Kauf unverzüglich zu entwerten.

Bei einem solchen Erwerb enden die Abgetretenen Vereinbarungen (oder die jeweils auf die zu erwerbenden Schuldverschreibungen bezogenen Teile).

## 10. VORLEGUNGSFRIST

Die Schuldverschreibungen werden ungültig, wenn sie nicht innerhalb eines Zeitraums von zehn Jahren nach dem jeweiligen Maßgeblichen Termin zur Zahlung vorgelegt werden.

**Maßgeblicher Termin** bezeichnet den Termin, an dem Kapitalzahlungen erstmals fällig werden; soweit der vollständige Betrag der fälligen Gelder an oder vor diesem Termin nicht ordnungsgemäß bei dem Treuhänder bzw. der Hauptzahlstelle eingegangen ist, bezeichnet der vorgenannte Begriff jedoch denjenigen Termin, an dem nach Erhalt des vollständigen Betrags der betreffenden fälligen Gelder eine diesbezügliche Mitteilung ordnungsgemäß nach Maßgabe von Bedingung 16 (*Mitteilungen*) an die Schuldverschreibungsgläubiger ergeht.

## 11. KÜNDIGUNGSGRÜNDE

Der Treuhänder ist berechtigt, nach seinem Ermessen oder soweit dies schriftlich von den Gläubigern von mindestens einem Fünftel des gesamten Nennbetrags der jeweils ausstehenden Schuldverschreibungen gefordert oder durch einen Außerordentlichen Beschluss der Schuldverschreibungsgläubiger oder durch die Swap-Partei bestimmt wird, wobei der Treuhänder nicht auf Weisung der Schuldverschreibungsgläubiger handeln wird, falls diese Anträge oder Weisungen mit Weisungen der Swap-Partei kollidieren, bestimmt wird, ist der Treuhänder verpflichtet, (vorbehaltlich in jedem Fall einer Freistellung des Treuhänders zu dessen Zufriedenheit) der Emittentin mitzuteilen, dass die Schuldverschreibungen zu dem Vorzeitigen Auszahlungsbetrag fällig und auszahlbar sind, woraufhin diese unmittelbar fällig und auszahlbar werden (für die Zwecke dieser Bedingung 11 ist dieser Tag, an dem die Schuldverschreibungen fällig und zahlbar werden, der "**Vorzeitige Auszahlungstermin**"); die im Rahmen des Treuhandvertrags bestellten Sicherheiten werden verwertbar und die Verwertungserlöse im Zusammenhang mit diesen Sicherheiten werden gemäß der Bedingung 3(e) verwendet, soweit eines der folgenden Ereignisse eintritt und fortdauert (jeweils ein "**Kündigungsgrund**":

(a) wenn hinsichtlich jeglicher fälliger Beträge im Zusammenhang mit den Schuldverschreibungen ein Zahlungsverzug von 14 Tagen oder mehr vorliegt; oder

(b) soweit durch ein zuständiges Gericht eine Anordnung dahingehend ergeht bzw. soweit ein Beschluss dahingehend gefasst wird, dass die Emittentin abgewickelt

oder aufgelöst wird (außer für die Zwecke eines Zusammenschlusses, einer Fusion, einer Umstrukturierung oder ähnlicher Schritte zu im Voraus durch den Treuhänder oder mittels eines Außerordentlichen Beschlusses der Schuldverschreibungsgläubiger genehmigten Bedingungen); oder

(c) soweit die Emittentin es unterlässt, ihren sonstigen Verpflichtungen im Zusammenhang mit den Schuldverschreibungen oder dem Treuhandvertrag nachzukommen (wobei der Treuhänder bestätigt hat, dass sich diese Pflichtverletzung nach seiner Einschätzung wesentlich nachteilig auf die Ansprüche der Schuldverschreibungsgläubiger auswirkt) und diese Pflichtverletzung für einen Zeitraum von 30 Tagen (bzw. mit Zustimmung des Treuhänders für einen längeren Zeitraum) nach Zustellung einer Mitteilung durch den Treuhänder an die Emittentin dahingehend, dass diesem Zustand Abhilfe zu schaffen ist, fortdauert; oder

(d) wenn sich die Emittentin als "Investment Company" im Sinne des *Investment Company Act* registrieren lassen muss.

## 12. DURCHSETZUNG

Nachdem die Schuldverschreibungen (ganz oder teilweise) fällig und zahlbar geworden sind, jedoch nicht zurückgezahlt wurden, ist der Treuhänder berechtigt, nach seinem Ermessen und ohne vorherige Ankündigung Verfahren gegen die Emittentin einzuleiten, die seiner Ansicht nach zur Beitreibung der Auszahlung der Schuldverschreibungen einschließlich gegebenenfalls hierauf aufgelaufener Zinsen sowie zur Durchsetzung der Bestimmungen der Schuldverschreibungen und/oder des Treuhandvertrags geeignet sind, wobei der Treuhänder nur unter den folgenden Bedingungen auch zur Einleitung solcher Verfahren verpflichtet ist:

die Einleitung eines solchen Verfahrens wurde durch einen Außerordentlichen Beschluss der Schuldverschreibungsgläubiger bestimmt oder wurde schriftlich von der Swap-Partei oder von Gläubigern, die mindestens ein Fünftel des gesamten Nennbetrages der jeweils ausstehenden Schuldverschreibungen halten, gefordert, wobei jedoch gilt, dass der Treuhänder nicht auf Weisung der Swap-Partei handelt, soweit solche Weisungen mit den Weisungen oder Anträgen der Schuldverschreibungsgläubiger unvereinbar sind oder sich nach Einschätzung des Treuhänders nachteilig auf die Interessen der Schuldverschreibungsgläubiger auswirken würden; und

25. er wurde zu seiner Zufriedenheit freigestellt.

Die Gläubiger der Schuldverschreibungen oder die Swap-Partei sind nur dann berechtigt, ein solches Verfahren gegen die Emittentin einzuleiten, falls der Treuhänder, trotz Verpflichtung ein solches Verfahren einzuleiten, dieser Verpflichtung nicht innerhalb eines angemessenen Zeitraums nachkommt und diese Pflichtverletzung andauert. Mit der Ausnahme der vorstehenden Bestimmung ist ausschließlich der Treuhänder berechtigt, die Rechte der Gläubiger der Schuldverschreibungen, der Swap-Partei, der Berechnungsstelle oder jeglicher Zahlstellen durchzusetzen.

Nach der Verwertung verwertbarer Sicherheiten und Verteilung der Nettoerlöse gemäß Bedingung 3 (*Sicherheiten*) gelten die Verpflichtungen der Emittentin gegenüber dem Treuhänder, der Swap-Partei, jeglicher Zahlstelle, der Berechnungsstelle und jedem Gläubiger von Schuldverschreibungen in Zusammenhang mit den Schuldverschreibungen, Abgetretenen Vereinbarungen und dem Agency-Vertrag als erfüllt; keine der vorgenannten Parteien ist berechtigt, weitere Schritte gegen die Emittentin zu unternehmen, um weitere Beträge in diesem Zusammenhang beizutreiben und jegliche Ansprüche auf Erhalt solcher Beträge erlöschen.

Insbesondere sind weder der Treuhänder, die Swap-Partei, jegliche Zahlstellen, die Berechnungsstelle noch jegliche Gläubiger von Schuldverschreibungen in diesem Zusammenhang berechtigt, die Auflösung der Emittentin zu beantragen oder weitere

diesbezügliche Schritte zu unternehmen, und keine der vorgenannten Parteien hat einen Anspruch hinsichtlich der Schuldverschreibungen oder sonstiger Serien oder Tranchen.

(A) Sämtliche von der Emittentin nach Maßgabe dieser Regelungen vorzunehmenden Zahlungen im Zusammenhang mit den Schuldverschreibungen dieser Serie und der Swap-Vereinbarung werden ausschließlich aus denjenigen und bis zu der Höhe derjenigen Beträgen beglichen, welche von der bzw. für die Emittentin oder von dem bzw. für den Treuhänder im Zusammenhang mit den Sicherungsgütern (wie in Bedingung 3(a) definiert) zu gegebener Zeit erhalten oder beigetrieben werden (wobei diese in der Rangfolge nach Maßgabe der Bedingung 3(e) zu verwenden sind);

(B) soweit die betreffenden Beträge geringer sind als der Betrag, dessen Erhalt die Gläubiger der Schuldverschreibungen und die Swap-Partei gegebenenfalls erwartet haben (wobei die entsprechende Differenz in diesen Schuldverschreibungsbedingungen als "Fehlbetrag" bezeichnet wird) wird der Fehlbetrag von den genannten Gläubigern in der umgekehrten Reihenfolge der in Bedingung 3(e) beschriebenen Rangfolge getragen; und

(C) jeder Gläubiger von Schuldverschreibungen und die Swap-Partei nimmt (im Falle von Gläubigern von Schuldverschreibungen durch Zeichnung oder Erwerb solcher Schuldverschreibungen) zur Kenntnis und ist sich vollumfänglich bewusst, dass:

(i) die Gläubiger der Schuldverschreibungen und die Swap-Partei ausschließlich die in vorstehendem Absatz (A) genannten und gemäß vorstehenden Absätzen (A) und (B) verwendeten Beträge (die Maßgeblichen Beträge) für Zahlungen geltend machen können, welche von der Emittentin im Zusammenhang mit diesen Schuldverschreibungsbedingungen hinsichtlich der Schuldverschreibungen und der Swap-Vereinbarung vorzunehmen sind;

(ii) sich die Verpflichtung der Emittentin, Zahlungen im Zusammenhang mit den Schuldverschreibungen und der Swap-Vereinbarung vorzunehmen, auf die Maßgeblichen Beträge beschränkt und dass die Gläubiger der Schuldverschreibungen und die Swap-Partei die Emittentin im Zusammenhang mit den Schuldverschreibungen oder der Swap-Vereinbarung nicht darüber hinausgehend in Anspruch nehmen können;

(iii) unbeschadet des Vorstehenden jegliche Ansprüche der Gläubiger der Schuldverschreibungen und der Swap-Partei auf Zahlung von Beträgen, die über die Maßgeblichen Beträge hinausgehen, automatisch erlöschen; und

(iv) die Gläubiger der Schuldverschreibungen sowie die Swap-Partei nicht berechtigt sind, aufgrund eines solchen Fehlbetrages die Auflösung der Emittentin zu beantragen.

Ein solcher Fehlbetrag stellt weder einen Kündigungsgrund gemäß Bedingung 11 (*Kündigungsgründe*) dar noch berechtigt er die Swap-Partei oder die Swap-Garantin, die übrigen Abgetretenen Vereinbarungen zu beenden.

Weder der Treuhänder, die Anteilseigner der Emittentin, die Swap-Partei noch die Swap-Garantin sind gegenüber den Gläubigern der Schuldverschreibungen verpflichtet, von der Emittentin zu zahlende Beträge im Zusammenhang mit den Schuldverschreibungen zu begleichen.

## 13. ERSETZUNG VON SCHULDVERSCHREIBUNGEN

Sollte eine Schuldverschreibung verloren gehen, gestohlen, beschädigt, unleserlich gemacht oder zerstört werden, so kann diese bzw. dieser nach Maßgabe der geltenden

Gesetze und Bestimmungen bei der bezeichneten Geschäftsstelle der Hauptzahlstelle ersetzt werden, wobei der Antragsteller alle in diesem Zusammenhang gegebenenfalls entstehenden Kosten und Auslagen zu begleichen und alle angemessenen Bedingungen der Emittentin hinsichtlich des Nachweises und der Schadloshaltung zu erfüllen hat. Beschädigte oder unleserlich gemachte Schuldverschreibungen müssen eingereicht werden, bevor eine Ersatzurkunde ausgestellt wird.

## 14. BEAUFTRAGTE STELLEN

Die anfänglich bestellten Beauftragten Stellen und ihre anfänglich bezeichneten Geschäftsstellen sind am Ende des Prospekts in Bezug auf die Begebung der Schuldverschreibungen angegeben.

Die Emittentin ist berechtigt, die Bestellung einer Beauftragten Stelle zu ändern oder zu beenden und/oder weitere oder andere Beauftragte Stellen zu bestellen und/oder Änderungen der bezeichneten Geschäftsstelle, über die eine Beauftragte Stelle handelt, zu genehmigen, wobei jedoch, solange sich Schuldverschreibungen im Umlauf befinden, Folgendes gegeben sein muss:

(i) es gibt zu jeder Zeit eine Hauptzahlstelle;

(ii) solange Schuldverschreibungen an einer Börse notiert sind, gibt es zu jeder Zeit eine Zahlstelle (welche die Hauptzahlstelle sein kann) mit bezeichneter Geschäftsstelle an solchen Orten, die die Regeln und Vorschriften der maßgeblichen Börse oder sonstiger maßgeblichen Stellen verlangen;

(iii) die Emittentin wird sicherstellen, dass sie eine Zahlstelle in einem EU-Mitgliedstaat unterhält, die nicht zur Vornahme von steuerlichen Einbehalten oder Abzügen nach Maßgabe der Richtlinie 2003/48/EG der Europäischen Kommission oder einem Gesetz, dass diese Richtlinie umsetzt, mit ihr übereinstimmt oder an sie angepasst wird, verpflichtet ist; und

(iv) es gibt zu jeder Zeit eine Berechnungsstelle.

Eine Änderung, Abberufung, Bestellung oder ein sonstiger Wechsel wird nur wirksam (außer im Insolvenzfall, in dem eine solche Änderung sofort wirksam wird), sofern die Schuldverschreibungsgläubiger hierüber gemäß Bedingung 16 (*Mitteilungen*) vorab unter Einhaltung einer Frist von mindestens 15 und nicht mehr als 30 Tagen in Kenntnis gesetzt wurden.

Bei Handlungen gemäß dem Agency-Vertrag und soweit der Treuhandvertrag keine andere Regelung vorsieht, handeln die Beauftragten Stellen ausschließlich als Beauftragte der Emittentin und übernehmen keinerlei Verpflichtungen gegenüber den Gläubigern der Schuldverschreibungen, und es wird kein Auftrags- oder Treuhandverhältnis zwischen den Beauftragten Stellen und den Gläubigern der Schuldverschreibungen begründet. Der Agency-Vertrag enthält Bestimmungen, wie ein Rechtsträger, mit dem eine Beauftragte Stelle verschmolzen oder in den sie umgewandelt wird oder auf den sie alle oder im Wesentlichen alle ihre Vermögenswerte überträgt, in die Nachfolge eintritt.

Die Kontoverbindung der Hauptzahlstelle (d. h. das Konto, dem die Emittentin im Rahmen der Schuldverschreibungen zahlbare Beträge und dem die Swap-Partei im Rahmen der Swap-Vereinbarung zahlbare Beträge im Auftrag der Emittentin zugunsten der Hauptzahlstelle gutschreibt) ist der Emittentin, sofern sie sich seit der vorangegangenen Mitteilung an die Emittentin geändert hat, mindestens fünf Geschäftstage, bevor eine Zahlung im Zusammenhang mit den Schuldverschreibungen zu leisten ist, mitzuteilen.

## 15. AUSTAUSCH VON TALONS

Es gibt keine Talons in Bezug auf die Schuldverschreibungen.

## 16. MITTEILUNGEN

Sämtliche Mitteilungen an Schuldverschreibungsgläubiger betreffend die Schuldverschreibungen gelten als wirksam erfolgt, wenn sie (a) in einer führenden englischsprachigen Tageszeitung mit allgemeiner Verbreitung in London, (b) auf der

Website der Luxemburger Börse (www.bourse.lu) oder in einer Tageszeitung mit allgemeiner Verbreitung im Großherzogtum Luxemburg, sofern und solange die Schuldverschreibungen an der Luxemburger Börse notiert sind und (c) in einem überregionalen Börsenpflichtblatt in Deutschland veröffentlicht wurden. Die Veröffentlichung wird voraussichtlich in der *Financial Times* in London, dem *d'Wort* oder dem *Tageblatt* im Großherzogtum Luxemburg und in der *Börsen-Zeitung* in Deutschland erfolgen. Die Emittentin trägt darüber hinaus dafür Sorge, dass sämtliche Mitteilungen ordnungsgemäß in Übereinstimmung mit den Regeln und Vorschriften einer jeglichen Börse (oder sonstigen maßgeblichen Stelle) veröffentlicht werden, an der die Schuldverschreibungen in dem betreffenden Zeitraum notiert oder zum Handel zugelassen sind. Jede derartige Mitteilung gilt mit dem Tag der ersten Veröffentlichung bzw. soweit eine Veröffentlichung in mehr als einer Zeitung vorgesehen ist, der ersten Veröffentlichung in allen vorgeschriebenen Zeitungen als wirksam erfolgt.

Bis zum Zeitpunkt der Ausgabe von durch Einzelurkunden verbrieften Schuldverschreibungen und solange die die Schuldverschreibungen verbriefenden Inhaberglobalurkunden in ihrer Gesamtheit von Clearstream Frankfurt gehalten werden, kann eine Zeitungsveröffentlichung durch die Übergabe der betreffenden Mitteilung an Clearstream Frankfurt zur Weiterleitung an die Gläubiger der Schuldverschreibungen ersetzt werden, und diese Mitteilung wird zudem, solange die Schuldverschreibungen an einer Börse oder anderen maßgeblichen Stelle notiert sind und die Regeln dieser Börse oder anderen maßgeblichen Stelle dies verlangen, in einer Tageszeitung mit überregionaler Verbreitung an dem nach Maßgabe der Regeln dieser Börse oder anderen maßgeblichen Stelle vorgeschriebenem Ort bzw. den vorgeschriebenen Orten veröffentlicht. Jegliche derartige Mitteilung gilt an dem Geschäftstag, der unmittelbar auf den Tag folgt, an dem die besagte Mitteilung an Clearstream Frankfurt erging, als den Gläubigern der Schuldverschreibungen erbracht.

## 17. VERSAMMLUNGEN DER SCHULDVERSCHREIBUNGSGLÄUBIGER; ÄNDERUNG; VERZICHT UND ERSETZUNG

Der Treuhandvertrag sieht Bestimmungen hinsichtlich der Einberufung von Versammlungen der Schuldverschreibungsgläubiger zum Zwecke der Besprechung von ihre Interessen betreffende Angelegenheiten vor, einschließlich der Änderung dieser Schuldverschreibungsbedingungen oder anderer Bestimmungen des Treuhandvertrags durch Außerordentlichen Beschluss. Eine Versammlung ist für Zwecke eines Außerordentlichen Beschlusses beschlussfähig, wenn eine oder mehrere Personen, die insgesamt mindestens 75 % des Nennbetrags der in dem betreffenden Zeitraum in Umlauf befindlichen Schuldverschreibungen halten oder vertreten oder, im Falle einer vertagten Versammlung, eine oder mehrere Personen, die (ein) Schuldverschreibungsgläubiger ist/sind oder vertritt/vertreten, unabhängig von dem Nennbetrag der von dieser/diesen gehaltenen oder vertretenen Schuldverschreibungen, persönlich anwesend oder durch Dritte vertreten sind. Ein in einer Versammlung der Schuldverschreibungsgläubiger gefasster Außerordentlicher Beschluss ist für alle Schuldverschreibungsgläubiger verbindlich, unabhängig davon, ob diese in der Versammlung anwesend waren, verbindlich.

Der Treuhänder kann ohne die Zustimmung der Schuldverschreibungsgläubiger (jedoch vorbehaltlich einer vorhergehenden Mitteilung der Emittentin an Moody's und einer Bestätigung von Moody's, dass das von Moody's vorgenommene Rating der betreffenden Schuldverschreibung nicht zurückgestuft wird) das Folgende vereinbaren: (a) eine Änderung oder einen Verzicht oder eine Genehmigung hinsichtlich einer Verletzung oder vorgesehenen Verletzung dieser Schuldverschreibungsbedingungen oder einer Bestimmung des Treuhandvertrags bzw. im Falle einer Änderung, des Agency-Vertrags oder der Abgetretenen Vereinbarungen, sofern diese nach dem Dafürhalten des Treuhänders die Interessen der Schuldverschreibungsgläubiger nicht wesentlich beeinträchtigt, wobei jedoch eine solche Änderung nur mit der Zustimmung der Swap-Partei (wobei diese Zustimmung nicht ohne sachlichen Grund verweigert oder verzögert werden darf) wirksam ist; oder (b) eine Änderung des Vorstehenden, soweit diese nur

formeller, geringfügiger oder technischer Natur ist oder der Korrektur eines nach Auffassung des Treuhänders erwiesenen Irrtums dient.

Vorbehaltlich der Bestimmungen des Treuhandvertrags kann der Treuhänder, sofern dies nach seinem Dafürhalten die Interessen der Schuldverschreibungsgläubiger nicht wesentlich beeinträchtigt, ohne die Zustimmung der Schuldverschreibungsgläubiger (jedoch vorbehaltlich einer vorherigen Mitteilung an Moody's sowie einer Bestätigung von Moody's nach Maßgabe der vorstehenden Bestimmungen) eine Ersetzung der Emittentin in ihrer Eigenschaft als Hauptschuldner unter dem Treuhandvertrag und den Schuldverschreibungen durch einen anderen Rechtsträger vereinbaren. Eine solche Ersetzung wird nur mit der Zustimmung der Swap-Partei und der Swap-Garantin (wobei diese Zustimmung nicht ohne sachlichen Grund verweigert oder verzögert werden darf) wirksam. Die Emittentin hat sich im Rahmen des Treuhandvertrags verpflichtet, im Falle, dass die Emittentin einem Steuerereignis nach Bedingung 7(c) (*Keine Auszahlung aus steuerlichen Gründen*) unterliegt, alle zumutbaren Anstrengungen zu unternehmen, um sicherzustellen, dass die Ersetzung in ihrer Eigenschaft als Hauptschuldner durch einen Rechtsträger erfolgt, der in einer anderen Rechtsordnung als der Rechtsordnung der Emittentin errichtet ist.

Der Treuhänder hat im Zusammenhang mit der Ausübung seiner treuhänderischen Befugnisse, Ermächtigungen oder Ermessensbefugnisse die allgemeinen Interessen der Gesamtheit der Gläubiger von Schuldverschreibungen zu berücksichtigen, nicht jedoch Interessen, die sich aus Umständen ergeben, die auf einzelne Gläubiger beschränkt sind. Insbesondere hat er die Folgen der Ausübung seiner Befugnisse auf einzelne Gläubiger von Schuldverschreibungen (unabhängig von deren Anzahl) außer Acht zu lassen, welche diesen daraus entstehen, dass diese für welchen Zweck auch immer in einem bestimmten Gebiet wohnhaft oder ansässig sind oder eine sonstige Beziehung zu diesem Gebiet unterhalten oder der Rechtsordnung eines bestimmten Gebiets oder Teilgebiets unterliegen. In Zusammenhang mit dieser Ausübung ist keine Person berechtigt, die Emittentin oder eine diese ersetzende Emittentin, die Swap-Partei, die Swap-Garantin, den Treuhänder oder eine andere Person auf Entschädigung oder Zahlung im Zusammenhang mit einer dieser Person aufgrund einer solchen Ausübung entstehenden Steuerfolge in Anspruch zu nehmen.

Jede solche Änderung, Verzichtserklärung, Ermächtigung oder Ersetzung ist für sämtliche Gläubiger von Schuldverschreibungen bindend, und jede solche Änderung oder Ersetzung ist den Schuldverschreibungsgläubigern durch die Emittentin gemäß Bedingung 16 (*Mitteilungen*) baldmöglichst danach mitzuteilen, es sei denn, der Treuhänder stimmt im Falle einer Änderung einer anderweitigen Vereinbarung zu.

## 18. BEGEBUNG WEITERER SCHULDVERSCHREIBUNGEN

Der Emittentin steht es frei, jederzeit ohne Zustimmung des Treuhänders, der Gläubiger von Schuldverschreibungen, der Swap-Garantin oder (außer im nachstehend unter (a) beschriebenen Fall) der Swap-Partei, weitere Anleihen, Schuldverschreibungen oder sonstige Wertpapiere entweder (a) in der Weise zu begeben, dass sie mit den bereits begebenen Schuldverschreibungen eine einheitliche Serie bilden; oder (b) unter solchen Bedingungen hinsichtlich Sicherheiten, Zinsen, Aufschlägen, Auszahlung und anderweitigen Bedingungen zu begeben, die die Emittentin nach ihrem alleinigem Ermessen im Zeitpunkt der jeweiligen Begebung festlegen kann, wobei jedoch (i) im vorstehend unter (a) beschriebenen Fall (A) eine Bestätigung von Moody's dahingehend eingegangen sein muss, dass keine Rückstufung der bewerteten Schuldverschreibungen erfolgt, mit denen die neuen Schuldverschreibungen eine einheitliche Serie bilden sollen, und (B) der Wert der sich auf die entsprechende Klasse beziehenden Sicherungsgüter entsprechend erhöht wird, und (ii) im unter (b) beschriebenen Fall diese Anleihen, Schuldverschreibungen oder sonstigen Wertpapiere durch andere als die in Bedingung 3 (*Sicherheiten*) genannten, sich auf bereits begebene Schuldverschreibungen beziehende, Vermögenswerte der Emittentin besichert werden, und zwar unter Bedingungen, die im Wesentlichen diesen Schuldverschreibungsbedingungen entsprechen, die ein Erlöschen sämtlicher Ansprüche hinsichtlich solcher künftigen Anleihen, Schuldverschreibungen

oder sonstigen Wertpapiere nach Verwendung der Erlöse aus den diese weiteren Anleihen, Schuldverschreibungen oder sonstigen Wertpapieren besichernden Vermögenswerten vorsehen. Jegliche solche Anleihen, Schuldverschreibungen oder sonstigen Wertpapiere unterliegen den Bestimmungen des Treuhandvertrags. Der Treuhandvertrag enthält Bestimmungen, welche unter bestimmten Umständen die Einberufung einer einzigen Versammlung der Schuldverschreibungsgläubiger und der Gläubiger von Anleihen, Schuldverschreibungen oder sonstigen Wertpapieren anderer Serien vorsehen.

## 19. FREISTELLUNG UND ERSETZUNG DES TREUHÄNDERS

Die Bestimmungen des Treuhandvertrags sehen eine Freistellung des Treuhänders sowie dessen Befreiung von Verantwortung vor, einschließlich der Befreiung von der Pflicht, Maßnahmen zu ergreifen, soweit er nicht in zufrieden stellender Weise freigestellt wird. Der Treuhänder wird von jeder Haftung hinsichtlich jeglicher Verluste, Wertminderungen oder Diebstähle sämtlicher oder eines Teils der Sicherungsgüter befreit sowie von jeglicher Verpflichtung, sämtliche oder einen Teil der Sicherungsgüter zu versichern (jeweils einschließlich jeglicher die Sicherungsgüter verbriefenden, begründenden oder anderweitig verkörpernden Dokumente bzw. Dokumente, durch die Rechte, Leistungen und/oder aufgrund der Sicherungsgüter bestehende Pflichten übertragen werden), deren Versicherung zu veranlassen oder die Angemessenheit jeglicher Versicherungsvereinbarungen hinsichtlich der Sicherungsgüter zu überwachen. Ferner wird der Treuhänder von Ansprüchen freigestellt, die entstehen, solange die Sicherungsgüter oder ein Teil davon (oder eines der vorstehend genannten Dokumente) auf einem Konto bei Euroclear und/oder Clearstream Luxemburg oder einem anderen Clearing-System gemäß den Vorschriften dieses Clearing-Systems, oder anderweitig von der Verwahrungsstelle, einer Bank oder einer sonstigen Depotstelle verwahrt werden, unabhängig davon, ob der Treuhänder die betreffende Verwahrstelle ausgewählt hat.

Der Treuhandvertrag sieht vor, dass der Treuhänder jederzeit durch schriftliche Mitteilung an die Emittentin unter Einhaltung einer Frist von mindestens drei Monaten ohne Angabe von Gründen und ohne Haftung für hieraus entstehende Verbindlichkeiten kündigen kann. Ferner sind die Gläubiger der Schuldverschreibungen einer Serie berechtigt, den Treuhänder in Bezug auf diese Serie durch Außerordentlichen Beschluss abzuberufen. Die Emittentin hat sich gemäß dem Treuhandvertrag verpflichtet, sich im Falle eines Rücktritts des alleinigen Treuhänders einer Serie oder im Falle einer Abberufung des alleinigen Treuhänders einer Serie durch Außerordentlichen Beschluss der Gläubiger der Schuldverschreibungen dieser Serie nach besten Kräften zu bemühen, baldmöglichst nach diesem Rücktritt bzw. dieser Abberufung einen neuen Treuhänder für diese Serie zu bestellen. Gelingt es der Emittentin nicht, einen neuen Treuhänder zu bestellen, so wird der zurückgetretene bzw. abberufene Treuhänder einen Nachfolge-Treuhänder für diese Serie bestellen. Der Rücktritt bzw. die Abberufung des Treuhänders wird erst mit der Berufung eines Nachfolge-Treuhänders wirksam.

## 20. GESCHÄFTE ZWISCHEN TREUHÄNDER UND EMITTENTIN UND SONSTIGEN PARTEIEN

Die Bestimmungen des Treuhandvertrags sehen vor, dass der Treuhänder oder jede seine Tochtergesellschaften oder jedes seiner verbundenen Unternehmen unter anderem berechtigt ist, (a) Geschäfte mit der Emittentin und/oder der Swap-Partei und/oder der Swap-Garantin und/oder einem Schuldner hinsichtlich der Sicherungsgüter und/oder deren Tochtergesellschaften oder verbundenen Unternehmen abzuschließen und als Treuhänder für die Gläubiger sonstiger von der Emittentin und/oder der Swap-Partei und/oder der Swap-Garantin und/oder einem Schuldner hinsichtlich der Sicherungsgüter und/oder deren Tochtergesellschaften oder verbundenen Unternehmen begebenen bzw. sich auf diese beziehenden Wertpapiere zu agieren; (b) seine Rechte aus oder in Zusammenhang mit solchen Geschäften bzw. einem solchen Treuhandverhältnis auszuüben und durchzusetzen, seinen Verpflichtungen nachzukommen und seine Pflichten zu erfüllen ohne Rücksicht auf die Interessen der Gläubiger der Schuldverschreibungen oder der Swap-Partei und (c) sämtliche erzielten Gewinne oder sonstige hierdurch oder in Zusammenhang hiermit

erhaltene Beträge oder Leistungen einzubehalten, ohne einer diesbezüglichen Rechenschaftspflicht zu unterliegen.

## 21. GESETZ ZU VERTRAGLICHEN RECHTEN DRITTER VON 1999

Rechte zur Durchsetzung der Bestimmungen dieser Schuldverschreibungen gemäß dem Gesetz zu vertraglichen Rechten Dritter von 1999 (*Contracts (Rights of Third Parties) Act, 1999*) bestehen nicht; Rechte oder Rechtsbehelfe, die einer Person auf einer anderen Rechtsgrundlage als dem Gesetz zu vertraglichen Rechten Dritter von 1999 zur Verfügung stehen bleiben hiervon jedoch unberührt.

## 22. ANWENDBARES RECHT UND GERICHTSSTAND

(a) Anwendbares Recht

Der Treuhandvertrag, der Agency-Vertrag, die Swap-Vereinbarung und die Schuldverschreibungen sowie deren Auslegung unterliegen englischem Recht. Die Swap-Garantie sowie deren Auslegung unterliegt dem Recht von New York.

(b) Gerichtsstand

Die Emittentin stimmt zum ausschließlichen Nutzen der Gläubiger der Schuldverschreibungen unwiderruflich zu, dass die Gerichte von England für die Beilegung jeglicher sich aus oder in Zusammenhang mit den Schuldverschreibungen ergebenden Streitigkeiten ausschließlich und unterwirft sich dementsprechend der ausschließlichen Zuständigkeit der Gerichte von England.

Die Emittentin verzichtet hiermit unwiderruflich auf jedwede ihr jetzt oder künftig zustehende Einreden der Unzuständigkeit oder Ungeeignetheit der Gerichte von England, und sie stimmt hiermit des Weiteren zu, dass ein Urteil in einem dieser vor ein englisches Gericht gebrachten Klagen, Prozesse oder Verfahren (zusammenfassend als die **Verfahren** bezeichnet) für sie rechtskräftig und verbindlich ist und von jedem anderen Gericht in anderen Gerichtsbarkeiten durchgesetzt werden kann.

Die in dieser Bedingung 22 enthaltenen Vorschriften beschränkt nicht das Recht, Verfahren gegen die Emittentin vor einem anderen zuständigen Gericht einzuleiten, noch schließt das Einleiten von Verfahren gegen die Emittentin in einem oder mehreren Gerichtsständen das Einleiten von Verfahren in anderen Gerichtsständen, ob gleichzeitig oder nicht, aus.

Die Emittentin ernennt Citigroup Global Markets Limited (derzeitige Adresse Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB) als Zustellungsbevollmächtigte und verpflichtet sich für den Fall, dass diese Person nicht mehr in England geschäftstätig oder geschäftsansässig ist, eine andere in England geschäftstätige oder geschäftsansässige Person als Zustellungsbevollmächtigten in England in Zusammenhang mit Verfahren zu ernennen.

Das Recht, Zustellungen in einer anderen gesetzlich zulässigen Weise durchzuführen, bleibt von dieser Bestimmung unberührt.

# 37 BESCHREIBUNG DES DOW JONES EUROSTOXX 50® INDEX

*38 Die in diesem Abschnitt im Hinblick auf den Index zur Verfügung gestellten Informationen sind nicht vollständig und stellen lediglich Auszüge aus Dokumenten oder Zusammenfassungen von Dokumenten dar, die öffentlich zugänglich sind und als zuverlässig gelten. Sie werden potentiellen Anlegern lediglich als Erleichterung zur Verfügung gestellt. Weder die Emittentin noch der Arrangeur oder die sonstigen Beteiligten der Transaktion (Transaction Participants) übernehmen die Verantwortung für die Richtigkeit und Vollständigkeit der den Index betreffenden Informationen oder für Ereignisse, die die Richtigkeit und Vollständigkeit der Informationen beeinträchtigen könnten. Beim Treffen einer Anlageentscheidung in Bezug auf die Schuldverschreibungen sollten potentielle Anleger sich eine eigene Meinung über die Vor- und Nachteile einer Anlage in die Schuldverschreibungen auf der Grundlage eigener Nachforschungen, einschließlich aus ihrer Sicht angemessener Besprechungen mit ihren Fachberatern, bilden und nicht auf die Informationen in diesem Abschnitt vertrauen.*

## 39 Allgemeines

Die Deutsche Börse, Dow Jones and Co. Inc., SBF-Bourse de Paris und die Schweizer Börse haben gemeinsam ein neues Unternehmen unter der Firma STOXX LIMITED (**STOXX**) gegründet und eine neue Index-Familie entwickelt. Diese besteht aus vier großen Indizes und mehreren Branchen-Indizes und regionalen Indizes, die für Westeuropa und die Eurozone berechnet werden.

Die vier großen Indizes sind:

(a) Dow Jones STOXX®, der europäische marktbreite Index [(1)] (der den Dow Jones Global Indexes Europe Index nachbildet);

(b) Dow Jones STOXX 50®, der Europäische Blue-Chip-Index (ein 50 Aktienwerte umfassender, von Dow Jones STOXX® abgeleiteter Index);

(c) Dow Jones EUROSTOXX®, der marktbreite Euro-Index[(2)] (Dow Jones STOXX ohne die Länder, die nicht der europäischen Wirtschafts- und Währungsunion angehören); und

(d) Dow Jones EUROSTOXX 50®, der Euro Blue-Chip-Index (ein 50 Aktienwerte umfassender, von Dow Jones STOXX® abgeleiteter Index) (der **Dow Jones EUROSTOXX 50®**).

Die Bezeichnung des Dow Jones EUROSTOXX 50® ist eine Dienstleistungsmarke der DOW JONES & COMPANY, INC. und wurde für bestimmte Nutzungszwecke an die Emittentin lizenziert. Der Index kann bei Reuters RIC unter dem Code "STOXX50E" abgerufen werden.

***Anmerkungen:***

1. Der europäische marktbreite Index umfasst Unternehmen aus Österreich, Belgien, Dänemark, Finnland, Frankreich, Deutschland, Griechenland, Italien, Irland, den Niederlanden, Norwegen, Portugal, Spanien, Schweden, der Schweiz und dem Vereinigten Königreich. Luxemburg wird aufgenommen, sobald ein kontinuierlicher Datenfluss zur Verfügung steht. Künftig können auch weitere europäische Länder in den europäischen marktbreiten Index aufgenommen werden.

2. Der marktbreite Euro-Index umfasst Unternehmen aus Österreich, Belgien, Finnland, Frankreich, Deutschland, Italien, Irland, den Niederlanden, Portugal und Spanien. Luxemburg wird aufgenommen, sobald ein kontinuierlicher Datenfluss zur Verfügung steht. Künftig können auch weitere Länder aufgenommen werden.

Der Index kann bei Bloomberg unter dem Code "SX5E Index" abgerufen werden.

## 40 Berechnung des Dow Jones EUROSTOXX 50®

Der Dow Jones EUROSTOXX 50® wird bezüglich der Kapitalisierung gewichtet und wird sowohl auf Basis der Gesamterträge (Total Return) als auch auf Basis der Kursentwicklung (Price Return) berechnet. Zur Ermittlung des Endgültigen Auszahlungsbetrages ist ausschließlich der auf der Kursentwicklung basierende Index maßgeblich. Er wird in Echtzeit in Euro berechnet und derzeit alle 15 Sekunden von 9.00 Uhr bis 17.45 Uhr (MEZ) veröffentlicht.

Der Dow Jones EUROSTOXX 50® wird auf der Basis der jeweils letzten Kurse berechnet; ein an verschiedenen nachstehend aufgeführten Börsen gehandelter Kurs löst die Berechnung des Dow Jones EUROSTOXX 50® nach Eingang des Eröffnungskurses eines Index-Wertpapiers aus.

Wird die Notierung während der Handelszeiten ausgesetzt, so wird der zuletzt gehandelte Kurs für alle folgenden Berechnungen herangezogen. Wird eine Notierung vor Handelsbeginn ausgesetzt, so wird der angepasste Schlusskurs des Vortages zur Berechnung des Dow Jones EUROSTOXX 50® angesetzt. Bei einem Börsenfeiertag in ein oder mehreren Ländern, werden die letzten an den entsprechenden Börsen verfügbaren Aktienkurse zur Berechung des Dow Jones EUROSTOXX 50® verwendet.

Der Bezugstag für den Dow Jones EUROSTOXX 50® ist der 31.12.1991. Der Basiswert des Dow Jones EUROSTOXX 50® beträgt 1.000.

## 41 Maßgebliche Börsenplätze

Die folgenden Länder und Börsen/Handelssysteme werden als Quellen für die Aktienkurse im Dow Jones EUROSTOXX 50® herangezogen:

| **Land** | **Börse/Handelssysteme** |
|---|---|
| Österreich | Wiener Börse |
| Belgien | Euronext Brüssel |
| Finnland | Börse Helsinki |
| Frankreich | Euronext Paris |
| Deutschland | Xetra |
| Griechenland | Athen |
| Irland | Irish Stock Exchange |
| Italien | Italienische Börse |
| Niederlande | Euronext Amsterdam |
| Portugal | Euronext Lissabon |

| | |
|---|---|
| Spanien | SIBE |

## 42 Zusammensetzung des Index

Die Wertpapiere für den Dow Jones STOXX 50® werden so ausgewählt, dass sie die größten und liquidesten Aktien am Markt repräsentieren.

Der Dow Jones EUROSTOXX® ist eine Teilmenge des Dow Jones STOXX®. Der Dow Jones EURO STOXX® setzt sich ausschließlich aus Unternehmen aus Ländern der Europäischen Währungsunion zusammen.

Der Dow Jones EUROSTOXX 50® ist eine Teilmenge, die aus den Aktien der 50 Unternehmen im Dow Jones EUROSTOXX® Index besteht und die Branchenführer identifizieren soll.

## 43 Regelmäßige und fortlaufende Überprüfung

Derzeit wird die Zusammensetzung des Dow Jones EUROSTOXX 50® jährlich überprüft, und Änderungen werden ggf. am dritten Freitag im September umgesetzt, wobei die Überprüfung anhand von Marktdaten von Ende Juli erfolgt. Darüber hinaus wird der Dow Jones EUROSTOXX 50® kontinuierlich auf Änderungen an der Indexzusammensetzung hin überprüft, die z.B. wegen die enthaltenen Unternehmen betreffender außerordentlicher gesellschaftsrechtlicher Maßnahmen erforderlich werden können.

## 44 Entscheidungsgremien

Das Advisory Committee von STOXX berät das Supervisory Board zu Fragen bezüglich des Dow Jones EUROSTOXX 50®. Das Committee unterbreitet dem Supervisory Board Vorschläge zu Änderungen der Zusammensetzung. Es spricht Empfehlungen aus hinsichtlich der Genauigkeit und Transparenz der Berechnung des Dow Jones EUROSTOXX 50®. Entscheidungen über die Zusammensetzung und etwaige Änderungen des Dow Jones EUROSTOXX 50® bleiben dem Supervisory Board vorbehalten.

## 45 Kursentwicklung des Dow Jones EUROSTOXX 50®

Nachstehend werden die Höchst- und Tiefststände der Schlusswerte (Price Return) für den Dow Jones EUROSTOXX 50® für die Jahre 2000, 2001, 2002, 2003, 2004 und 2005 aufgeführt:

| 1.13.1. | | 1.13.2. Jahr zum 31. Dezember 2000 | | 1.13.3. Jahr zum 31. Dezember 2001 | | 1.13.4. Jahr zum 31. Dezember 2002 | | 1.13.5. Jahr zum 31. Dezember 2003 | | 1.13.6. Jahr zum 31. Dezember 2004 | | 1.13. zum 31. 200 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **1.14.** | Höchstwert | **1.15.** | 5.522,42 | **1.16.** | 4.240,99 | **1.17.** | 3.833,09 | **1.18.** | 2.760,66 | **1.19.** | 2.959,71 | **1.20** |
| **1.21.** | Tiefstwert | **1.22.** | 4.471,89 | **1.23.** | 3.857,01 | **1.24.** | 2.150,27 | **1.25.** | 1,849.64 | **1.26.** | 2.580,04 | **1.27** |

Quelle: Internetseite des Sponsors: www.stoxx.com

Nachstehend werden die Höchst- und Tiefststände der Schlusswerte (Price Return) für den Dow Jones EUROSTOXX 50® für die Monate Januar 2002 bis April 2006 aufgeführt.

**Die historische Entwicklung des Dow Jones EUROSTOXX 50® sollte nicht als Indikation für eine zukünftige Entwicklung angesehen werden.**

| **Monatsende** | | **Höchstwert** | **Tiefstwert** |
|---|---|---|---|
| 2002 | Januar | 3.833,09 | 3.576,60 |
| | Februar | 3.682,69 | 3.430,18 |
| | März | 3.796,26 | 3.645,33 |
| | April | 3.748,44 | 3.538,74 |
| | Mai | 3.595,73 | 3.388,44 |
| | Juni | 3.382,54 | 2.928,72 |
| | Juli | 3.165,47 | 2.438,31 |
| | August | 2.872,02 | 2.447,32 |
| | September | 2.723,14 | 2.187,22 |
| | Oktober | 2.549,84 | 2.150,27 |
| | November | 2.669,89 | 2.434,73 |
| | Dezember | 2.662,49 | 2.364,99 |
| 2003 | Januar | 2.529,86 | 2.154,53 |
| | Februar | 2.280,82 | 2.058,97 |
| | März | 2.249,11 | 1.849,64 |
| | April | 2.365,97 | 2.067,23 |
| | Mai | 2.389,70 | 2.229,43 |
| | Juni | 2.527,44 | 2.365,76 |
| | Juli | 2.519,79 | 2.366,86 |
| | August | 2.593,55 | 2.436,06 |
| | September | 2.641,55 | 2.395,87 |
| | Oktober | 2.575,04 | 2.434,63 |
| | November | 2.657,60 | 2.568,71 |
| | Dezember | 2.766,66 | 2.651,41 |
| 2004 | Januar | 2.896,78 | 2.782,52 |

| | | | |
|---|---|---|---|
| | Februar | 2.932,95 | 2.816,34 |
| | März | 2.959,71 | 2.702,05 |
| | April | 2.905,88 | 2.787,48 |
| | Mai | 2.823,37 | 2.659,85 |
| | Juni | 2.840,04 | 2.713,29 |
| | Juli | 2.806,62 | 2.640,61 |
| | August | 2.712,45 | 2.580,04 |
| | September | 2.790,67 | 2.691,67 |
| | Oktober | 2.834,62 | 2.734,37 |
| | November | 2.922,24 | 2.834,03 |
| | Dezember | 2.955,11 | 2.888,02 |
| 2005 | Januar | 2.984,59 | 2.924,01 |
| | Februar | 3.086,95 | 3.008,85 |
| | März | 3.114,54 | 3.032,13 |
| | April | 3.090,72 | 2.930,10 |
| | Mai | 3.096,54 | 2.949,09 |
| | Juni | 3.198,89 | 3.077,86 |
| | Juli | 3.333,05 | 3.170,06 |
| | August | 3.370,84 | 3.224,10 |
| | September | 3.429,42 | 3.274,42 |
| | Oktober | 3.464,23 | 3.241,14 |
| | November | 3.471,43 | 3.212,45 |
| | Dezember | 3.616,33 | 3.499,30 |
| 2006 | Januar | 3.691,41 | 3.532,68 |
| | Februar | 3.840,56 | 3.671,37 |
| | März | 3.870,89 | 3.727,96 |
| | April | 3.888,46 | 3.770,79 |

Der amtliche Schlussstand des Dow Jones EUROSTOXX 50® am 15. Mai 2006 betrug 3.711,16.

Quelle: Internetseite des Sponsors: www.stoxx.com und Bloomberg

Weitere Informationen zur Kursentwicklung des Index können auf der Website des Sponsors, www.stoxx.com, abgerufen werden.

***Haftungsausschluss***

*Die Schuldverschreibungen werden weder von STOXX LIMITED (STOXX) noch von Dow Jones & Company, Inc. (Dow Jones) gesponsert, unterstützt, verkauft oder beworben, und STOXX und Dow Jones geben gegenüber den Schuldverschreibungsgläubigern oder sonstigen Angehörigen der Öffentlichkeit keine ausdrücklichen oder stillschweigenden Zusicherungen oder Gewährleistungen ab hinsichtlich der Eignung einer Anlage in Wertpapiere im Allgemeinen oder in die Schuldverschreibungen im Besonderen. Der Dow Jones EUROSTOXX 50® wird von STOXX ohne Einbeziehung der Emittentin bzw. der Schuldverschreibungen ermittelt, zusammengestellt und berechnet. STOXX und Dow Jones sind für die Feststellung bzw.*

*Berechnung von auf die Schuldverschreibungen zahlbaren Beträgen weder verantwortlich noch daran beteiligt. STOXX und Dow Jones übernehmen keinerlei Verpflichtungen oder Haftung im Zusammenhang mit der Verwaltung, dem Vertrieb oder dem Handel mit den Schuldverschreibungen.*

*STOXX UND DOW JONES GARANTIEREN WEDER DIE RICHTIGKEIT UND/ODER VOLLSTÄNDIGKEIT DES DOW JONES EUROSTOXX 50® ODER DER DARIN ENTHALTENEN DATEN NOCH HAFTEN SIE FÜR DIESBEZÜGLICHE FEHLER, AUSLASSUNGEN ODER UNTERBRECHUNGEN. STOXX UND DOW JONES GEBEN KEINE AUSDRÜCKLICHE ODER STILLSCHWEIGENDE GEWÄHRLEISTUNG AB HINSICHTLICH ETWAIGER ERGEBNISSE, DIE DIE EMITTENTIN, EIN INHABER VON SCHULDVERSCHREIBUNGEN ODER ANDERE NATÜRLICHE ODER JURISTISCHE PERSONEN IM ZUSAMMENHANG MIT DER NUTZUNG DES DOW JONES EUROSTOXX 50® UND DER DARIN ENTHALTENEN DATEN ERZIELEN. STOXX UND DOW JONES GEBEN KEINE AUSDRÜCKLICHEN ODER STILLSCHWEIGENDEN GEWÄHRLEISTUNGEN AB UND SCHLIEßEN AUSDRÜCKLICH JEGLICHE HAFTUNG AUS HINSICHTLICH DER MARKTTAUGLICHKEIT UND DER EIGNUNG FÜR EINEN BESTIMMTEN ZWECK ODER EINE BESTIMMTE VERWENDUNG BEZÜGLICH DES DOW JONES EUROSTOXX 50® ODER DER DARIN ENTHALTENEN DATEN. OHNE DAS VORSTEHENDE EINZUSCHRÄNKEN, HAFTEN STOXX UND DOW JONES UNTER KEINEN UMSTÄNDEN FÜR ENTGANGENEN GEWINN ODER MITTELBARE, BESONDERE ODER FOLGESCHÄDEN ODER SOLCHE SCHÄDEN, DIE AUS ZU LEISTENDEN STRAFZAHLUNGEN HERRÜHREN, SELBST UNTER UMSTÄNDEN, UNTER DENEN STOXX ODER DOW JONES DAVON UNTERRICHTET WURDEN, DASS SOLCHE SCHÄDEN EINTRETEN KÖNNEN. VEREINBARUNGEN UND VERTRÄGE ZWISCHEN STOXX UND DER EMITTENTIN WERDEN AUSSCHLIEßLICH ZU GUNSTEN DER VERTRAGSSCHLIEßENDEN PARTEIEN UND NICHT ZU GUNSTEN DRITTER ABGESCHLOSSEN.*

*Der Dow Jones EUROSTOXX 50® befindet sich im Eigentum von STOXX. Die Bezeichnung des Dow Jones EUROSTOXX 50® ist eine Dienstleistungsmarke von Dow Jones und wurde für bestimmte Nutzungszwecke an die Emittentin lizenziert.*

***STOXX UND DOW JONES GEBEN KEINERLEI ZUSICHERUNG HINSICHTLICH EINER MODIFIZIERUNG ODER ÄNDERUNG DES BERECHNUNGSVERFAHRENS FÜR DEN DOW JONES EUROSTOXX 50®, UND STOXX UND DOW JONES SIND IN KEINER WEISE VERPFLICHTET, DIE BERECHUNG, VERÖFFENTLICHUNG UND VERBREITUNG DES DOW JONES EUROSTOXX 50® FORTZUSETZEN.***

# 46 INFORMATIONEN ÜBER DIE SWAP-VEREINBARUNG

Der folgende Abschnitt enthält lediglich eine Zusammenfassung bestimmter Eigenschaften der abzuschließenden Swap-Vereinbarung; maßgeblich sind die ausführlichen Bestimmungen der Swap-Vereinbarung.

**Die Swap-Vereinbarung**

Die Abgetretenen Vereinbarungen werden eine Hedgingvereinbarung mit der Swap-Partei umfassen (die **Swap-Vereinbarung**).

Die Swap-Vereinbarung umfasst ein Geändertes und Neugefasstes ISDA Master Agreement vom 11. November 2005 (wie jeweils geändert und ergänzt) zwischen der Emittentin und der Citigroup Financial Products Inc. (die **Rahmenvereinbarung**) und ein Swap-Geschäft zwischen der Emittentin und der Citigroup Financial Products Inc. gemäß einem schriftlich bestätigten Einzelabschluss datiert auf den 7. Juli 2006 (der **Einzelabschluss** und zusammen mit der Rahmenvereinbarung die **Swap-Vereinbarung**), der der -Rahmenvereinbarung unterliegt, diese ergänzt und deren Bestandteil ist.

Die Verbindlichkeiten der Citigroup Financial Products Inc. aus der Swap-Vereinbarung werden durch eine Garantie der Citigroup Inc. (die Swap-Garantin) mit Datum vom 11. November 2005 (in der jeweils geänderten Fassung) in Bezug auf die Verbindlichkeiten der Citigroup Financial Products Inc. aus der Swap-Vereinbarung (die **Swap-Garantie**) garantiert.

Die Swap-Vereinbarung und die Swap-Garantie werden jeweils als **Abgetretene Vereinbarung** und zusammen als **Abgetretene Vereinbarungen** bezeichnet.

**Zahlungen im Rahmen der Swap-Vereinbarung**

Die fälligen Zahlungen auf die Swap-Vereinbarung stellen sich zusammengefasst wie folgt dar: die Swap-Partei leistet bestimmte Zahlungen für auf die Schuldverschreibungen fällige Zahlungen an die Emittentin und die Emittentin zahlt am Tag der Begebung einen Gesamtbetrag in Höhe der Nettoerlöse aus der Begebung der Schuldverschreibungen an die Swap-Partei.

**Beendigung der Swap-Vereinbarung**

Die Swap-Vereinbarung endet, sofern sie nicht zuvor gemäß den Bestimmungen des betreffenden ISDA Master Agreement beendet werden, am Fälligkeitstag.

**Vorzeitige Beendigung**

Die Swap-Vereinbarung kann vorzeitig beendet werden, falls eines oder mehrere der folgenden Ereignisse eintritt bzw. eintreten (jeweils vorbehaltlich der Bestimmungen der Swap-Vereinbarung):

(a) vollständig, falls die Schuldverschreibungen vor dem Fälligkeitstag gemäß den Schuldverschreibungsbedingungen vollständig zahlbar werden;

(b) nach Wahl der Emittentin oder der Swap-Partei, falls die andere Partei es (nach Benachrichtigung und Ablauf der entsprechenden Nachfrist) versäumt, fällige Beträge zu zahlen;

(c) nach Wahl der Emittentin, falls (i) die Swap-Partei bestimmte Verpflichtungen aus der Swap-Vereinbarung nicht erfüllt, (ii) eine von bestimmten Zusicherungen, die die Swap-Partei gemacht hat, in wesentlichem Umfang falsch oder irreführend ist, (iii) die Swap-Partei ohne Übernahme ihrer Verpflichtungen aus der Swap-Vereinbarung fusioniert oder (iv) die Swap-Partei fusioniert und eine der Parteien infolgedessen zur Einbehaltung von Steuern verpflichtet ist (siehe nachstehenden Abschnitt **Übertragung zur Vermeidung eines Steuerereignisses**); und

(d) nach Wahl der Emittentin oder der Swap-Partei, falls (i) sich bestimmte Insolvenzereignisse in Bezug auf die andere Partei ereignen, (ii) auf Zahlungen der Emittentin oder der Swap-Partei im Rahmen der Swap-Vereinbarung Quellensteuern erhoben werden (siehe nachstehenden Abschnitt **Übertragung zur Vermeidung eines Steuerereignisses**) oder (iii) die Erfüllung der Pflichten einer Partei aus der Swap-Vereinbarung rechtswidrig wird.

**Folgen einer vorzeitigen Beendigung**

Bei einer vorzeitigen Beendigung der Swap-Vereinbarung ist (vorausgesetzt, dass die Emittentin Zahlungen an die Swap-Partei aus den Nettoerlösen aus der Begebung der Schuldverschreibungen geleistet hat) die Emittentin oder die Swap-Partei möglicherweise verpflichtet, eine Beendigungszahlung an die andere Partei zu zahlen (unabhängig davon, welche der Parteien die Beendigung ggf. verursacht hat).

Die Gesamtsumme der Beendigungszahlungen der Swap-Vereinbarung entspricht dem entsprechenden fälligen Betrag für alle ausstehenden Schuldverschreibungen bei ihrer Auszahlung infolge einer solchen Beendigung.

Bei einer vorzeitigen Beendigung der Swap-Vereinbarung kann nicht garantiert werden, dass die Gesamtsumme der ggf. von der Swap-Partei an die Emittentin zu zahlenden Beendigungszahlungen ausreichen wird, um den auf die Schuldverschreibungen fälligen Kapitalbetrag und sonstige darauf fällige Beträge zu zahlen.

**Besteuerung**

Weder die Emittentin noch die Swap-Partei sind im Rahmen der Swap-Vereinbarung verpflichtet, Ausgleichszahlungen auf im Rahmen der Swap-Vereinbarung zu zahlende Beträgen zu leisten, falls Quellensteuern erhoben werden.

**Übertragung zur Vermeidung eines Steuerereignisses**

Falls auf Zahlungen, die die Emittentin oder die Swap-Partei im Rahmen der Swap-Vereinbarung zu leisten hat, Quellensteuern erhoben werden, ist die Swap-Partei nach alleinigem Ermessen berechtigt, die Emittentin aufzufordern,

(a) vorbehaltlich einer vorherigen schriftlichen Zustimmung des Treuhänders sämtliche Beteiligungen und Verpflichtungen im Rahmen der Swap-Vereinbarung zusammen mit Zinsen und Verbindlichkeiten im Zusammenhang mit den Schuldverschreibungen, dem Treuhändervertrag, dem Agency-Vertrag und dem Verwahrungsstellenvertrag auf eine andere Gesellschaft zu übertragen – unabhängig davon, ob diese sich in derselben Steuerrechtsordnung wie die Emittentin befindet –, die nicht zur Einbehaltung oder zum Abzug verpflichtet ist (falls die Emittentin zu einer solchen Einbehaltung oder zu einem solchen Abzug verpflichtet ist oder wäre) oder an die die Swap-Partei Zahlungen ohne eine solche Einbehaltung oder einen solchen Abzug leisten darf (falls die Swap-Partei anderenfalls zu dieser Einbehaltung oder diesem Abzug verpflichtet ist oder wäre); oder

(b) vorbehaltlich einer vorherigen schriftlichen Zustimmung des Treuhänders ihre Ansässigkeit für Steuerzwecke in eine andere Rechtsordnung zu verlagern.

Gelingt es der Emittentin nicht, früher als dreißig Tage nach der Erhebung solcher Quellensteuern oder, falls dieses Ereignis früher eintritt, früher als zehn Tage vor dem ersten Tag, an dem sie oder die Swap-Partei anderenfalls zur Leistung einer Zahlung unter Abzug von Quellensteuern verpflichtet wäre, gemäß den vorstehenden Bestimmungen ihre Beteiligungen auf eine andere Partei zu übertragen bzw. ihre Ansässigkeit für Steuerzwecke zu verlagern, so ist die Swap-Partei zu Beendigung der Swap-Transaktion im Rahmen der Swap-Vereinbarung berechtigt.

**Übertragung auf eine andere Swap-Partei**

Die Bestimmungen jeder Swap-Vereinbarung werden vorsehen, dass die Swap-Partei die Rechte und Pflichten aus der Swap-Vereinbarung ohne Zustimmung der Schuldverschreibungsgläubiger oder der Emittentin an eine verbundene Gesellschaft (*affiliate*) der Swap-Partei (der "**Übertragungsempfänger**") ganz oder teilweise übertragen kann, vorausgesetzt, dass der Übertragungsempfänger entweder (i) am Tag der Übertragung ein Kredit-Rating aufweist, das dem der Swap-Garantin am Tag der Übertragung zumindest gleichwertig ist, oder (ii) von der Swap-Garantin oder einer verbundenen Gesellschaft (*affiliate*) der Swap-Partei, die am Tag der Übertragung ein Kredit-Rating aufweist, das dem der Swap-Garantin am Tag der Übertragung zumindest gleichwertig ist, garantiert wird, zu im Wesentlichen denselben Bedingungen wie die bestehende Garantie hinsichtlich der Verbindlichkeiten der Swap-Partei und weiter vorausgesetzt, dass bestimmte Voraussetzungen und Bedingungen, die in der Swap-Vereinbarung und dem Nachtrag zum Rahmentreuhandvertrag ausgeführt sind, erfüllt sind. Diese Voraussetzungen und Bedingungen umfassen unter anderem, dass (i) der Übertragungsempfänger am Tag der Übertragung ein ISDA Master Agreement (Rahmenvertrag für derivative Geschäfte auf der Basis des Standards der International Swaps and Derivatives Association (ISDA)) mit der Emittentin zu im Wesentlichen denselben Bedingungen wie das ISDA Master Agreement zwischen der Emittentin und der Swap-Partei abgeschlossen hat; (ii) der Übertragungsempfänger ab dem Tag einer solchen Übertragung nicht infolge der Übertragung nach dem ISDA Master Agreement verpflichtet ist, Steuern einzubehalten oder einen Abschlag von Steuern vorzunehmen; (iii) Moody's Investors Service Limited zuvor schriftlich mitgeteilt hat, dass das aktuelle Rating der Schuldverschreibungen nicht beeinträchtigt wird sowie (iv) dass infolge der Übertragung kein Beendigungs- oder Kündigungsgrund im Rahmen der Swap-Vereinbarung eintritt und (v) die Emittentin am nächstfolgenden vorgesehenen Zahlungstag keine zusätzlichen Beträge an die Swap-Partei oder den Übertragungsempfänger infolge der Übertragung leisten muss.

## 47 ZUSÄTZLICHE SPEZIFISCHE DARSTELLUNG DER BESTEUERUNG IN DEUTSCHLAND

Die folgenden Erörterungen sind allgemeiner Natur und dienen ausschließlich Informationszwecken. Die Anmerkungen ersetzen weder eine rechtliche noch eine steuerliche Beratung und können auch nicht als solche interpretiert werden. Im Hinblick auf die steuerlichen Folgen für einzelne Anleihegläubiger wird keine Zusicherung gegeben. Potentiellen Käufern der Schuldverschreibungen wird empfohlen, ihre eigenen Steuerberater in den für sie relevanten Jurisdiktionen zu konsultieren.

Die Informationen dieses Abschnittes stellen keine steuerliche Beratung dar und erheben keinen Anspruch auf Vollständigkeit hinsichtlich der Informationen, die für einen potentiellen Investor der Schuldverschreibungen von Interesse sein könnten. Die Ausführungen basieren auf deutschem Steuerrecht und den Verwaltungsanweisungen, die zum Zeitpunkt der Erstellung dieses Nachtrages in Kraft sind und die kurzfristigen Änderungen – zumeist mit rückwirkendem Effekt – unterliegen können.

POTENTIELLEN INVESTOREN IN DIE SCHULDVERSCHREIBUNGEN WIRD GERATEN, IHRE EIGENEN BERATER HINSICHTLICH DER STEUERLICHEN KONSEQUENZEN EINES INVESTMENTS IN DIE SCHULDVERSCHREIBUNGEN ZU KONSULTIEREN.

### IN DEUTSCHLAND ANSÄSSIGE INVESTOREN

**Schuldverschreibungen, die von privaten Investoren im Privatvermögen gehalten werden**

Private Investoren, die ihren Wohnort oder ihren gewöhnlichen Aufenthalt in Deutschland haben, sind unbeschränkt einkommensteuerpflichtig.

Die Schuldverschreibungen sollten als Spekulationsinstrumente (§ 23 Einkommensteuergesetz) zu qualifizieren sein, weil sie weder (i) eine vollständige noch eine teilweise Rückzahlung des Investments noch (ii) irgendeine Vergütung (insbesondere keine Zinsen) gewähren oder garantieren. Werden diese Schuldverschreibungen innerhalb eines Jahres nach Anschaffung der Schuldverschreibungen verkauft, so sind die Einkünfte hieraus zu versteuern, wenn die Einkünfte aus allen solchen Verkäufen innerhalb eines Jahres den Betrag von 512 Euro (pro Person und Jahr) erreichen oder überschreiten. Der Betrag dieser Einkünfte errechnet sich aus der Differenz zwischen dem Veräußerungserlös bzw. dem Rückzahlungsbetrag, den die Emittentin zahlt, und den Anschaffungskosten der Schuldverschreibungen. Diese Einkünfte sind mit dem persönlichen progressiven Steuersatz des Investors zuzüglich 5,5 Prozent Solidaritätszuschlag hierauf zu versteuern.

Wenn also die Schuldverschreibungen (i) innerhalb eines Jahres nach der Anschaffung der Schuldverschreibungen veräußert werden und die Einkünfte aus allen solchen Verkäufen innerhalb eines Jahres 512 Euro (pro Person und Jahr) nicht erreichen oder übersteigen oder (ii) nach Ablauf eines Jahres nach Anschaffung der Schuldverschreibungen veräußert werden, sind die Einkünfte hieraus steuerbefreit.

Der Abzug eventueller Verluste ist beschränkt.

**Schuldverschreibungen, die von privaten Investoren oder Unternehmen im Betriebsvermögen gehalten werden**

Einkünfte aus Schuldverschreibungen, die im Betriebsvermögen gehalten werden, sind mit den normalen Steuersätzen entsprechend dem Einkommensteuergesetz oder dem Körperschaftsteuergesetz zuzüglich jeweils 5,5 Prozent Solidaritätszuschlag hierauf zu versteuern. Zudem unterliegen diese Einkünfte der Gewerbesteuer. Der Abzug eventueller Verluste kann beschränkt sein.

### NICHT IN DEUTSCHLAND ANSÄSSIGE INVESTOREN

Ausländische Investoren in die Schuldverschreibungen, die nicht im steuerrechtlichen Sinn in Deutschland ansässig sind, unterliegen nicht der deutschen Besteuerung. Wenn jedoch der Investor in Deutschland ansässig ist, wird er genauso wie ein in Deutschland ansässiger Investor, vorbehaltlich einer Mindestbesteuerung für private Investoren, besteuert.

**INVESTMENTSTEUERGESETZ**

Die Schuldverschreibungen sollten nicht in den Anwendungsbereich des Investmentsteuergesetzes fallen.

**ANDERE STEUERN**

Der Erwerb, der Verkauf oder anderweitige Verfügungen über die Schuldverschreibungen führen nicht zur Erhebung von Kapitalverkehrsteuer, Umsatzsteuer oder Stempelsteuer in Deutschland.

## VERWALTUNGSTELLEN

### HAUPTZAHLSTELLE, VERWALTUNGSBANK, AUSTAUSCHSTELLE UND CUSTODIAN

Citibank, N.A. London
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB

### ZAHLSTELLE IN LUXEMBURG

Fortis Banque Luxembourg S.A.
50, avenue J.F. Kennedy
L-2951 Luxembourg

### ZAHLSTELLE IN DEUTSCHLAND

Citigroup Global Markets Deutschland AG & Co. KgaA
Reuterweg 16
60323 Frankfurt am Main
Germany

### TREUHÄNDER

Citicorp Trustee Company Limited
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB

### LISTING AGENT IN LUXEMBURG

Fortis Banque Luxembourg S.A.
50, avenue J.F. Kennedy
L2951 Luxembourg

# EQUITY FIRST PRODUCT PROGRAMME

## Allegro Investment Corporation S.A.

*(incorporated with limited liability (société anonyme) under the laws of the Grand Duchy of Luxembourg)*

On 23rd May, 2001, Allegro Investment Corporation S.A. established the Equity First Product Programme (the "**Programme**"). The aggregate principal amount of the Programme was increased from €5,000,000,000 to €7,500,000,000 with effect from 30th April, 2004, from €7,500,000,000 to €10,000,000,000 with effect from 11th June, 2004 and from €10,000,000,000 to €15,000,000,000 with effect from 11th November, 2005. This Base Prospectus supersedes and replaces in its entirety the previous Information Memorandum dated 11th June, 2004. Any Notes (as defined below) issued under the Programme on or after the date of this Base Prospectus are issued subject to the provisions set out in this Base Prospectus. This does not affect any Notes issued prior to the date of this Base Prospectus.

Under this Programme, Allegro Investment Corporation S.A. (the "**Issuer**"), a securitisation company within the meaning of and governed by the Luxembourg law of 22nd March, 2004 on securitisation (the "**Securitisation Law**") may from time to time issue bonds, notes or other securities (the "**Notes**") denominated in any currency as may be agreed by the Issuer with any relevant dealer(s) (whether acting as principal or agent), the initial dealer being specified on page 16 (the "**Initial Dealer**" and, together with any additional Dealers appointed under the Programme from time to time, each a "**Dealer**" and together the "**Dealers**"). Subject as set out herein, the maximum aggregate principal amount of all Notes issued by the Issuer from time to time will not at any time exceed €15,000,000,000 (or its equivalent in other currencies at the time of agreement to issue, subject as further set out herein). Notes may be issued in bearer or registered form, in each case as specified in the applicable Final Terms (as defined below).

Application has been made to the *Commission de Surveillance du Secteur Financier* (the "**CSSF**") in its capacity as competent authority under the Luxembourg act relating to prospectuses for securities (*loi relative aux prospectus pour valeurs mobilières*) (the "**Competent Authority**") for the approval of this Base Prospectus so that Notes issued under the Programme during the period of 12 months from the date of approval of this Base Prospectus by the Competent Authority may be admitted to trading on the Luxembourg Stock Exchange's regulated market and listed on the Luxembourg Stock Exchange. The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or markets as may be agreed between the Issuer and the relevant Dealer(s). The Issuer may also issue unlisted Notes.

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

Details of the aggregate principal amount, premium (if any), interest (if any) payable, the issue price and any other terms and conditions not contained herein, including details of the Charged Assets (if any), the Charged Agreements (if any), the Charging Document (if any), the Credit Support Document (if any), the Swap Counterparty (if any), the Credit Support Provider (if any), the Swap Guarantor (if any) and the Issuer Credit Enhancer (if any) (all as defined below), which are applicable to each Tranche (as defined on page 37), Class and Series (each as defined on page 35) of Notes will be contained in the final terms (the "**Final Terms**") which with respect to Notes to be listed on the Luxembourg Stock Exchange will be filed with the CSSF.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold in the United States (as defined in Regulation S ("**Regulation S**") under the Securities Act) or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) unless the Notes are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available. See "*Form of the Notes*" for a description of the manner in which Notes will be issued. Notes in registered form are subject to certain restrictions on transfer - see "*Subscription, Sale and Transfer Restrictions*" below.

Notes to be issued in bearer form (**"Bearer Notes**") will initially be represented by interests in a temporary global Note or a permanent global Note, in either case in bearer form (a "**Temporary Global Note**" and a "**Permanent Global Note**", respectively), without interest coupons, which may be deposited with a common depositary on behalf of Euroclear Bank S.A./N.V. as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") or such other clearing system approved by the Issuer and the Trustee (as defined on page 50) on the relevant issue date. Beneficial interests in a Temporary Global Note will be exchangeable either for beneficial interests in a Permanent Global Note or for Bearer Notes in definitive form ("**Definitive Bearer Notes**"). A Permanent Global Note will be exchangeable for Definitive Bearer Notes only in the limited circumstances set out in such Permanent Global Note.

Notes to be issued in registered form ("**Registered Notes**") and which are sold to non-U.S. persons in an "offshore transaction" within the meaning of Regulation S will be represented by interests in a permanent registered global note (an "**Unrestricted Global Note**"), without interest coupons, which will be registered in the name of a nominee for, and shall be deposited on its issue date with, a common depositary as custodian on behalf of Euroclear and Clearstream, Luxembourg. Unless otherwise specified in the relevant Final Terms, Notes of any Series in registered form that are offered and sold to investors in the United States or to or for the account or benefit of U.S. persons will be available either (as indicated in the applicable Final Terms) (i) in fully registered definitive form (each an "**Individual Certificate**") and will not be eligible for trading in The Depository Trust Company ("**DTC**"), Euroclear or Clearstream, Luxembourg or (ii) in the form of a permanent restricted global Note (a "**Restricted Global Note**"), without interest coupons, which will be deposited with a custodian for, and registered in the name of a nominee of, DTC on its issue date. Beneficial interests in an Unrestricted Global Note or a Restricted Global Note will be shown on, and transfers thereof will only be effected through, records maintained by DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and their respective participants. See "*Book-Entry Clearance Procedures Relating to Unrestricted Global Notes and Restricted Global Notes*" below. Prior to the expiry of the applicable Distribution Compliance Period (as defined in Regulation S), beneficial interests in an Unrestricted Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person (as defined in Regulation S) and may not be held otherwise than through Euroclear or Clearstream, Luxembourg.

**Prospective investors should be aware of the risk factors involved in investing in the Notes (see "*Risk Factors*" on page 10).**

*Arranger and Dealer*

**Citigroup**

The date of this Base Prospectus is 11th November, 2005.

This Base Prospectus comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the "**Prospectus Directive**").

Unless and to the extent otherwise specified in the applicable Final Terms, the obligations of the Issuer in respect of each Series of Notes will be secured in favour of the Trustee (i) in the Trust Deed (as defined on page 51) by the security interests described in Condition 3 of the Terms and Conditions of the Notes governed by English law over (a) certain bonds, notes, securities, commodities or other assets or contractual or other rights specified as Charged Assets in the applicable Final Terms, including all rights in respect thereof or relating thereto whether or not against third parties (the "**Charged Assets**") and (b) an assignment by way of first fixed security (or such other security as may be specified in the applicable Final Terms) over the Issuer's rights, title and interest in, to and under any specified guarantee, letter of credit or other similar arrangement (each a "**Credit Support Document**") given by the Credit Support Provider (the "**Credit Support Provider**") in favour of the Issuer in respect of any Charged Assets if specified in the applicable Final Terms and/or (ii) (if and to the extent specified in the applicable Final Terms) in the Charging Document (the "**Charging Document**") specified in the applicable Final Terms by security interests governed by the law(s) specified in the applicable Final Terms over (a) the Charged Assets and/or (b) the Credit Support Document(s). The Charged Assets may be substituted by alternative security in the circumstances described in Condition 3(b) of the Terms and Conditions of the Notes. Unless and to the extent otherwise specified in the applicable Final Terms, the obligations of the Issuer in respect of each Series of Notes will also be secured in favour of the Trustee by (i) an assignment by way of first fixed security of all of the Issuer's rights, title and interest in, to and under the Agency Agreement and the Custodial Services Agreement (each as defined on page 51) (including, without limitation, the rights of the Issuer in respect of all funds and assets held from time to time by the Principal Paying Agent, any Paying Agent, the Redemption Agent and/or, as the case may be, the Custodian (each as defined on page 51) for payment and/or delivery in respect of principal, premium (if any) or interest (if any) in respect of the Notes or otherwise in relation to the Notes), (ii) an assignment by way of first fixed security (or such other security as may be specified in the applicable Final Terms) over the Issuer's rights, title and interest in, to and under (a) specified interest rate and/or currency exchange agreements and/or other hedging agreements (each a "**Swap Agreement**") and/or (b) any guarantee or other credit support document in respect of the obligations of the Swap Counterparty (as defined below) under such Swap Agreement (each a "**Swap Guarantee**" and together with any Swap Agreement, the "**Charged Agreements**") given by any entity (each a "**Swap Guarantor**") and/or (c) any sale agreement relating to the Charged Assets, (iii) an assignment by way of first fixed security of all of the Issuer's rights, title and interest in, to and under any of its bank accounts in respect of the Notes of such Series and the debts represented thereby and (iv) such other security interest as may be specified in the applicable Final Terms. In addition, if so specified in the applicable Final Terms, the obligations of the Issuer under the Notes may be supported by means of a guarantee, insurance policy or other form of credit enhancement (a "**Notes Guarantee**") provided by a third party (the "**Issuer Credit Enhancer**"). Unless and to the extent otherwise specified in the applicable Final Terms, the claims of the counterparty to any Swap Agreement (each a "**Swap Counterparty**" (such term to include any successors and assigns)) will also be secured by the relevant Charged Assets and, if applicable, the relevant Credit Support Document(s). The ranking of the relative claims of, *inter alios*, the Noteholders and the Swap Counterparty over the Charged Assets and, if applicable, the relevant Credit Support Documents will be in accordance with the security ranking basis (the "**Security Ranking Basis**") specified in the applicable Final Terms. If so specified in the applicable Final Terms, the Issuer's obligations in respect of more than one Class within one Series of Notes may be secured on the same security on the terms set out in the Terms and Conditions of the Notes and the applicable Final Terms.

The secured creditors of all Series of Notes issued by the Issuer will also be secured under the Master Trust Deed (as defined on page 51) by a first floating charge governed by English law over the whole of the assets and undertaking of the Issuer, which will become enforceable upon formal notice being given of an intention to appoint an administrator in relation to the Issuer or an application being made to, or a petition being lodged or a document being filed with, the court for administration in relation to the Issuer, all as further described in the Master Trust Deed.

**(A)** **All payments to be made by the Issuer in respect of the Notes, Receipts (as defined below) and Coupons (as defined below) of each Series and the related Swap Agreement (if any) will be made only from and to the extent of the sums received or recovered from time to time by or on behalf of the Issuer or the Trustee in respect of (i) the relative Charged Assets and the relative Credit Support Document(s) and (ii) in the case of the Notes, Receipts and Coupons of each Series, the other Mortgaged Property (as defined in Condition 3(a)) in respect of such Series (applied, (a) prior to enforcement of the security for the Notes, in accordance with the order of priorities set out in the applicable Final Terms and (b) following enforcement of the security for the Notes, in accordance with the provisions of Condition 3(e) and the Security Ranking Basis (if applicable) specified in the applicable Final Terms);**

**(B)** **to the extent that such sums are less than the amount which the holders of the Notes, Receipts and Coupons and such Swap Counterparty (if any) may have expected to receive (the difference being referred to herein as a "shortfall"), such shortfall will be borne by such holders and by such Swap Counterparty (if any) (a) prior to enforcement of the security for the Notes, in accordance with the inverse of the order of priorities set out in the applicable Final Terms and (b) following enforcement of the security for the Notes, in accordance with the inverse of the order set forth in the provisions of Condition 3(e) and as the Security Ranking Basis (if applicable) specified in the applicable Final Terms;**

**(C)** **each holder of Notes, Receipts or Coupons, by subscribing for or purchasing such Notes, Receipts or Coupons, and each Swap Counterparty (if any) will be deemed to accept and acknowledge that it is fully aware that:**

**(i)** **the holders of the Notes, Receipts and Coupons and the Swap Counterparty (if any) shall look solely to the sums referred to in paragraph (A), as applied in accordance with paragraphs (A) and (B) above, (the "Relevant Sums") for payments to be made by the Issuer hereunder in respect of the Notes, Receipts and Coupons and the Swap Agreement (if any);**

**(ii)** **the obligations of the Issuer to make payments in respect of the Notes, Receipts and Coupons and the Swap Agreement (if any) will be limited to the Relevant Sums and the holders of the Notes, Receipts and Coupons and the Swap Counterparty (if any) shall have no further recourse to the Issuer in respect of the Notes, the Receipts, the Coupons and the Swap Agreement (if any), respectively;**

**(iii)** **without prejudice to the foregoing, any right of the holders of the Notes, Receipts and Coupons and the Swap Counterparty (if any) to claim payment of any amount exceeding the Relevant Sums shall be automatically extinguished; and**

**(iv) the holders of the Notes, Receipts and Coupons and the Swap Counterparty (if any) shall not be able to petition for the winding up of the Issuer as a consequence of any such shortfall.**

**Such limitation shall be without prejudice to any claims against the Issuer Credit Enhancer (if any).**

**No such shortfall shall constitute an Event of Default under Condition 11 (*Events of Default*) or entitle the Swap Counterparty (if any), the Swap Guarantor (if any) or the Credit Support Provider (if any) to terminate the remainder of the Charged Agreements or the Credit Support Document(s).**

None of the Trustee, the shareholders of the Issuer, any Swap Counterparty, any Swap Guarantor or any Credit Support Provider has any obligation to any Noteholder, Receiptholder or Couponholder for payment of any amount by the Issuer in respect of the Notes, Receipts or Coupons.

The Programme is not rated, but it is expected that certain Notes issued under the Programme may be rated by Moody's Investors Service Limited, as further described under "*Summary*" herein and as specified in the applicable Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency. A suspension, change or withdrawal of the rating assigned to the Notes may adversely affect the market price of the Notes. Series of Notes issued by the Issuer under the Programme may involve a rated Class or Classes of Notes. It is expected that each Rating Agency, if asked to rate any Class or Classes of Notes within a Series issued by the Issuer under the Programme, may make a condition of rating such Class or Classes of Notes that it has rated at least one Class of Notes of each other Series issued by the Issuer or has otherwise reviewed all other Series of Notes issued by the Issuer under the Programme.

This Base Prospectus has been prepared, *inter alia*, for the purpose of providing information with regard to the Issuer and the Notes. In the context of the issue and offering of any Notes by it, the Issuer (the "**Responsible Person**") accepts responsibility for the information contained in this Base Prospectus. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

The information contained in the section headed "*Information concerning Citibank, N.A.*" and "*Information concerning Citigroup Inc.*" has been extracted from information published by Citibank, N.A. and Citigroup Inc. The Issuer 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 Citibank, N.A., no facts have been omitted which would render the reproduced information inaccurate or misleading.

This Base Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*" below).

None of the Trustee, the Dealers, the Arranger (as defined on page 16), the Share Trustees and the Administrator (as defined on page 17) have or will have separately verified the information contained herein or in any Final Terms. Accordingly, no representation, warranty or undertaking, express or implied, is or will be made and no responsibility or liability is or will be accepted by or imposed on the Trustee, the Dealers, the Share Trustees, the Arranger or the Administrator as to the accuracy or completeness of the information contained in this Base Prospectus or in any Final Terms or any other information provided by the Issuer in connection with the Programme or the Notes or their distribution. The statements made in this paragraph are made without prejudice to the responsibility of the Issuer under the Programme.

No person is, has been or will be authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any Final Terms or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Trustee or any of the Dealers.

Neither this Base Prospectus nor any Final Terms or other information supplied in connection with the Programme or the Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation or as constituting an invitation or offer by the Issuer, the Trustee, the Arranger, the Share Trustees, the Administrator or any of the Dealers that any recipient of this Base Prospectus or any Final Terms or other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer, the relevant Swap Counterparty (if any), the relevant Issuer Credit Enhancer (if any), the relevant Credit Support Provider (if any), the relevant Swap Guarantor (if any), the obligor under the relevant Charged Assets and the past and possible future performance of any relevant index or security. (See "*Risk Factors*" below for a discussion of certain factors to be considered in connection with an investment in the Notes.) Neither this Base Prospectus nor any Final Terms or other information supplied in connection with the Programme or any Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Dealers to any person to subscribe for or to purchase any Notes.

The delivery of this Base Prospectus or any Final Terms or the offering, sale or delivery of any Notes shall not at any time or in any circumstances imply that the information contained herein or therein concerning the Issuer is correct at any time subsequent to the date hereof or thereof (as the case may be) or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Trustee, the Dealers, the Arranger, the Share Trustees and the Administrator expressly do not undertake to review the financial condition or affairs of the Issuer, any Swap Counterparty, any Issuer Credit Enhancer, any Credit Support Provider, any Swap Guarantor or any obligor under any Charged Assets during the life of the Programme. Investors should review, *inter alia*, the most recent financial statements, if any, of the Issuer, the relevant Swap Counterparty (if any), the relevant Issuer Credit Enhancer (if any), the relevant Credit Support Provider (if any), the relevant Swap Guarantor (if any) and the obligor under the relevant Charged Assets when deciding whether or not to purchase any Notes.

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus or any Final Terms and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Trustee, the Arranger, the Share Trustees, the Administrator and the Dealers do not and will not represent that this Base Prospectus or any Final Terms may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been or will be taken by the Issuer, the Trustee, the Arranger, the Share Trustees, the Administrator or the Dealers which would permit a public offering of the Notes or distribution of this Base Prospectus or any Final Terms in any jurisdiction where action for that purpose is

required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Base Prospectus nor any Final Terms or advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Final Terms or Notes come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Base Prospectus or any Final Terms and the offer or sale of Notes in the United States (or to or for the account or benefit of U.S. persons) and the European Economic Area (including the United Kingdom) (see "*Subscription, Sale and Transfer Restrictions*" below).

The Notes have not been and will not be registered under the Securities Act. Consequently, the Notes may not be offered, sold, resold, delivered or transferred within the United States or to, or for the account or benefit of, U.S. persons except in accordance with the Securities Act or pursuant to exemptions therefrom. For a description of certain restrictions on offers and sales of the Notes and on the distribution of this Base Prospectus, see "*Subscription, Sale and Transfer Restrictions*" below.

The Issuer has not registered, and will not register, as an "investment company" under the U.S. Investment Company Act of 1940, as amended (the "**Investment Company Act**"). The Issuer is not required to register under the Investment Company Act in reliance on Section 3(c)(7) thereof which, in general, excludes from the definition of an investment company any issuer the outstanding securities of which are owned exclusively by persons who are "qualified purchasers" (as defined in Section 2(a)(51) of the Investment Company Act and the rules and regulations thereunder) and which has not made and does not propose to make a public offering of its securities. Accordingly, the Notes will be offered and sold and resales will only be permitted under circumstances designed to preclude the Issuer from having to register under the Investment Company Act.

Offers and sales in the United States of Notes issued by the Issuer may only be made to Section 3(c)(7) Eligible Investors in private transactions exempt from the registration requirements of the Securities Act. Resales of Notes issued by the Issuer in registered form in the United States may only be made to Section 3(c)(7) Eligible Investors in transactions pursuant to, and meeting the requirements of, Rule 144A under the Securities Act ("**Rule 144A**"). "**Section 3(c)(7) Eligible Investors**" are persons who are "qualified institutional buyers" (as defined in Rule 144A) ("**QIBs**"), but excluding therefrom: (i) QIBs which are broker-dealers which own and invest on a discretionary basis less than U.S.$25,000,000 in securities, of issuers not affiliated to such QIB, (ii) partnerships, common trust funds, special trusts, pension funds, retirement plans or other entities in which the partners, beneficiaries or participants, as the case may be, may designate the particular investments to be made or the allocation thereof, (iii) entities that were formed, re-formed or recapitalised for the specific purpose of investing in the Notes, (iv) any investment company excepted from the Investment Company Act under Section 3(c)(1) or 3(c)(7) thereof and formed before 30th April, 1996, which has not received consent from its beneficial owners with respect to the treatment of such entity as a qualified purchaser in the manner required by Section 2(a)(51)(C) of the Investment Company Act and the rules thereunder and (v) any entity that will have invested more than 40 per cent. of its assets in securities of the Issuer subsequent to any purchase of Notes of the Issuer.

Each purchaser of Notes offered and sold in the United States under Rule 144A is hereby notified that the offer and sale of such Notes to it is being made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A and the Issuer has agreed to furnish to investors upon request such information as may be required by Rule 144A.

By its purchase of any Notes, each purchaser in the United States shall be deemed to have agreed to the restrictions contained in any legend endorsed on the Notes purchased by it and such purchaser shall be deemed to have represented to the Issuer and the seller and the Dealers, if applicable, that it is a Section 3(c)(7) Eligible Investor, that it is acquiring the Notes for its own account for investment and not with a view to the distribution thereof, and that it will not offer or sell such Notes except in compliance with the registration requirements of the Securities Act and the applicable laws of each state of the United States or in transactions exempt from, or not subject to, such registration requirements.

In addition, as specified in the applicable Final Terms, Registered Notes evidenced by Individual Certificates may not be offered, sold or transferred, and the Registrar (as defined on page 16) shall not register any proposed sale or transfer of such Notes, to any U.S. person other than a Dealer, or one of its affiliates that qualifies as a Section 3(c)(7) Eligible Investor, unless the Registrar and the Issuer shall have received (i) a certificate of transfer in the form set out in Schedule 3 Part II of the Agency Agreement (a "**Transfer Certificate**") duly executed by the transferor and (ii) an investment letter in the form set out in Schedule 4 Part II of the Agency Agreement (an "**Investment Letter**") duly executed by the proposed transferee. Consent to any transfer of a Note may be withheld only to ensure compliance with, or an exemption under, applicable law. Registered Notes evidenced by a Restricted Global Note may only be transferred in accordance with the restrictions set out in the Restricted Global Note and in accordance with the rules and procedures of DTC, as in effect from time to time. See "*Subscription, Sale and Transfer Restrictions*" below.

Unless otherwise specified in the applicable Final Terms, each purchaser or holder of a Note shall be deemed to have represented by such purchase and/or holding that it is not a benefit plan investor, is not using the assets of a benefit plan investor to acquire the Notes, and shall not at any time hold such Notes for or on behalf of a benefit plan investor. For the purposes hereof, "**benefit plan investor**" means (a) an employee benefit plan (as defined in Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended, ("**ERISA**")), whether or not subject to ERISA, and specifically including pension plans maintained outside of the U.S., (b) a plan described in Section 4975(e)(1) of the U.S. Internal Revenue Code of 1986, as amended (the "**Internal Revenue Code**"), or (c) any entity whose underlying assets include plan assets by reason of a plan's investment in the entity under U.S. Department of Labor Regulations § 2510.3-101 (29 C.F.R. § 2510.3-101).

Offers to purchase and subsequent transfers of Notes will be subject to the foregoing restriction, and an investor's ability to resell the Notes may therefore be limited. Sales and transfers of Notes that would cause the Issuer to be required to register as an "investment company" under the Investment Company Act will be void *ab initio* and will not be honoured by the Issuer and the Issuer shall have the right at any time, at the expense and risk of the holder of Notes held by or on behalf of a U.S. person who is not a Section 3(c)(7) Eligible Investor at the time it purchases such Notes (i) to redeem such Notes, in whole or in part, to permit the Issuer to avoid registration under the Investment Company Act or (ii) to require such holder to sell such Notes to a Section 3(c)(7) Eligible Investor or to a non-U.S. person outside the United States.

The Bearer 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 United States persons, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the Internal Revenue Code and the regulations promulgated thereunder.

Notwithstanding any other express or implied agreement to the contrary, the Issuer, the Dealer, the Trustee and the Principal Paying Agent and each recipient hereof and each of their employees, representatives, and other agents may disclose, immediately upon commencement of discussions, to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transaction and all materials of any kind (including, subject to any restrictions imposed therein, opinions or other tax analyses) that are provided to any of them relating to such tax treatment and tax structure, except where confidentiality is reasonably necessary to comply with U.S. federal or state securities laws. For purposes of this paragraph, the terms "tax", "tax treatment", "tax structure", and "tax benefit" are defined under Treasury Regulation Section 1.6011-4(c).

All references in this Base Prospectus or any Final Terms to "**U.S. dollars**" and "**U.S.$**" are to the currency of the United States of America, those to "**Sterling**" and "**£**" are to the currency of the United Kingdom, those to "**Yen**" and "**¥**" are to the currency of Japan and those to "**euro**" and "**€**" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Communities, as amended by the Treaty on European Union and the Treaty of Amsterdam.

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

NOTICE TO RESIDENTS OF FLORIDA: THE NOTES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE FLORIDA SECURITIES AND INVESTORS PROTECTION ACT (THE "**FLORIDA ACT**") IN RELIANCE UPON EXEMPTIVE PROVISIONS CONTAINED THEREIN. SECTION 517.061(11)(a) OF THE FLORIDA ACT PROVIDES THAT WHEN SALES ARE MADE TO FIVE OR MORE PERSONS IN THE STATE OF FLORIDA, ANY PURCHASER OF THE NOTES IN THE STATE OF FLORIDA, WHICH ARE EXEMPTED FROM REGISTRATION UNDER SECTION 517.061(11) OF THE FLORIDA ACT MAY WITHDRAW THEIR SUBSCRIPTION AGREEMENT AND RECEIVE A FULL REFUND OF ALL MONIES PAID WITHIN THREE (3) BUSINESS DAYS AFTER THE LATER OF (I) THE DATE THE PURCHASER TENDERS CONSIDERATION FOR SUCH NOTES AND (II) THE DATE THE STATUTORY RIGHT OF RESCISSION IS COMMUNICATED TO THE PURCHASER. ANY FLORIDA RESIDENT WHO PURCHASES THE NOTES IS ENTITLED TO EXERCISE THE FOREGOING STATUTORY RESCISSION RIGHT BY SENDING A LETTER OR TELEGRAM TO THE ISSUER AT THE ADDRESS INDICATED HEREIN. ANY SUCH LETTER OR TELEGRAM SHOULD BE SENT AND POSTMARKED PRIOR TO THE END OF THE AFOREMENTIONED THIRD BUSINESS DAY. IF A LETTER IS SENT, IT IS PRUDENT TO SEND SUCH LETTER BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO ASSURE THAT IT IS RECEIVED AND ALSO TO HAVE EVIDENCE OF THE TIME THAT IT WAS MAILED. IF THE REQUEST IS MADE ORALLY (IN PERSON OR BY TELEPHONE TO THE ISSUER), A WRITTEN CONFIRMATION THAT THE REQUEST HAS BEEN RECEIVED SHOULD BE REQUESTED.

**The Notes have not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not reviewed this document nor confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offence.**

**In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager(s)) may over-allot Notes (provided that, in the case of any Tranche of Notes to be admitted to trading on the Luxembourg Stock Exchange, the aggregate principal amount of 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 of the Class and/or Series of which such Tranche forms part at a level higher than that which might otherwise prevail. However, there may be no obligation on the stabilising manager or any person acting on behalf of the stabilising manager to undertake stabilisation action. Such stabilising may commence 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 commenced, must be discontinued no later than the date that is the earlier of (a) 30 days after the Issue Date of the relevant Tranche of Notes and (b) 60 days after the date of allotment of the relevant Tranche of Notes, and may be discontinued at any time before then. Such stabilising shall be in compliance with all relevant laws and regulations.**

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## SUMMARY

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

**Information relating to the Issuer:**

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| **Description:** | Allegro Investment Corporation S.A., a special purpose vehicle incorporated under the law of the Grand Duchy of Luxembourg on 22nd May, 2001.<br><br>The Issuer is a securitisation company authorised and supervised by the CSSF pursuant to the Securitisation Law. Under the Securitisation Law, the assets, liabilities and obligations of the Issuer are segregated into separate Compartments. The assets of each Compartment are, by operation of the Securitisation Law, only available to satisfy the liabilities and obligations of the Issuer which are incurred in relation to that Compartment.<br><br>Other information about the Issuer is set out under "*Description of the Issuer*" below. |
| **Business:** | The business of the Issuer is restricted by the terms of the Trust Deed and the only assets of the Issuer available to meet claims of Noteholders, Receiptholders and Couponholders (if any) of the relevant Notes are the assets comprised in the relevant collection of assets, rights and other benefits comprising the security for the Notes.<br><br>The restrictions on the activities of the Issuer are set out under "*Business of the Issuer*" below. |

**Information relating to the Programme:**

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| **Description:** | Equity First Product Programme under which the Issuer may issue Notes in bearer or registered form and denominated in any currency.<br><br>Notes issued under the Programme may be admitted to trading on Luxembourg Stock Exchange's regulated market and listed on the Luxembourg Stock Exchange. In addition, Notes issued under the Programme may be rated by Moody's Investors Service Limited.<br><br>The types of Notes that may be issued under the Programme include Fixed Rate Notes, Floating Rate Notes, Index Linked Notes, Dual Currency Notes, Zero Coupon Notes and Equity-Linked Notes.<br><br>These and the other main features of the Programme are set out under "*Description of the Programme*" below. |

**Information relating to the Notes:**

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| **Description:** | The Notes of each Series will be secured, limited recourse obligations of the Issuer ranking *pari passu* and without preference among themselves. The Notes are constituted by, and in accordance with, the Trust Deed and are subject to the Terms and Conditions as supplemented by the applicable Final Terms. |
| **Security:** | Unless and to the extent otherwise specified in the applicable Final Terms, the obligations of the Issuer in respect of each Series of Notes issued under the Programme will be secured in favour of the Trustee over the Charged Assets, the Charged Agreements and any Credit Support Documents of the relevant Series and over certain other assets of the Issuer specified in respect of the relevant Series.<br><br>In addition, if so specified in the applicable Final Terms, the obligations of the Issuer under the Notes may be supported by a Notes Guarantee provided by an Issuer Credit Enhancer.<br><br>Prior to the enforcement of the security for the Notes, the proceeds of the Mortgaged Property of the relevant Series will be applied in accordance with the order of priorities set out in the applicable Final Terms.<br><br>In the event of the security for the Notes being enforced, the ranking of the relative claims of, *inter alios*, the Noteholders and the Swap Counterparty over the secured property of the relevant Series will be in accordance with the Security Ranking Basis.<br><br>These arrangements and the other terms and conditions on which Notes may be issued under the Programme are set out under "*Terms and Conditions of the Notes*" below, as supplemented by the applicable Final Terms. |
| **Swap Agreements** | The Issuer's obligations under the Notes may be hedged through one or more Swap Agreements which are expected to be entered into with one or more of Citigroup Global Markets Limited, Citibank N.A. or Citigroup Financial Products Inc. If the Swap Counterparty is Citigroup Global Markets Limited or Citigroup Financial Products Inc., the obligations of the Swap Counterparty will be guaranteed by Citigroup Inc.<br><br>A description of the terms of any Swap Agreement entered into by the Issuer is set out under "*The Swap Agreement*" below and the form of the guarantees provided by Citigroup Inc. is set out under "*The Form of Swap Guarantees*" below. |

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| **Redemption:** | Subject to the following, the Notes will redeem at maturity.<br><br>The Notes may be redeemed prior to maturity upon the occurrence of certain specified events or, if so specified in the applicable Final Terms, at the option of the Issuer or the Noteholders.<br><br>These arrangements are set out under "*Terms and Conditions of the Notes*" below, as supplemented by the applicable Final Terms. |
| **Risk Factors:** | The Issuer is a special purpose limited liability company which does not have substantial assets of its own to support its obligations under the Notes and amounts due to Noteholders will only be paid from Charged Assets and/or with funds paid to the Issuer under the Swap Agreement(s). If a Swap Counterparty fails to meet any of its payment obligations under the terms of the relevant Swap Agreement, the Swap Guarantor will be obliged to meet such payment obligations.<br><br>Therefore Noteholders assume full credit risk of the Issuer, any obligor of the Charged Assets, the Swap Counterparty and the Swap Guarantor and, in certain circumstances, payments to Noteholders (of income, principal or both) will be reduced. In these circumstances, the amount received by Noteholders could be less than the amount initially invested and could be zero.<br><br>In the event of such a shortfall, Noteholders will not, under the terms of the Notes, have any further rights or claims against or to the assets of the Issuer beyond their pro-rata entitlement to payments received by the Issuer under the Charged Assets and/or the Swap Agreement(s), and will bear any such shortfall rateably. In particular, Noteholders will have no right to petition for the winding up of the Issuer.<br><br>These risk factors and others specific to the Issuer and its industry are set out under "*Risk Factors*" below. |

## RISK FACTORS

*The purchase of Notes may involve substantial risks and is suitable only for investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the Notes. Unless otherwise specified in the applicable Final Terms, the Notes are not principal protected and purchasers of Notes are exposed to full loss of principal.*

*The Issuer believes that the following factors may be relevant to it and its industry. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and, in the light of their own financial circumstances and investment objectives, reach their own views prior to making any investment decision.*

### FACTORS RELATED TO THE ISSUER

#### Limited recourse

*Limitation on recourse in event of a shortfall*

(A) All payments to be made by the Issuer in respect of the Notes, Receipts and Coupons of each Series and the related Swap Agreement (if any) will be made only from and to the extent of the sums received or recovered from time to time by or on behalf of the Issuer or the Trustee in respect of (i) the relative Charged Assets and the relative Credit Support Document(s) and (ii) in the case of the Notes, Receipts and Coupons of each Series, the other Mortgaged Property (as defined in Condition 3(a)) in respect of such Series (applied, (a) prior to enforcement of the security for the Notes, in accordance with the order of priorities set out in the applicable Final Terms and (b) following enforcement of the security for the Notes, in accordance with the provisions of Condition 3(e) and the Security Ranking Basis (if applicable) specified in the applicable Final Terms);

(B) to the extent that such sums are less than the amount which the holders of the Notes, Receipts and Coupons and such Swap Counterparty (if any) may have expected to receive (the difference being referred to herein as a "**shortfall**"), such shortfall will be borne by such holders and by such Swap Counterparty (if any) (a) prior to enforcement of the security for the Notes, in accordance with the inverse of the order of priorities set out in the applicable Final Terms and (b) following enforcement of the security for the Notes, in accordance with the inverse of the order set forth in the provisions of Condition 3(e) and as the Security Ranking Basis (if applicable) specified in the applicable Final Terms; and

(C) each holder of Notes, Receipts or Coupons, by subscribing for or purchasing such Notes, Receipts or Coupons and each Swap Counterparty (if any), will be deemed to accept and acknowledge that it is fully aware that:

(i) the holders of the Notes, Receipts and Coupons and the Swap Counterparty (if any) shall look solely to the sums referred to in paragraph (A), as applied in accordance with paragraphs (A) and (B) above, (the "**Relevant Sums**") for payments to be made by the Issuer in respect of the Notes, Receipts and Coupons and the Swap Agreement (if any);

(ii) the obligations of the Issuer to make payments in respect of the Notes, Receipts and Coupons and the Swap Agreement (if any) will be limited to the Relevant Sums and the

holders of the Notes, Receipts and Coupons and the Swap Counterparty (if any) shall have no further recourse to the Issuer in respect of the Notes, Receipts, Coupons and the Swap Agreement (if any), respectively;

(iii) without prejudice to the foregoing, any right of the holders of the Notes, Receipts and Coupons and the Swap Counterparty (if any) to claim payment of any amount exceeding the Relevant Sums shall be automatically extinguished; and

(iv) the holders of the Notes, Receipts and Coupons and the Swap Counterparty (if any) shall not be able to petition for the winding-up of the Issuer as a consequence of any such shortfall.

Such limitation shall be without prejudice to any claims against the Issuer Credit Enhancer (if any).

No such shortfall shall constitute an Event of Default under Condition 11 (*Events of Default*) nor entitle the Swap Counterparty (if any), the Swap Guarantor (if any) or the Credit Support Provider (if any) to terminate the remainder of the Charged Agreement(s) or the Credit Support Document(s).

None of the Trustee, the shareholders of the Issuer, any Swap Counterparty, any Swap Guarantor or any Credit Support Provider has any obligation to any Noteholder, Receiptholder or Couponholder for payment of any amount by the Issuer in respect of the Notes, Receipts or Coupons.

For the avoidance of doubt, Notes are not, and do not represent or convey any interest in a direct or indirect obligation of the obligors of the Charged Assets, nor do they confer on the Noteholder any right (whether in respect of voting, dividend or other distributions in respect of the Charged Assets) which the holder of any of the Charged Assets may have. The Issuer is not an agent of the Noteholders for any purpose.

*Limitation on recourse to other Compartments of the Issuer*

The Issuer is established as a securitisation company (*société de titrisation*) within the meaning of the Securitisation Law which provides that the rights of creditors against the Issuer whose claims have arisen in relation to a specific Compartment of the Issuer are, as a general rule, strictly limited to the net assets of such Compartment without any recourse to the assets of any other Compartment of the Issuer or any other assets of the Issuer.

Further, pursuant to the Securitisation Law, the proceeds of a Compartment are, as a general rule, available only for distribution to creditors whose claims have arisen in connection with the creation, the operation or the liquidation of that specific Compartment or have been properly allocated thereto. A creditor of the Issuer may have claims against the Issuer in respect of liabilities or obligations which arise in connection with more than one Compartment, in which case the claims in respect of each individual Compartment will be limited to the assets of such Compartment only.

**Enforcement of legal liabilities**

The Issuer is incorporated under the laws of the Grand Duchy of Luxembourg. All of the directors of the Issuer named herein reside, and all or a significant portion of the assets of such persons are, and substantially all of the assets of the Issuer are, located outside the United States. It may not be possible to enforce, in original actions in the Grand Duchy of Luxembourg courts, liabilities predicted solely on U.S. federal securities laws.

## FACTORS RELATED TO THE PROGRAMME AND THE NOTES

### Charged Assets

The Charged Assets (if any) for each Series of Notes will be subject to credit, liquidity and interest rate risks. In some transactions, all or substantially all of the Charged Assets securing the Notes of any Series may be rated below investment grade and will have greater credit and liquidity risk. To the extent that a default occurs with respect to any Charged Asset securing the Notes of any Series and the Redemption Agent sells or otherwise disposes of such Charged Asset, it is not likely that the proceeds of such sale or disposition will be equal to the unpaid principal and interest thereon. Even in the absence of a default with respect to any of the Charged Assets securing any Series of Notes, due to potential market volatility, the market value of such Charged Assets at any time will vary, and may vary substantially, from the price at which such Charged Assets were initially purchased and from the principal amount of such Charged Assets. Accordingly, no assurance can be given as to the amount of proceeds of any sale or disposition, or the amount received or recovered upon maturity, of such Charged Assets securing any Series of Notes, or that the proceeds of any such sale or disposition would be sufficient to repay principal of and interest on the Notes of the related Series and amounts payable prior thereto. In the event of an insolvency of an issuer of the Charged Assets, various insolvency and related laws applicable to such issuer may limit the amount the Redemption Agent may recover.

In addition to the risks described above, if the Charged Assets are in the form of interests in loans rather than bonds, the Charged Assets will generally be subject to additional liquidity and, in some cases, credit risks. Loans are not generally traded in organised exchange markets but are traded by banks and other institutional investors engaged in loan syndications. Consequently, the liquidity of any loans included in the Charged Assets securing a given Series of Notes will depend on the liquidity of these trading markets, and there can be no assurance that there will be any market for any loan securing a Series of Notes if the Redemption Agent is required to sell or otherwise dispose of such loan. In addition, if so specified in the applicable Final Terms, the Charged Assets for a given Series of Notes may include participation interests in loans. Holders of loan participations are subject to additional risks not applicable to a holder of a direct interest in a loan. A holder of a participation interest may be subject to the credit risk of the participating institution, which will remain the legal owner of record of the applicable loan. Participants also do not generally benefit from the collateral (if any) supporting the loans in which they have an interest because loan participations generally do not provide a purchaser with direct rights to enforce compliance by the obligor with the terms of the loan agreement, nor do they provide any rights of set-off against the obligor.

If the Charged Assets are in the form of interests in equities, a relatively small movement in the closing level of the equities can result in a disproportionately large movement in the price of the Notes.

### The different Classes of Notes

Unless otherwise specified in the applicable Final Terms, upon the enforcement of the security for Notes of a Series comprising more than one Class, payment of amounts due to the holders of a Class of Notes ranking senior to one or more junior ranking Class or Classes of Notes shall be made before payment is made to the next most senior ranking Class of Notes. Thus, the rights to receive payments in respect of more junior ranking Class or Classes of Notes are junior and subordinate to the rights to receive payments in respect of more senior ranking Class or Classes of Notes. The risks of delays in payments or ultimate non-payment of principal and/or interest will be borne disproportionately by holders of the more junior ranking Class or Classes of Notes as compared to holders of more senior ranking Class or Classes of Notes.

The Trustee will generally be required to have regard to the separate interests of the holders of each Class. However, in certain circumstances the Trustee shall be required not to have regard to the interests of the holders of a Class of Notes ranking junior to one or more senior ranking Class of Notes to the extent any of such senior Class or Classes of Notes remain outstanding.

**Taxation**

Each Noteholder will assume and be solely responsible for any and all taxes of any jurisdiction or governmental or regulatory authority, including, without limitation, any state or local taxes or other like assessment or charges that may be applicable to any payment to it in respect of the Notes. The Issuer will not pay any additional amounts to Noteholders to reimburse them for any tax, assessment or charge required to be withheld or deducted from payments in respect of the Notes by the Issuer or any Paying Agents.

**Investment Company Act**

Sales or transfers of Notes that would cause the Issuer to be required to register as an "investment company" under the Investment Company Act will be void *ab initio* and will not be honoured by the Issuer. The Issuer shall have the right at any time, at the expense and risk of the holder of Notes held by or on behalf of a U.S. person who is not a Section 3(c)(7) Eligible Investor at the time it purchases such Notes, (i) to redeem such Notes, in whole or in part, to permit the Issuer to avoid registration under the Investment Company Act or (ii) to require such holder to sell such Notes to a Section 3(c)(7) Eligible Investor or to a non-U.S. person outside the United States.

**Credit Risk**

A prospective purchaser of the Notes should have such knowledge and experience in financial and business matters and expertise in assessing credit risk that it is capable of evaluating the merits, risks and suitability of investing in the Notes including any credit risk associated with the Issuer, Swap Counterparty (if any), Swap Guarantor (if any), Credit Support Provider (if any) and Issuer Credit Enhancer (if any).

**Provision of information**

None of the Issuer, the Arranger, the Share Trustees, the Administrator, the Trustee, the Agents, the Dealers or any affiliate makes any representation as to the credit quality of any Swap Counterparty, Swap Guarantor, Issuer Credit Enhancer, Credit Support Provider or obligor of a Charged Asset. Any of such persons may have acquired, or during the term of the Notes may acquire, non-public information with respect to any Swap Counterparty, Swap Guarantor, Issuer Credit Enhancer, Credit Support Provider or obligor of a Charged Asset. None of such persons is under any obligation to make available any information relating to, or keep under review on the Noteholders' behalf, the business, financial conditions, prospects, creditworthiness or status of affairs of the obligors of the Charged Assets or conduct any investigation or due diligence into the obligors of the Charged Assets.

**Business relationships**

The Issuer, the Dealers, the Arranger, the Trustee, the Share Trustees, the Administrator, the Agents or any of their affiliates may have existing or future business relationships with any Swap Counterparty, Swap Guarantor, Issuer Credit Enhancer, Credit Support Provider or obligor of a Charged Asset (including, but not limited to, lending, depository, risk management, advisory and banking relationships) and will pursue actions and take steps that they deem or it deems necessary or appropriate to protect their or its interests arising therefrom without regard to the consequences for a Noteholder. Furthermore, the Dealers, the Arranger, the Trustee, the Share Trustees, the Administrator, the Agents or any of their respective affiliates may buy, sell or hold positions in obligations of, or act as investment or commercial bankers, advisers or fiduciaries to, or hold directorship and officer positions in, any obligor of a Charged Asset.

**Legality of purchase**

None of the Issuer, the Arranger, the Share Trustees, the Administrator, the Dealers or any of their respective affiliates has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective purchaser of the Notes, whether under the laws of the jurisdiction of its incorporation or the

jurisdiction in which it operates (if different), or for compliance by that prospective purchaser with any law, regulation or regulatory policy applicable to it. However, notwithstanding the lawfulness of any acquisition of the Notes, where Notes are held by or on behalf of a U.S. person (as defined in Regulation S) who is not a Section 3(c)(7) Eligible Investor at the time it purchases such Notes, the Issuer may, in its discretion and at the expense and risk of such holder, (i) redeem the Notes, in whole or in part, of any such holder who holds any Note in violation of the applicable transfer restrictions or (ii) compel any such holder to transfer the Notes to a Section 3(c)(7) Eligible Investor or to a non-U.S. person outside the United States.

**Payment to third parties by Dealers**

In the context of an issuance of Notes, a Dealer may make payments of introduction, finding or structuring fees to third parties who may or may not be connected with the investor to whom the relevant Dealer initially sells the Notes.

**Independent review and advice**

Each prospective purchaser of Notes must determine, based on its own independent review and such professional advice (including, without limitation, tax, accounting, credit, legal and regulatory advice) as it deems appropriate under the circumstances, that its acquisition and holding of the Notes (i) is fully consistent with its (or if it is acquiring the Notes in a fiduciary capacity, the beneficiary's) financial needs, objectives and condition, (ii) complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it (whether acquiring the Notes as principal or in a fiduciary capacity) and (iii) is a fit, proper and suitable investment for it (or if it is acquiring the Notes in a fiduciary capacity, for the beneficiary), notwithstanding the clear and substantial risks inherent in investing in or holding the Notes. None of the Issuer, the Arranger, the Share Trustees, the Administrator, the Dealers or any of their respective affiliates is acting as an investment adviser, or assumes any fiduciary obligation, to any purchaser of Notes.

**No reliance**

A prospective purchaser may not rely on the Issuer, the Arranger, the Dealers, the Trustee, the Share Trustees, the Administrator, the Arranger, the Agents or any affiliate in connection with its determination as to the legality of its acquisition of the Notes or as to the other matters referred to above.

**Transfer of Confirmations**

If so specified in the applicable Final Terms, the Issuer shall have entered into an ISDA Master Agreement (including the Schedule thereto) and one or more confirmations thereto (each a "**Confirmation**") each with an effective date of the Issue Date of the relevant notes with the relevant Swap Counterparty.

The terms of the Confirmation provide that any Swap Counterparty may, without the consent of Noteholders or the Issuer, transfer all or part of its interest and obligations in and under the relevant Swap Agreement to any affiliate of such Swap Counterparty provided that such affiliate either: (i) has at least an equivalent credit rating as of the date of such transfer to that of the Swap Guarantor as of the date of such transfer; or (ii) is guaranteed by the Swap Guarantor or an affiliate of such Swap Counterparty that has a credit rating as at the date of such transfer that is at least equivalent to that of the Swap Guarantor as at the date of such transfer on substantially the same terms as the existing guarantee of such Swap Counterparty's obligations, and provided that certain requirements and conditions set out in the Confirmation and the Supplemental Trust Deed have been satisfied. These requirements and conditions include (without limitation) the requirement that: (i) the affiliate transferee shall, at the time of such transfer, have entered into an ISDA Master Agreement with the Issuer on substantially the same terms as the ISDA Master Agreement between the Issuer and such Swap Counterparty; (ii) if so specified in the applicable Final Terms, after the transfer of any part of the relevant Swap Agreement there will be no more than two Swap Agreements (each documented by no more than one Confirmation) at any one time, (iii) as of the date of such transfer the affiliate transferee will not, as a result of such transfer, be required to withhold or deduct

on account of tax under the ISDA Master Agreement, and (iv) Moody's has provided prior written notification that the then current ratings of the Notes will not be adversely affected.

Consequently, in the case of a transfer of a Confirmation to an affiliate transferee having at least an equivalent credit rating as of the date of such transfer to that of the Swap Guarantor or is guaranteed by an affiliate of such Swap Counterparty (other than the Swap Guarantor) that as of the date of such transfer is so rated, the Issuer and ultimately the Noteholders will be exposed to the creditworthiness of such affiliate transferee or such other swap guarantor, as the case may be, and its respective ability to meet the payment obligations that have been so transferred in substitution for an exposure to the Swap Guarantor. As a result of any transfer of a Confirmation to an affiliate transferee, the jurisdiction of such affiliate transferee shall be the relevant jurisdiction for the purposes of determining the occurrence of any tax event pursuant to Section 5(b)(ii) of the ISDA Master Agreement.

Upon such transfer, the Calculation Agent shall adjust such of the Terms and Conditions as it shall in its sole and absolute discretion determine to be appropriate to reflect that such Swap Counterparty has transferred all or part of its interest and obligations in and under the relevant Swap Agreement to an affiliate of such Swap Counterparty and shall determine the effective date of that adjustment.

## FACTORS RELATED TO THE MARKET GENERALLY

### No secondary market

Although the Initial Dealer has advised the Issuer that it intends to make a market in the Notes, the Initial Dealer is not obligated to do so, and any such market-making may be discontinued at any time without notice. There can be no assurance that any secondary market for any of the Notes will develop, or if a secondary market does develop, that it will provide the Noteholders with liquidity of investment or that it will continue for the life of such Notes. Accordingly, the purchase of Notes is suitable only for investors who can bear the risks associated with a lack of liquidity in the Notes and the financial and other risks associated with an investment in the Notes. Investors must be prepared to hold the Notes for an indefinite period of time or until final redemption or maturity of the Notes.

### Credit ratings may not reflect all risks

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

## GENERAL DESCRIPTION OF THE PROGRAMME

*The following description does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to any particular Tranche of Notes, the applicable Final Terms (in which any of the Terms and Conditions may be varied). Words and expressions defined in "Form of the Notes" and "Terms and Conditions of the Notes" below and in the applicable Final Terms shall have the same meanings in this description.*

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| **Issuer:** | Allegro Investment Corporation S.A. |
| **Description:** | Equity First Product Programme. |
| **Arranger:** | Citigroup Global Markets Limited. |
| **Dealers:** | Citigroup Global Markets Limited (the "**Initial Dealer**") and any other company which accedes to the Programme as a Dealer in respect of a Series of Notes. The Initial Dealer and such other company will enter into a Dealer Agreement (as amended from time to time, the "**Dealer Agreement**") at or prior to the time of issue of such Series of Notes. |
| **Legal and Regulatory Requirements:** | Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription, Sale and Transfer Restrictions*" below).<br><br>**Notes with a maturity of less than one year**<br>Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent. |
| **Principal Paying Agent:** | Citibank, N.A. |
| **Trustee:** | Citicorp Trustee Company Limited or such other trustee as is specified in the applicable Final Terms. |
| **Registrar:** | Citigroup Global Markets Deutschland AG & Co. KGaA or such other registrar as is specified in the applicable Final Terms. |
| **Custodian:** | Citibank, N.A. or such other custodian as is specified in the applicable Final Terms. |
| **Transfer Agent:** | Each of Citibank, N.A. and Banque Générale du Luxembourg S.A. or such other transfer agent as is specified in the applicable Final Terms. |
| **Exchange Agent:** | Citibank, N.A. or such other exchange agent as is specified in the applicable Final Terms. |
| **Redemption Agent:** | Citigroup Global Markets Limited. |

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| **Calculation Agent:** | Such calculation agent which shall also be the Swap Counterparty as is appointed in relation to a particular Class or Series of Notes pursuant to the terms of the Agency Agreement, as specified in the applicable Final Terms. |
| **Share Trustees:** | Dahmer Limited and Liburd Limited. |
| **Administrator of Issuer:** | Luxembourg International Consulting S.A. in relation to the Issuer. The Administrator is responsible for the day-to-day operations of the Issuer and provides certain clerical and administrative services to the Issuer. |
| **Charged Assets:** | The Charged Assets (if any) may comprise bonds or notes of any form, denomination, type and issuer, the benefit of loans and other contractual rights (including, without limitation, with respect to sub-participations or swap, option, commodity, exchange and/or other hedging arrangements) or such other assets (and may include guarantees of such bonds, notes, rights or other assets) all as may be specified in the applicable Final Terms.<br><br>The Charged Assets relating to each Tranche will be owned by the Issuer and may (where practicable) be deposited with the Custodian subject to the charges in favour of the Trustee.<br><br>The Charged Assets may be substituted by alternative security in the circumstances described in Condition 3(b). |
| **Notes Guarantee:** | If and to the extent specified in the applicable Final Terms, the Notes will be unconditionally and irrevocably guaranteed by the Issuer Credit Enhancer specified therein. The obligations of the Issuer Credit Enhancer under such Notes Guarantee will be direct, unconditional and unsecured obligations of the Issuer Credit Enhancer and will rank *pari passu* and equally with all other unsecured obligations of the Issuer Credit Enhancer. |
| **Credit Support Document:** | A guarantee, letter of credit or other similar arrangement in favour of the Issuer in respect of any Charged Assets given by the Credit Support Provider specified in the applicable Final Terms. |
| **Charged Agreements:** | The Charged Agreements (if any) will comprise any one or more of (i) a swap, an option and/or other derivatives agreement entered into in connection with a particular Tranche of Notes and/or (ii) any guarantee or other credit support document in respect of the obligations of the Swap Counterparty under the relevant Swap Agreement given by any entity. |
| **Security:** | Unless and to the extent otherwise specified in the applicable Final Terms, each Series of Notes (and the claims of the Swap Counterparty, as applicable) will be secured (a) in the Trust Deed by the security interests governed by English law described in Condition 3 (*Security*) of the Terms and Conditions of the Notes over the relevant Charged Assets and, if applicable, any relevant Credit Support Document(s), and/or (b) (if and to the extent so specified in the applicable Final Terms) in the applicable Charging Document by security interests governed by the law specified in the applicable Final Terms over the Charged Assets and, if applicable, any relevant Credit Support Document(s). Each Series of Notes will also be secured in the Trust Deed by (i) an |

assignment by way of first fixed security in favour of the Trustee of all of the Issuer's rights, title and interest in, to and under the Agency Agreement and the Custodial Services Agreement (including, without limitation, the rights of the Issuer in respect of all funds and other assets held from time to time by the Principal Paying Agent, any Paying Agents, the Custodian and/or, as the case may be, the Redemption Agent for the payment and/or delivery of amounts due on such Notes or (if applicable) the interest coupons appertaining thereto or otherwise in relation to the Notes), (ii) an assignment by way of first fixed security in favour of the Trustee (or such other security as may be specified in the applicable Final Terms) over all of the Issuer's rights, title and interest in, to and under the relevant Charged Agreements and/or any sale agreement relating to the Charged Assets, (iii) an assignment by way of first fixed security of all of the Issuer's rights, title and interest in, to and under any of its bank accounts in respect of the Notes of such Series and the debts represented thereby, and/or (iv) such other security interest as may be specified in the applicable Final Terms. The ranking of the security over the Charged Assets and, if applicable, any relevant Credit Support Document(s) will be in accordance with the Security Ranking Basis specified in, and as further described in, the applicable Final Terms. The respective ranking of each Class within one Series shall be as specified in the applicable Final Terms.

**(A) All payments to be made by the Issuer in respect of the Notes, Receipts and Coupons of each Series and the related Swap Agreement (if any) will be made only from and to the extent of the sums received or recovered from time to time by or on behalf of the Issuer or the Trustee in respect of (i) the relative Charged Assets and, if applicable, the relative Credit Support Document(s) and (ii) in the case of the Notes, Receipts and Coupons of each Series, the other Mortgaged Property (as defined in Condition 3(a)) in respect of such Series (applied, (a) prior to enforcement of the security for the Notes, in accordance with the order of priorities set out in the applicable Final Terms and (b) following enforcement of the security for the Notes, in accordance with the provisions of Condition 3(e) and the Security Ranking Basis (if any) specified in the applicable Final Terms);**

**(B) To the extent that such sums are less than the amount which the holders of the Notes, Receipts and Coupons and such Swap Counterparty (if any) may have expected to receive (the difference being referred to herein as a "shortfall"), such shortfall will be borne by such holders and by such Swap Counterparty (if any) (a) prior to enforcement of the security for the Notes, in accordance with the inverse of the order of priorities set out in the applicable Final Terms and (b) following enforcement of the security for the Notes, in accordance with the inverse of the order set forth in the provisions of Condition 3(e) and as the Security Ranking Basis (if applicable) specified in the applicable Final Terms; and**

**(C) Each holder of Notes, Receipts or Coupons, by subscribing for or purchasing such Notes, Receipts or Coupons and**

**each Swap Counterparty (if any), will be deemed to accept and acknowledge that it is fully aware that:**

**(i) the holders of the Notes, Receipts and Coupons and the Swap Counterparty (if any) shall look solely to the sums referred to in paragraph (A), as applied in accordance with paragraphs (A) and (B) above, (the "Relevant Sums") for payments to be made by the Issuer in respect of the Notes, Receipts and Coupons and the Swap Agreement (if any);**

**(ii) the obligations of the Issuer to make payments in respect of the Notes, Receipts and Coupons and the Swap Agreement (if any) will be limited to the Relevant Sums and the holders of the Notes, Receipts and Coupons and the Swap Counterparty (if any) shall have no further recourse to the Issuer in respect of the Notes, Receipts, Coupons and the Swap Agreement (if any), respectively;**

**(iii) without prejudice to the foregoing, any right of the holders of the Notes, Receipts and Coupons and the Swap Counterparty (if any) to claim payment of any amount exceeding the Relevant Sums shall be automatically extinguished; and**

**(iv) the holders of the Notes, Receipts and Coupons and the Swap Counterparty (if any) shall not be able to petition for the winding up of the Issuer as a consequence of any such shortfall.**

**Such limitation shall be without prejudice to any claims against the Issuer Credit Enhancer (if any).**

**No such shortfall shall constitute an Event of Default under Condition 11 (*Events of Default*) nor entitle the Swap Counterparty (if any), the Swap Guarantor (if any) or the Credit Support Provider (if any) to terminate the remainder of the Charged Agreements or the Credit Support Document(s).**

**None of the Trustee, the shareholders of the Issuer, any Swap Counterparty, any Swap Guarantor or any Credit Support Provider has any obligation to any Noteholder, Receiptholder or Couponholder for payment of any amount by the Issuer in respect of the Notes, Receipts or Coupons.**

The secured creditors of all Series of Notes issued by the Issuer will also be secured under the Master Trust Deed by a floating charge governed by English law over the whole of the assets and undertaking of the Issuer, which will become enforceable upon formal notice being given of an intention to appoint an administrator in relation to the Issuer or an application being made to, or a petition being lodged or a document being filed, with the court for administration in relation to the Issuer, all as further described in the Master Trust Deed.

**Amount:** Up to €15,000,000,000 outstanding at any time may be issued by the

Issuer (or the equivalent of either amount in other currencies calculated either as of the date on which agreement is reached for the issue of the relevant Notes or on the preceding day on which commercial banks and foreign exchange markets are open for business in London).

**Distribution:** Notes of each Tranche may be issued by way of private or public placement and in each case on a syndicated or non-syndicated basis, as specified in the applicable Final Terms.

**Currencies:** Subject to any applicable legal or regulatory restrictions, Notes may be issued in any currency. As at the date of this Base Prospectus, issues of Notes denominated in Sterling may only be made in certain limited circumstances.

**Maturities:** Such maturity as may be specified in the applicable Final Terms, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.

**Issue Price:** Notes shall be issued on a fully-paid basis and may be issued at an issue price which is at par or at a discount to, or premium over, par.

The Issuer also may issue Notes to any Dealer as principal, either at a discount from their principal amount to be agreed upon at the time of issue or at 100 per cent. of their principal amount, for resale to one or more investors and other purchasers at varying prices, to be determined by such Dealer at the time of resale, which may be greater or less than the issue price for such Notes paid by such Dealer. In certain transactions, the issue price may include an amount related to a swap entered into by the Issuer and the affiliate of such Dealer.

**Fixed Rate Notes:** Fixed interest will be payable by the Issuer as may be specified in the applicable Final Terms and will be calculated on the basis of such Day Count Fraction as may be specified in the applicable Final Terms.

**Floating Rate Notes:** Floating Rate Notes will bear interest at a rate determined and specified in the applicable Final Terms either:

(i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by 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); or

(ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or

(iii) on such other basis as may be agreed between the Issuer and the relevant Dealer(s).

The Margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer(s) for each Series of Floating Rate Notes.

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| **Index Linked Notes:** | Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as may be specified in the applicable Final Terms. |
| **Other Provisions relating to Index Linked Interest Notes and Floating Rate Notes:** | Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both.<br><br>Interest on Floating Rate Notes and Index Linked Interest Notes in respect of each Interest Period, as selected prior to issue by the Issuer and the relevant Dealer(s), will be payable on such Interest Payment Dates as are specified in, or determined pursuant to, the applicable Final Terms and will be calculated on the basis of the Day Count Fraction specified therein. |
| **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 on such rates of exchange, as the Issuer and the relevant Dealer(s) may agree (as indicated in the applicable Final Terms). |
| **Zero Coupon Notes:** | Zero Coupon Notes will generally be issued at a discount to their principal amount and will not bear interest (other than in the case of late payment). |
| **Equity-Linked Notes:** | Equity Linked Notes may be issued relating to an underlying equity security as specified in the applicable Final Terms. |
| **Physical Settlement of Notes:** | Where so specified in the applicable Final Terms and subject to compliance with applicable law and regulations, Notes may be redeemed by settlement in the form of physical delivery of Charged Assets or other assets, as the case may be. |
| **Other Notes:** | Terms applicable to any other type of Note which the Issuer and any of the Dealers may agree to issue under the Programme will be set out in the applicable Final Terms. |
| **Form of Notes:** | The Notes may be issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**").<br><br>Each Series of Bearer Notes will initially be represented by a Temporary Global Note or a Permanent Global Note, in either case in bearer form, without interest coupons, which may be deposited with a common depositary on behalf of Euroclear and Clearstream, Luxembourg or such other clearing system as may be set forth in the applicable Final Terms. Beneficial interests in a Temporary Global Note will be exchangeable either for interests in a Permanent Global Note or for Bearer Notes in definitive form. Permanent Global Notes will only be exchangeable for Bearer Notes in definitive form in the limited circumstances set out therein.<br><br>Each Series of Registered Notes which are sold in an "offshore transaction" to non-U.S. persons within the meaning of Regulation S will be represented by interests in a permanent global note in registered |

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| | form (an "**Unrestricted Global Note**"), without interest coupons, which will be registered in the name of the nominee for, and shall be deposited on its issue date with, a common depositary on behalf of Euroclear and Clearstream, Luxembourg. Registered Notes of any Series in registered form will be available either (as indicated in the applicable Final Terms) (i) in fully registered definitive form (each an "**Individual Certificate**"), issued only to "Section 3(c)(7) Eligible Investors", as described under "*Subscription, Sale and Transfer Restrictions*" below, and will not be eligible for trading in DTC, Euroclear or Clearstream, Luxembourg or (ii) in the form of a permanent global note in registered form (a "**Restricted Global Note**"), without interest coupons, beneficial interests in which may only be held by Section 3(c)(7) Eligible Investors, which will be deposited with a custodian for, and registered in the name of a nominee of, DTC on its issue date. Beneficial interests in an Unrestricted Global Note or a Restricted Global Note will be shown on, and transfers thereof will only be effected through, records maintained by DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and their respective participants, and in accordance with the rules and procedures of DTC, Euroclear and Clearstream, Luxembourg from time to time. See "*Book-Entry Clearance Procedures Relating to Unrestricted Global Notes and Restricted Global Notes*" below. Prior to the expiry of the applicable Distribution Compliance Period, beneficial interests in an Unrestricted Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person and may not be held otherwise than through Euroclear or Clearstream, Luxembourg.<br><br>Beneficial interests in a Restricted Global Note or interests in an Individual Certificate may only be offered, sold or transferred to a non-U.S. person (other than a Dealer or one of its affiliates that qualifies as a Section 3(c)(7) Eligible Investor) if such interest is exchanged for an interest in an Unrestricted Global Note and (i) in the case of an offer, sale or transfer of a beneficial interest in a Restricted Global Note the Registrar and the Issuer shall have received a duly executed Transfer Certificate and (ii) in the case of an offer, sale or transfer of an interest in an Individual Certificate, the Registrar and the Issuer shall have received a duly executed Transfer Certificate and a Regulation S certificate in the form set out in the Agency Agreement (the "**Regulation S Certificate**"). |
| **Denominations:** | Notes will be issued in such denominations as may be specified in the applicable Final Terms (including denominations of less than €50,000) save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see "*Legal and Regulatory Requirements*" above. |
| **Mandatory Early Redemption**: | Except as provided below or in the applicable Final Terms, Notes will be redeemable prior to maturity only in limited circumstances upon the occurrence of certain events relating to the Issuer or relating to an acceleration of the Charged Assets (see Condition 7(b)), or a default under the Charged Agreements (see Condition 7(d)) or for tax reasons (see "*Taxation*" below and Condition 7(c)). |
| **Optional and other Early Redemption:** | Where so specified in the applicable Final Terms, Notes may be redeemed at the option of the Issuer or the Noteholders prior to their |

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| | stated maturity, on such dates and on such terms as are specified in Conditions 7(e) and 7(f) respectively, and the applicable Final Terms. The amounts due to each Noteholder upon any early redemption of the Notes at the option of such Noteholder shall be subject to deduction for any costs and expenses which the Issuer may incur, including in connection with the delivery or sale of any Charged Assets, and shall in the circumstances set out in Condition 7(f) take full account of any payment due to or from the Issuer in connection with the early termination (in whole or in part) of any related Charged Agreements.<br><br>The Notes may also be redeemed early on such terms as are specified in Conditions 7(g) and 7(h) or as otherwise specified in the applicable Final Terms.<br><br>Citigroup Global Markets Limited of Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB (the "**Redemption Agent**") shall be appointed for the purpose of effecting any realisation and/or distribution of the Charged Assets pursuant to an early redemption of the Notes.<br><br>Where so specified in the applicable Final Terms, Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution. |
| **Taxation:** | If (i) the Issuer (A) is required to withhold or account for tax or (B) becomes subject to tax in respect of its income in respect of the Charged Assets or (unless the Swap Counterparty is specified in the applicable Final Terms to be under an obligation to gross-up) payments made to it under a Charged Agreement or (C) would receive net of tax any payment in respect of the Charged Assets or (unless the Swap Counterparty is specified in the applicable Final Terms to be under an obligation to gross-up) a Charged Agreement so that it becomes unable to make payment of the full amount due in respect of the Notes, Receipts and Coupons or (ii) so specified in the applicable Final Terms, the relevant Issuer Credit Enhancer would be unable for reasons outside its control to procure payment by the Issuer and in making payments itself would be required to pay additional amounts, the Issuer or, as the case may be, such Issuer Credit Enhancer will be obliged to use its reasonable endeavours to arrange a substitution of the Issuer or, as the case may be, such Issuer Credit Enhancer as obligor in order to avoid such withholding or accounting for tax (but subject to confirmation from each rating agency by which the relevant Notes are rated as to there being no adverse change to the credit rating assigned to the relevant Notes by such rating agency). If the Issuer or, as the case may be, the relevant Issuer Credit Enhancer is not able to arrange such substitution, then the Issuer or, as the case may be, the relevant Issuer Credit Enhancer, shall notify the Noteholders that all future payments in respect of the Notes will be made subject to, and after deduction of, all taxes. Any such deduction shall not constitute an Event of Default under the Notes. Following such notification, Noteholders may require the Issuer to redeem Notes by Cash Settlement at their Early Redemption Amount, subject to deduction of certain costs and expenses, all as further described in Condition 7(c). |
| **Cross Default:** | None. |
| **Negative Pledge:** | None. |

**Listing:**

Application has been made to the CSSF for the approval of this Base Prospectus so that Notes issued under the Programme may be admitted to trading on the Luxembourg Stock Exchange's regulated market and listed on the Luxembourg Stock Exchange.

Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series. Notes which are neither listed nor admitted to trading on any market may also be issued.

The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchange(s) and/or markets.

**Rating:**

The Programme is not rated, but it is expected that certain Notes issued by the Issuer may be rated by Moody's Investors Service Limited ("**Moody's**") and/or any other recognised debt rating agencies, as specified in the applicable Final Terms. The ratings (if any) will vary depending upon, *inter alia*, the rating of the obligor(s) of the relevant Charged Assets, the Swap Counterparty (if any) and the relevant Charged Agreements (if any). The Swap Counterparty is expected to be one or more of Citigroup Global Markets Limited, Citibank, N.A. or Citigroup Financial Products Inc. If the Swap Counterparty is Citigroup Global Markets Limited or, as the case may be, Citigroup Financial Products Inc., the obligations of the Swap Counterparty will be guaranteed by Citigroup Inc. As of the date hereof, Citibank N.A. is rated Aa1/AA by Moody's and S&P, respectively, and Citigroup Inc. is rated Aa1/AA- by Moody's and S&P, respectively. If the ratings of any of these entities change, then the ratings of a Series of Notes secured by a Swap Agreement with the relevant entity or, as the case may be, guaranteed by the relevant entity may change accordingly.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency. A suspension, change or withdrawal of the rating assigned to the Notes may adversely affect the market price of the Notes. Series of Notes issued by the Issuer under the Programme may involve a rated Class or Classes of Notes.

It is expected that each Rating Agency, if asked to rate any Class or Classes of Notes within a Series issued by the Issuer under the Programme, may make it a condition of rating such Class or Classes of Notes that it has rated at least one Class of Notes of each other Series issued by the Issuer or has otherwise reviewed all other Series of Notes issued by the Issuer under the Programme.

**Status of Notes:**

Notes of each Series will be secured, limited recourse obligations of the Issuer ranking *pari passu* and without preference among themselves.

Prior to enforcement of the security for the Notes, the proceeds of the Charged Assets and any other security forming part of the Mortgaged Property (as defined below) will be applied in accordance with the order of priorities set out in the applicable Final Terms. In the event of the security for the Notes being enforced, the Realisation Amount (as defined below) will be applied in accordance with the provisions of

Condition 3(e) and the Security Ranking Basis (as applicable) specified in the applicable Final Terms. Where the Notes are of a Series which comprises more than one Class of Notes, Notes of any such Class may have a different ranking in point of priority to Notes of the other Class or Classes within such Series, as specified in the applicable Final Terms.

**Security Ranking Basis:**

(i) Unless otherwise indicated in the applicable Final Terms, where a Series of one Class only is issued, the proceeds of realisation of the security will be applied (following payment of all amounts due to the Trustee in accordance with the Trust Deed):

(A) in the case of the security granted over the Charged Assets and any relevant Credit Support Document(s) where there is no Swap Agreement, *pro rata* and on a *pari passu* basis in meeting the claims of the Noteholders, the Receiptholders and the Couponholders under the Notes, the Receipts and the Coupons of that Series;

(B) in the case of the security granted over the Charged Assets and any relevant Credit Support Document(s) where there is a Swap Agreement, in accordance with the Security Ranking Basis specified in the applicable Final Terms;

(C) in the case of the security granted over the Mortgaged Property (as defined in the Trust Deed) other than the Charged Assets and any relevant Credit Support Document(s), *pro rata* and on a *pari passu* basis in meeting the aforesaid claims of the Noteholders, the Receiptholders and the Couponholders under the Notes, the Receipts and the Coupons of that Series; and

(D) if applicable, after payment in accordance with (A) to (C) above, thereafter to the Issuer Credit Enhancer in respect of any payments made under the Notes Guarantee relating to that Series.

(ii) Where the Mortgaged Property is for the benefit of the respective holders of more than one Class within a Series, the security shall rank as described in the applicable Final Terms.

**Governing Law:**

The Notes will be governed by, and construed in accordance with, English law.

**Selling Restrictions:**

There are selling restrictions in relation to the United States and the European Economic Area (including the United Kingdom) and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes. (See "*Subscription, Sale and Transfer Restrictions*" below.)

**Employee Benefit Plan Considerations:**

Unless otherwise specified in the applicable Final Terms, the Notes may not be purchased or held by or on behalf of any benefit plan investor or any investor using the assets of a benefit plan investor. Except as

otherwise specified in the applicable Final Terms, sales and transfers of Notes to benefit plan investors or for or on behalf of benefit plan investors or any investor using the assets of a benefit plan investor will be void *ab initio* and will not be honoured by the Issuer. If, at any time, a Note is held by or on behalf of a benefit plan investor or any investor using the assets of a benefit plan investor, the Issuer shall have the right at any time, at the expense and risk of the holder of the Note held in violation of the applicable transfer restrictions, (i) to redeem such Note, in whole or in part, or (ii) to require such holder to sell such Note to a Section 3(c)(7) Eligible Investor, who is not a benefit plan investor. For the purposes hereof, "**benefit plan investor**" means (a) an employee benefit plan (as defined in Section 3(3) of ERISA), whether or not subject to ERISA, and specifically including pension plans maintained outside of the U.S., (b) a plan described in Section 4975(e)(1) of the Internal Revenue Code, or (c) any entity whose underlying assets include plan assets by reason of a plan's investment in the entity under U.S. Department of Labor Regulations § 2510.3-101 (29 C.F.R. § 2510.3-101).

**Investment Company Act Limitation:**

The Issuer is relying on an exemption from registration under the Investment Company Act and accordingly no sale or transfer of Notes may be made to a U.S. person who is not a Section 3(c)(7) Eligible Investor. Offers to purchase and subsequent transfers of Registered Notes evidenced by Individual Certificates or a Restricted Global Note will be subject to the foregoing restriction, and an investor's ability to resell Registered Notes evidenced by Individual Certificates or a Restricted Global Note may therefore be limited. In the case of those Notes represented by Individual Certificates, the Registrar will not register the transfer of such Notes to any U.S. person (other than a Dealer or one of its affiliates that qualifies as a Section 3(c)(7) Eligible Investor) unless the person in whose name the Notes are registered delivers a Transfer Certificate and the proposed transferee delivers an Investment Letter to the Issuer and to the Registrar. Sales and transfers of Notes that would cause the Issuer to be required to register as an "investment company" under the Investment Company Act will be void *ab initio* and will not be honoured by the Issuer. Transfers of interests in a Restricted Global Note must also be made in accordance with an exemption from registration under the Investment Company Act and any such transfer will be deemed to have been made in accordance with the restrictions set out in the legend attached to each such Restricted Global Note. If, at any time, Notes are held by or on behalf of a U.S. person who is not a Section 3(c)(7) Eligible Investor at the time it purchases such Notes, the Issuer shall have the right at any time, at the expense and risk of such holder, (i) to redeem such Notes, in whole or in part, to permit the Issuer to avoid registration under the Investment Company Act or (ii) to require such holder to sell such Notes to a Section 3(c)(7) Eligible Investor or to a non-U.S. person outside the United States.

**Final Terms:**

For each Tranche, the Final Terms will be prepared (which, in the case of a Tranche of Notes which is to be listed or admitted to trading, as the case may be, on a stock exchange or market, will also be published) which will give full details of the Charged Assets, the Charged Agreements (if any), the Credit Support Documents (if any) and the terms of the Notes and all other information which is necessary to make a proper risk evaluation of an investment in the Notes.

| | |
|---|---|
| **Permitted Indebtedness:** | In accordance with the terms of Condition 4 (*Restrictions*), the Issuer may from time to time incur secured limited recourse indebtedness in a form other than Notes. Permitted Indebtedness may take the form of limited recourse asset-backed debt instruments in any form or governed by any laws other than the laws of England or limited recourse asset-backed debt incurred under loan or facility agreements, including agreements governed by any law, or such other form as may be determined by the Issuer and the relevant arranger in respect of such Permitted Indebtedness and will be secured in a manner similar to that described under Condition 3 (*Security*) of the Notes, *mutatis mutandis*, or in such other manner as may be determined by the Issuer and the relevant arranger in respect of such Permitted Indebtedness provided that if such indebtedness is unrated by Moody's and is to be entered into or incurred by the Issuer, the Issuer may not enter into or incur such indebtedness until Moody's has confirmed in writing that all Outstanding Notes of the Issuer which are rated by Moody's will not be adversely affected by such indebtedness. |

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published, or are published simultaneously with this Base Prospectus, and have been filed with the CSSF shall be incorporated in, and form part of, this Base Prospectus:

(a) the annual accounts of the Issuer for the financial years ended 31st December, 2004 and 31st December, 2003, which include the auditors' report for each of those years;

(b) the constitutional documents of the Issuer, which are incorporated for information purposes only;

(c) the 2004 Annual Report on Form 10-K of Citigroup Inc., as amended by the Current Report on Form 8-K dated 9th September, 2005, (which contains the most recently published audited consolidated financial statements of Citigroup Inc.); and

(d) the quarterly interim report on Form 10-Q for the 6 months ended 30th June, 2005 of Citigroup Inc. (which contains its unaudited consolidated interim financial statements for such period),

save that any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained in any document which is subsequently incorporated by reference herein by way of a supplement prepared in accordance with Article 16 of the Prospectus Directive modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

In relation to the Issuer's annual accounts, the following information appears on the specified pages:

| **Information:** | **Section of source document:** |
|---|---|
| Annual accounts as at 31st December, 2004 | Pages 1 to 32 |
| – Report of the Statutory Auditor | Page 1 |
| – Financial Statements | Pages 2 to 13 |
| – Notes on the annual accounts as of 31st December, 2004 | Pages 14 to 32 |
| Annual accounts as at 31st December, 2003 | Pages 1 to 9 |
| – Report of the Statutory Auditor | Page 1 |
| – Financial Statements | Pages 2 to 4 |
| – Notes on the annual accounts as of 31st December, 2003 | Pages 4 to 9 |

In relation to Citigroup Inc.'s accounts, the following information appears on the specified pages:

| **Information:** | **Section of source document:** |
|---|---|
| Quarterly interim report on Form 10-Q for 6 months ended 30th June, 2005 | |
| – Statement of Income | Page 64 |

| | | |
|---|---|---|
| – | Balance Sheet | Page 65 |
| – | Statement of Change in Stockholders' Equity | Page 66 |
| – | Statement of Cash Flow | Page 67 |
| – | Notes on the Accounts | Page 69 |

Current Report on Form 8-K as at 9th September, 2005

| | | |
|---|---|---|
| – | Statement of Income | Page 2, Exhibit 99.02 |
| – | Balance Sheet | Page 3, Exhibit 99.02 |
| – | Statement of Change in Stockholders' Equity | Page 4, Exhibit 99.02 |
| – | Statement of Cash Flow | Page 5, Exhibit 99.02 |
| – | Notes on the Accounts | Pages 6 to 52, Exhibit 99.02 |
| – | Auditor's Report for 2 years ending 31st December, 2004 | Page 1, Exhibit 99.02 |
| – | Description of the Principal Activities of Citigroup Inc. | Pages 1 and 2, Exhibit 99.01 |
| – | Description of the Principal Markets in which Citigroup Inc. Competes | Pages 4 to 20, Exhibit 99.01 |

Information included in the documents incorporated by reference in this Prospectus that is not listed in the cross-reference tables above, which includes the constitutional documents of the Issuer referred to in paragraph (b) above, is given for information purposes only.

This Base Prospectus and the documents incorporated by reference in it will be published on the Luxembourg Stock Exchange's website (www.bourse.lu).

In addition, copies of this Base Prospectus and the documents incorporated by reference in it can be obtained from the registered office of the Issuer, being the address set out at the end of this Base Prospectus, and from the principal office in the Grand Duchy of Luxembourg of Banque Générale du Luxembourg S.A. (the "**Luxembourg Listing Agent**") in its capacity as listing agent for Notes to be listed on the Luxembourg Stock Exchange and from the Specified Offices of the Paying Agents in London and the Grand Duchy of Luxembourg.

All quarterly interim reports on Form 10-Q of Citigroup Inc, its Annual Reports on Form 10-K for fiscal years after 2004 and any other reports filed by Citigroup Inc. with the United States Securities and Exchange Commission (the "**Commission**") pursuant to Section 13, 14 or 15(d) of the United States Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, subsequent to the date of the financial statements included in the 2004 Annual Report on Form 10-K referred to in paragraph (d) above will be filed by Citigroup Inc. with the Commission and will be available to the public on the Commission's website (www.sec.gov).

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus in accordance with the requirements of the Prospectus Directive or publish a new base prospectus for use in connection with any subsequent issue of Notes.

## FORM OF THE NOTES

The Notes of each Series will be issued in either bearer form, with or without receipts relating to payment of principal ("**Receipts**") and/or interest coupons ("**Coupons**") attached, or registered form, without Receipts or Coupons attached.

**Bearer Notes**

Any Tranche or Class of Bearer Notes will be initially issued in the form of either a temporary bearer global note without Receipts, Coupons or talons (a "**Temporary Global Note**") or a permanent bearer global note without Receipts, Coupons or talons (a "**Permanent Global Note**") as indicated in the applicable Final Terms, which, in either case, will be delivered on or prior to the original date of issue of the Tranche to a common depositary (the "**Common Depositary**") for Euroclear Bank S.A./N.V. as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"). Upon issue of the Tranche or Class, Euroclear or Clearstream, Luxembourg, as the case may be, will credit each purchaser's account with a principal amount of Bearer Notes equal to the principal amount thereof for which the purchaser has subscribed and paid. Whilst any Bearer Note is represented by a Temporary Global Note, payments of principal, premium (if any), interest (if any) and any other amount payable in respect of the Bearer Notes due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Global Note only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Temporary Global Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the "**Exchange Date**") which is the later of (i) 40 days after the Temporary Global Note has been issued and (ii) 40 days after the completion of the distribution of the relevant Tranche (as determined and certified by the relevant Dealer (in the case of a non-syndicated issue) or the relevant lead manager (in the case of a syndicated issue)) (the "**Distribution Compliance Period**"), interests in such Temporary Global Note will be exchangeable in whole or in part (free of charge) upon a request as described therein either for (i) interests in a Permanent Global Note of the same Series or (ii) for definitive Bearer Notes of the same Series with, where applicable, Receipts, Coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of definitive Bearer Notes, to such notice period as is specified in the applicable Final Terms) in each case against certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless upon due certification exchange of the Temporary Global Note for an interest in a Permanent Global Note or for definitive Bearer Notes is improperly withheld or refused.

Payments of principal, premium (if any), interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg against presentation or surrender (as the case may be) of the Permanent Global Note without any requirement for certification.

The applicable Final Terms will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes with, where applicable, Receipts, Coupons and talons attached upon the occurrence of certain limited circumstances as set out in the relevant Permanent Global Note.

The following legend will appear on all Bearer Notes which have an original maturity of more than 365 days and on all Receipts and Coupons relating to such Notes:

> "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.
>
> NO U.S. PERSON (AS DEFINED IN REGULATION S OF THE UNITED STATES SECURITIES ACT OF 1933) MAY BENEFICIALLY OWN ANY PORTION OF THIS OBLIGATION AND, AS PROVIDED HEREIN, NO SUCH PERSON SHALL BE ENTITLED TO PAYMENT OF PRINCIPAL OR INTEREST ON OR IN RESPECT OF THIS OBLIGATION."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes, Receipts or Coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes, Receipts or Coupons.

**Registered Notes**

Registered Notes offered and sold to non-U.S. persons outside the United States in reliance on Regulation S will be represented by a global note in registered form (an "**Unrestricted Global Note**"), without Receipts, Coupons or talons, which will be registered in the name of a nominee of, and shall be deposited with a custodian on its issue date with a common depositary for the accounts of, Euroclear and Clearstream, Luxembourg. Prior to expiry of the Distribution Compliance Period applicable to each Tranche of Notes, beneficial interests in an Unrestricted Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in the Conditions and may not be held otherwise than through Euroclear or Clearstream, Luxembourg and such Unrestricted Global Note will bear a legend regarding such restrictions on transfer. In certain limited circumstances set out below, an Unrestricted Global Note may be exchanged for Registered Notes in definitive form.

Following the expiry of the Distribution Compliance Period, beneficial interests in an Unrestricted Global Note may only be offered or sold to, or for the account or benefit of, a U.S. person if such interest is exchanged for either an interest in a Restricted Global Note or an Individual Certificate (as set out in the applicable Final Terms) in either case in accordance with the transfer restrictions set out herein and included in the legend for such Restricted Global Note or Individual Certificate.

Registered Notes to be offered and sold in the United States or to or for the account or benefit of U.S. persons may only be offered or sold in private transactions exempt from the registration requirements of the Securities Act to "qualified institutional buyers" within the meaning of Rule 144A under the Securities Act ("**QIBs**") which qualify as Section 3(c)(7) Eligible Investors at the time they purchase such Notes.

Registered Notes offered or sold in the United States or to or for the account or benefit of U.S. persons may be either (i) in definitive form ("**Individual Certificates**"), registered in the name of the holder thereof or (ii) represented by a permanent global note in registered form (a "**Restricted Global Note**"), without Receipts, Coupons or talons, which will be deposited with a custodian for, and registered in the name of a nominee of, DTC on its issue date. Beneficial interests in a Restricted Global Note will be shown on, and transfers thereof will only be effected through, records maintained by DTC or its participants, and in accordance with the rules and procedures of DTC from time to time.

Unless otherwise set forth in the applicable Final Terms, Registered Notes will be issued only in minimum denominations of U.S.$100,000 and integral multiples of U.S.$1,000 in excess thereof (or the approximate equivalents in the applicable Specified Currency). Individual Certificates and Restricted Global Notes will be subject to the restrictions on transfer set forth therein and will bear the restrictive legend described under "*Subscription, Sale and Transfer Restrictions*" below.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant record date (as specified in Condition 6(d)) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in an Unrestricted Global Note or a Restricted Global Note will be exchangeable (free of charge), in whole but not in part, for Registered Notes in definitive form without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that (i) an Event of Default has occurred and is continuing, (ii) the Issuer has been notified by the Trustee or any Agent that both Euroclear and Clearstream, Luxembourg or DTC, as the case may be, have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no alternative clearing system acceptable to the Trustee is available, (iii) the Issuer has or will become obliged to pay additional amounts as provided for or referred to in Condition 7(c) which would not be required were the Notes in definitive form and a certificate to such effect is given by the Issuer to the Trustee or (iv) the Issuer and/or the Issuer Credit Enhancer would suffer a disadvantage as a result of a change in laws or regulations (taxation or otherwise) or as a result of a change in the practice of Euroclear, Clearstream, Luxembourg or DTC, as the case may be, which would not be suffered were the Notes in definitive form and a certificate to such effect is given by the Issuer and/or (as the case may be) the Issuer Credit Enhancer to the Trustee. The Issuer will promptly give notice to Noteholders in accordance with Condition 16 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg, or DTC, as the case may be, (acting on the instructions of any holder of an interest in such Unrestricted Global Note or Restricted Global Note) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than ten days after the date of receipt of the first relevant notice by the Registrar.

**General**

Notes which are represented by a Temporary Global Note, a Permanent Global Note, an Unrestricted Global Note or a Restricted Global Note will be transferable in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg or DTC, as the case may be.

For so long as any of the Notes is represented by a Global Note, held on behalf of Euroclear Clearstream, Luxembourg and/or DTC, each person (other than Euroclear, Clearstream, Luxembourg or DTC) who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg or DTC as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Issuer Credit Enhancer (if any), the Swap Counterparty (if any), the Trustee and the Agents as the holder of such principal amount of such Notes for all purposes other than with respect to the payment of principal or interest (if any) on such principal amount of such Notes, for which purpose the relevant common depositary or, as the case may be, DTC or its nominee shall be treated by the Issuer, the Issuer Credit Enhancer (if any), the Swap Counterparty (if any), the Trustee and any Agent as the holder of such principal amount of such Notes in accordance with and subject to the terms of the relevant Global Note. The expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly.

Any reference herein to Euroclear, Clearstream, Luxembourg and/or DTC shall, whether the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

**Applicable Final Terms**

The form of Final Terms which will be completed for each Tranche of Notes issued under the Programme

is set out on pages 97 to 113.

## TERMS AND CONDITIONS OF THE NOTES

*The following (other than any provisions set-out in italicised text) are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note and each definitive Note, in the latter case only if permitted by the rules of the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto the following Terms and Conditions. The applicable Final Terms in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Form of the Notes" for a description of the content of Final Terms which will include the definitions of certain terms used in the following Terms and Conditions and/or will specify which of such terms are to apply in relation to the relevant Notes.*

This Note is one of a Series (as defined below) of Notes issued with the benefit of the Trust Deed (as defined below). References herein to the "**Issuer**" shall be references to the party specified as such in the applicable Final Terms (as defined below).

References herein to the "**Notes**" shall be references to the Notes of this Series and shall mean:

(i) in relation to any Notes in bearer form ("**Bearer Notes**") represented by a temporary or permanent global Note (each a "**Bearer Global Note**"), units of the lowest Specified Denomination in the Specified Currency;

(ii) any Bearer Global Note;

(iii) any definitive Notes in bearer form issued in exchange for a Bearer Global Note;

(iv) in relation to any Notes in registered form ("**Registered Notes**") represented by a permanent registered global Note (an "**Unrestricted Global Note**") or a permanent restricted global Note (a "**Restricted Global Note**" and, together with the Bearer Global Notes and the Unrestricted Global Notes, the "**Global Notes**") in the latter case issued to "qualified institutional buyers" ("**QIBs**") (as defined in Rule 144A ("**Rule 144A**") of the U.S. Securities Act of 1933, as amended (the "**Securities Act**")) which qualify as Section 3(c)(7) Eligible Investors (as defined in Condition 1(b)(iv)), units of the lowest Specified Denomination in the Specified Currency;

(v) any Unrestricted Global Note or Restricted Global Note;

(vi) any definitive Registered Notes issued in exchange for an Unrestricted Global Note or a Restricted Global Note; and

(vii) any Registered Notes in individual physical definitive certificated form ("**Individual Certificates**") issued to QIBs which qualify as Section 3(c)(7) Eligible Investors.

The Notes are constituted by, and in accordance with, the Amended and Restated Master Trust Deed dated on or about 11th November, 2005 between, *inter alios*, the Issuer and Citicorp Trustee Company Limited as trustee (the "**Trustee**") (the Master Trust Deed as amended and/or supplemented and/or restated from time to time by trust deeds supplemental thereto but excluding any supplemental trust deed relating to a particular Tranche, Class or Series of Notes, the "**Master Trust Deed**") and the Supplemental Trust Deed (the "**Supplemental Trust Deed**" and together with the Master Trust Deed, the "**Trust Deed**") dated the Issue Date (as specified in the applicable Final Terms) between, *inter alios*, the Issuer, the counterparty (if any) to any Swap Agreement (as defined in Condition 3(c) below) (the "**Swap Counterparty**" (such term to include any successors and assigns)) specified in the applicable Final Terms and the Trustee specified in the applicable Final Terms. The Notes are secured by the Trust Deed and/or (if and to the extent so specified in the applicable Final Terms) by the separate charging document(s) referred to therein (each a

"**Charging Document**").

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an Amended and Restated Agency Agreement dated on or about 11th November, 2005 between, *inter alios*, the Issuer, the Trustee, Citibank, N.A. as principal paying agent (the "**Principal Paying Agent**", which expression shall include any successor principal paying agent), the other paying agents named therein (together with the Principal Paying Agent, the "**Paying Agents**", which expression shall include any additional or successor paying agents), Citigroup Global Markets Limited as redemption agent (the "**Redemption Agent**", which expression shall include any additional or successor redemption agent), Citibank N.A. as exchange agent (the "**Exchange Agent**", which expression shall include any additional or successor exchange agents), Citibank, N.A. as agent bank (the "**Agent Bank**", which expression shall include any additional or successor agent banks), Citigroup Global Markets Deutschland AG & Co. KGaA as registrar (the "**Registrar**", which expression shall include any additional or successor registrar) and the transfer agents named therein (each a "**Transfer Agent**", which expression shall include any additional or successor transfer agent), (the Agency Agreement as amended and/or supplemented and/or restated from time to time, together the "**Agency Agreement**"). The Agency Agreement also provides for the appointment by the Issuer of a calculation agent (the "**Calculation Agent**") in relation to any Class (as defined below) or Series of Notes. The Principal Paying Agent, the other Paying Agents, the Redemption Agent, the Exchange Agent, the Agent Bank, the Calculation Agent, the Registrar and the Transfer Agent are hereinafter together referred to herein as the "**Agents**". There is also a Custodial Services Agreement dated 23rd May, 2001 between, *inter alios*, the Issuer, the Trustee and Citibank, N.A. as custodian (the "**Custodian**" which expression shall include any additional or successor custodians) (as further amended and/or supplemented and/or restated from time to time, together the "**Custodial Services Agreement**").

Interest bearing definitive Bearer Notes (unless otherwise indicated in the applicable Final Terms) have interest coupons ("**Coupons**") and, if indicated in the applicable Final Terms, talons for further Coupons ("**Talons**") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Bearer Notes repayable in instalments have receipts ("**Receipts**") for the payment of the instalments of principal (other than the final instalment) attached on issue. Registered Notes, Individual Certificates and Global Notes do not have Receipts, Coupons or Talons attached on issue.

The Final Terms for this Note (or the relevant provisions thereof) is attached to or endorsed on this Note and supplements these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of this Note. References to the "**applicable Final Terms** " are to the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

Subject as provided below, any reference to "**Noteholders**" or "**holders**" in relation to any Notes shall mean (in the case of Bearer Notes) the holders of the Notes and (in the case of Registered Notes) the persons in whose names the Notes are registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to "**Receiptholders**" shall mean the holders of the Receipts and any reference herein to "**Couponholders**" shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, "**Tranche**" means Notes which are identical in all respects (including as to listing) and "**Class**" means a Tranche together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single Class and (ii) identical in all material respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices and "**Series**" means one or more Class(es) of Notes which, in the latter case, are expressed to be secured on, *inter alia*, the same Mortgaged Property (as defined in Condition 3(a) (*Security)*).

Copies of the Trust Deed, the Agency Agreement, the Custodial Services Agreement, any Charged Agreements (as defined below), any Credit Support Documents (as defined below), any Charging Documents and any Notes Guarantee (as defined below) are available for inspection during normal business hours at the specified office of each of the Paying Agents and (in the case of Registered Notes)

the Registrar. Copies of the applicable Final Terms are available for viewing at, and copies may be obtained from, the registered office of the Issuer, being 7 Val Sainte-Croix, L-1371 Luxembourg, and from the Specified Offices of the Paying Agents in London and the Grand Duchy of Luxembourg save that, if this Note is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive, the applicable Final Terms will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer and the Trustee or, as the case may be, the relevant Paying Agent as to its holding of such Notes and identity. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, are bound by and are entitled to the benefit of all the provisions of the Trust Deed, the Agency Agreement, the Custodial Services Agreement, any relevant Charged Agreements, any relevant Charging Documents, any relevant Credit Support Documents, any relevant Notes Guarantee and the applicable Final Terms which are applicable to them. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, the Agency Agreement, the Custodial Services Agreement, any relevant Charged Agreements, any relevant Credit Support Documents and any relevant Charging Documents.

Words and expressions defined in the Trust Deed or the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated. In the event of inconsistency between the Trust Deed or the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail. In particular, any reference in these Terms and Conditions to "payment" of any sums due in respect of the Notes shall be deemed to include, as applicable, delivery of any Asset Amount (as defined in Condition 8 (*Delivery Option*) below) if so provided herein, and references to "pay", "paid" and "payable" shall be construed accordingly.

**Where no reference is made in the applicable Final Terms to any Charged Assets and/or any Charged Agreement and/or any Credit Support Document and/or any Notes Guarantee, as the case may be, references in these Terms and Conditions to any Charged Assets and/or any Charged Agreement and/or any Credit Support Document and/or any Notes Guarantee and/or any Credit Support Provider and/or any Issuer Credit Enhancer and/or any Swap Counterparty and/or any Swap Guarantor as the case may be, shall not be applicable.**

## 1. FORM, DENOMINATION, TITLE, REGISTRATION, TRANSFER AND EXCHANGE

(a) *Form and Denomination*

The Notes are in bearer form or in registered form as specified in the applicable Final Terms and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, a Dual Currency Note, a combination of any of the foregoing or a non-interest bearing Note, depending upon the Interest Basis shown in the applicable Final Terms.

This Note may be an Index Linked Redemption Note, an Instalment Note, a Dual Currency Note or a combination of any of the foregoing, depending upon the Redemption/Payment Basis shown in the applicable Final Terms.

The Notes are either Cash Settlement Notes or Physical Settlement Notes, depending upon the Settlement Basis shown in the applicable Final Terms.

The Notes may be of a particular Class within one Series, as specified in the applicable Final Terms.

Definitive Bearer Notes are issued with Coupons and, if applicable, Receipts attached, unless they are non-interest bearing Definitive Bearer Notes (including, without limitation, Zero Coupon Notes) in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable. References in these Terms and Conditions to Receipts, Coupons and Talons do not apply to any Notes represented by a Global Note or in registered form. References herein to Registered Notes in definitive form shall, unless the context otherwise requires, include those Notes sold to Section 3(c)(7) Eligible Investors and evidenced by Individual Certificates.

(b) *Transfer and Title*

(i) *Bearer Notes and Registered Notes*

Subject as set out below, title to the Bearer Notes, Receipts and Coupons will pass by delivery and in accordance with applicable law and title to the Registered Notes will pass upon registration of transfers in accordance with these Terms and Conditions and the provisions of the Trust Deed and the Agency Agreement. Subject as set out below, the bearer of any Bearer Note, Receipt or Coupon and the registered holder of any Registered Note will (except as otherwise required by law or ordered by a court of competent jurisdiction or an official authority) be treated as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes.

(ii) *Bearer Global Notes*

The Notes will (as indicated in the applicable Final Terms) either (a) initially be represented by a temporary global note (a "**Temporary Global Note**"), or (b) be represented by a permanent global note (a "**Permanent Global Note**"), in each case which will be deposited on the Issue Date with a common depositary on behalf of Euroclear Bank S.A./N.V. as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"). Beneficial interests in a Temporary Global Note will be exchangeable (as specified in the applicable Final Terms) in whole or in part (free of charge) upon a request as described therein for either beneficial interests in a Permanent Global Note or definitive Bearer Notes, in each case on or after the date (the "**Exchange Date**") which is the later of (i) 40 days after the date on which the Temporary Global Note is issued and (ii) expiry of the applicable Distribution Compliance Period (as defined in Regulation S under the Securities Act ("**Regulation S**")) and, if specified in the applicable Final Terms, upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury regulations.

A Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes upon (as indicated in the applicable Final Terms) either (i) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) to the Principal Paying Agent as described therein or (ii) only upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that (i) an Event of Default has occurred and is continuing, (ii) the Issuer has been notified by the Trustee or any Agent that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system acceptable to the Trustee is available, (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Global Note in definitive form and a certificate to such effect is given by the Issuer to the Trustee or (iv) the Issuer and/or the Issuer Credit Enhancer (if any) would suffer a disadvantage as a result of a change in laws or regulations (taxation or otherwise) or as a result of a change in the practice of Euroclear and/or Clearstream, Luxembourg which would not be suffered were the Notes

in definitive form and a certificate to such effect is given by the Issuer and/or (as the case may be) the Issuer Credit Enhancer (if any) to the Trustee.

Unless otherwise specified in the applicable Final Terms, each purchaser or holder of a Note initially represented by the Temporary Global Note or represented by the Permanent Global Note shall be deemed to have represented by such purchase and/or holding that it is not a benefit plan investor, is not using the assets of a benefit plan investor to acquire the Note, and shall not at any time hold such Note for or on behalf of a benefit plan investor. For the purposes hereof, "**benefit plan investor**" means (a) an employee benefit plan (as defined in Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended, ("**ERISA**")), whether or not subject to ERISA, and specifically including pension plans maintained outside of the U.S., (b) a plan described in Section 4975(e)(1) of the U.S. Internal Revenue Code of 1986, as amended, (the "**Internal Revenue Code**"), or (c) any entity whose underlying assets include plan assets by reason of a plan's investment in the entity under U.S. Department of Labor Regulations § 2510.3-101 (29 C.F.R. § 2510.3-101).

(iii) *Global Notes*

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear, Clearstream, Luxembourg and/or DTC, each person (other than Euroclear, Clearstream, Luxembourg or DTC) who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg or DTC as the holder of a particular principal amount of such Notes (in which regard any certificate or document issued by Euroclear, Clearstream, Luxembourg or DTC as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error or proven error) shall be treated by the Issuer, the Issuer Credit Enhancer (if any), the Swap Counterparty (if any), the Trustee and the Agents as the holder of such principal amount of such Notes for all purposes other than with respect to the payment of principal or interest (if any) on such principal amount of such Notes, for which purpose the bearer or the common depositary or, as the case may be, DTC or its nominee in respect of the relevant Registered Note shall be treated by the Issuer, the Trustee and any Agent as the holder of such principal amount of such Notes in accordance with and subject to the terms of the Global Note; and the expressions "Noteholder" and "holder of Notes" and related expressions shall be construed accordingly. Notes which are represented by a Global Note will be transferred only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg or DTC as the case may be. References to Euroclear, Clearstream, Luxembourg or DTC shall, wherever the context so permits, be deemed to include a reference to any additional or alternative clearing system.

(iv) *Registered Notes*

Unless otherwise provided in the applicable Final Terms, Registered Notes sold outside the United States in reliance on Regulation S will be represented by an Unrestricted Global Note registered in the name of a nominee for, and deposited with the Common Depositary on behalf of, Euroclear and Clearstream, Luxembourg. Prior to expiry of the applicable Distribution Compliance Period required by Regulation S, beneficial interests in an Unrestricted Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person and may not be held otherwise than through Euroclear and Clearstream, Luxembourg.

Following the expiry of the applicable Distribution Compliance Period, a beneficial interest in an Unrestricted Global Note may only be offered or sold to, or for the account or benefit of, a U.S. person if such person is a Section 3(c)(7) Eligible Investor at the time it purchases such Notes and if such interest is exchanged for either (a) an interest in a

Restricted Global Note or (b) an Individual Certificate (as set out in the applicable Final Terms) in accordance with the transfer restrictions set out herein and included in the legend of such Restricted Global Note or Individual Certificate (as applicable).

As specified in the applicable Final Terms, Registered Notes offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S) will be evidenced by (a) Individual Certificates or (b) a Restricted Global Note, without interest coupons, which will be deposited with a custodian for, and registered in the name of a nominee of, DTC on the Issue Date and will be offered, sold or delivered only to Section 3(c)(7) Eligible Investors in private transactions exempt from the registration requirements of the Securities Act. Beneficial interests in an Unrestricted Global Note or a Restricted Global Note will be shown on, and transfers thereof will only be effected through, records maintained by DTC, Euroclear or Clearstream, Luxembourg as the case may be, and their respective participants, and in accordance with the rules and procedures of DTC, Euroclear and Clearstream, Luxembourg from time to time. Resales of the Notes within the United States or to, or for the benefit or account of U.S. persons may only be made to Section 3(c)(7) Eligible Investors in transactions pursuant to, and meeting the requirements of, Rule 144A and the exemption specified in Section 3(c)(7) of the Investment Company Act of 1940, as amended (the "**Investment Company Act**").

"**Section 3(c)(7) Eligible Investors**" are persons who are QIBs, but excluding therefrom: (i) QIBs which are broker-dealers which own and invest on a discretionary basis less than U.S.$25,000,000 in securities of issuers not affiliated to such QIB, (ii) partnerships, common trust funds, special trusts, pension funds, retirement plans or other entities in which the partners, beneficiaries or participants, as the case may be, may designate the particular investments to be made or the allocation thereof, (iii) entities that were formed, re-formed or recapitalised for the specific purpose of investing in the Notes, (iv) any investment company excepted from the Investment Company Act under Section 3(c)(1) or 3(c)(7) thereof and formed before 30th April, 1996, which has not received consent from its beneficial owners with respect to the treatment of such entity as a "qualified purchaser" (as defined in Section 2(a)(51) of the Investment Company Act and the rules and regulations thereunder) in the manner required by Section 2(a)(51)(C) of the Investment Company Act and the rules and regulations thereunder, and (v) any entity that will have invested more than 40 per cent. of its assets in securities of the Issuer subsequent to any purchase of Notes of the Issuer.

Any transfer of Individual Certificates or of an interest in a Restricted Global Note or an Unrestricted Global Note may only be made in accordance with the legend appearing on the face of such Individual Certificate, Restricted Global Note or Unrestricted Global Note (as applicable). Registered Notes evidenced by Individual Certificates may not be offered, sold or transferred and the Registrar shall not register any proposed sale or transfer of such Notes to any U.S. person (except in the case of any purchase of Notes by the Dealer or one of its affiliates that qualifies as a Section 3(c)(7) Eligible Investor) unless the Registrar and the Issuer shall have received (i) a certificate of transfer in the form set out in Schedule 3 Part II of the Agency Agreement (a "**Transfer Certificate**") duly executed by the transferor and (ii) an investment letter in the form set out in Schedule 4 Part II of the Agency Agreement (a "**Investment Letter**") duly executed by the proposed transferee. In addition, unless otherwise specified in the applicable Final Terms, each purchaser or holder of a Note represented by an Individual Certificate, the Restricted Global Note or the Unrestricted Global Note shall be deemed to have represented by such purchase and/or holding that it is not a benefit plan investor, is not using the assets of a benefit plan investor to acquire the Note, and shall not at any time hold such Note for or on behalf of a benefit plan investor. For the purposes hereof, "**benefit plan investor**" means (a) an employee benefit plan (as defined in Section 3(3) of ERISA), whether or not subject to ERISA, and specifically including pension plans

maintained outside of the U.S., (b) a plan described in Section 4975(e)(1) of the Internal Revenue Code, or (c) any entity whose underlying assets include plan assets by reason of a plan's investment in the entity under U.S. Department of Labor Regulations § 2510.3-101 (29 C.F.R. § 2510.3-101). Individual Certificates will not be eligible for deposit or clearance through DTC. No Notes represented by an Unrestricted Global Note may at any time be owned beneficially by a U.S. person and holders of any such Notes will be subject to such additional certification requirements as to non-U.S. beneficial ownership as may be set forth in the applicable Final Terms, as well as requiring any transferor thereof to deliver to the Issuer such evidence as the Issuer may require (which may include an opinion of U.S. counsel) that any transfer or sale is in compliance with applicable U.S. securities and other laws and consistent with the foregoing.

Beneficial interests in a Restricted Global Note or interests in an Individual Certificate may only be offered, sold or transferred to a non-U.S. person if such interest is exchanged for an interest in an Unrestricted Global Note and, except for any transfer to a Dealer or one of its affiliates that qualifies as a Section 3(c)(7) Eligible Investor, (i) in the case of an offer, sale or transfer of a beneficial interest in a Restricted Global Note, the Registrar and the Issuer shall have received a duly executed Transfer Certificate and (ii) in the case of an offer, sale or transfer of an interest in an Individual Certificate, the Registrar and the Issuer shall have received a duly executed Transfer Certificate and a Regulation S Certificate in the form set out in the Agency Agreement.

In addition to the transfer restrictions set out herein, no beneficial owner of an interest in an Unrestricted Global Note or a Restricted Global Note will be able to exchange or transfer that interest (whether for Notes in definitive form or otherwise), except in accordance with the applicable procedures of Euroclear, Clearstream, Luxembourg or DTC, as the case may be. In addition, the Unrestricted Global Notes, the Restricted Global Notes and the Individual Certificates will be subject to certain restrictions on transfer set out in a legend or legends thereon.

**Any such transfer will be effected without charge subject to (i) the costs or expenses of delivery otherwise than by ordinary uninsured mail as described above, (ii) the person making such application for transfer paying or procuring the payment of any stamp duty, tax or other governmental charge that may be imposed in relation to the registration of transfer, (iii) the Registrar or, as the case may be, the Transfer Agent being satisfied with the documents of title and the identity of the person making the application or request and (iv) such reasonable regulations as the Issuer may from time to time agree with the Trustee, the Principal Paying Agent, the Registrar and the Transfer Agent (including, where appropriate, accompanying evidence of compliance with all applicable laws).**
The Issuer shall not be required to register the transfer of any Registered Note (or part of any Registered Note) called for redemption and, accordingly, may validly pay any redemption moneys to the holder of such Registered Note at the date such Registered Note was called for redemption as if the purported transfer had not taken place.

The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of the Registrar or the Transfer Agent and to appoint another Registrar or Transfer Agent provided that it will at all times maintain a Registrar and a Transfer Agent approved by the Trustee each having a specified office in a place approved by the Trustee and, so long as any Registered Notes are listed on the Luxembourg Stock Exchange, a Transfer Agent in Luxembourg. Notice of any termination or appointment and of any changes in specified office will be given to the Noteholders promptly by the Issuer in accordance with Condition 16 (*Notices*).

There are contractual restrictions applicable to transfers of Registered Notes which are set out in the legend included on such Notes and in the Trust Deed. Holders of Registered Notes will be deemed to have notice of all such contractual restrictions and are required by the Issuer to comply with them. To the extent that any such contractual restriction becomes inconsistent with any applicable law (whether because of a change in law or for any other reason), such contractual restriction shall no longer apply. This is without prejudice to the obligations of the Noteholder to comply with the requirements of all applicable laws in making any transfer of the Registered Notes held by such Noteholder.

*Conditions 1(c), 1(d) and (e) apply to Notes in registered form. See the Final Terms as to whether they are applicable.*

(c) *Registration*

The Issuer will cause to be kept at the specified office of the Registrar outside the United Kingdom for the time being a register (the "**Register**") on which shall be entered the names and addresses of the holders from time to time of the Registered Notes, together with the particulars of the Registered Notes held by them respectively and of all transfers of Registered Notes. The Issuer will procure that, as soon as practicable after the Issue Date, the Register is duly made up in respect of the subscribers of the Registered Notes and certificates evidencing the Registered Notes will be despatched. The Issuer has initially appointed the person named as Registrar in the applicable Final Terms acting through its specified office set out in the applicable Final Terms. The Issuer may also appoint one or more Transfer Agents for the purpose of facilitating exchanges of Notes, in which case references in these Conditions to the Registrar shall include, where the context so permits, references to such Transfer Agent(s). The Issuer reserves the right, with the approval of the Trustee, at any time to vary or terminate the appointment of the Registrar and/or any Transfer Agent and to appoint another Registrar or, as the case may be, another or further Transfer Agent. Any variation or termination of appointment shall only take effect (other than in the case of insolvency of the Registrar or a Transfer Agent, as the case may be, when it shall be of immediate effect) after not more than 60 nor less than 45 days' notice thereof shall have been given to the Noteholders in accordance with Condition 16 (*Notices*) and any change in the specified office of the Registrar or a Transfer Agent shall be promptly so notified.

(d) *Exchange of Bearer Notes and Registered Notes*

Registered Notes may not be exchanged for Bearer Notes and Bearer Notes may not be exchanged for Registered Notes.

(e) *Exchange and Transfer of Registered Notes*

(i) Interests in an Unrestricted Global Note or a Restricted Global Note will be exchangeable (free of charge), in whole but not in part, for Registered Notes in definitive form only upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that (i) an Event of Default has occurred and is continuing, (ii) the Issuer has been notified by the Trustee or any Agent that both Euroclear and Clearstream, Luxembourg or DTC, as the case may be, have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no alternative clearing system acceptable to the Trustee is available, (iii) the Issuer has or will become obliged to pay additional amounts as provided for or referred to in Condition 7(c) which would not be required were the Notes in definitive form and a certificate to such effect is given by the Issuer to the Trustee or (iv) the Issuer and/or the Issuer Credit Enhancer (if any) would suffer a disadvantage as a result of a change in laws or regulations (taxation or otherwise) or as a result of a change in the practice of Euroclear, Clearstream, Luxembourg or DTC, as the case may be, which would not be

suffered were the Notes in definitive form and a certificate to such effect is given by the Issuer and/or (as the case may be) the Issuer Credit Enhancer (if any) to the Trustee.

(ii) Registered Notes in definitive form may, subject to Condition 1(b)(iv) and to the provisions of the Trust Deed and of the Agency Agreement, be transferred by the registered holder free of and without regard to any set-off, counterclaim or equities between the Issuer and the first or any subsequent registered holder of such Notes, in whole or in part (being the denomination of the Notes given in the Final Terms, an integral multiple thereof or such other multiples as may be specified in the applicable Final Terms), by delivery of the relevant certificate or certificates evidencing ownership of the Note(s) to the Registrar at its specified office together with the form of transfer in writing endorsed thereon duly completed and signed and upon compliance with such reasonable requirements as the Issuer and the Registrar may prescribe (including an opinion of U.S. counsel that any such transfer is in compliance with any applicable securities or other laws of the United States) without charge but upon payment of any taxes, duties and other governmental charges in respect of such transfer. No transfer of a Registered Note shall be recognised by the Issuer unless entered on the Register. A Registered Note may be registered only in the name of, and transferred only to, a named person (or persons, not exceeding four in number) and the Registrar will not accept transfers of Registered Notes to "bearer". The Registrar will within 14 days of any duly made request to register the transfer of a Registered Note enter the transferee in the Register and procure the authentication and delivery by the Principal Paying Agent on the Registrar's behalf or itself deliver, a Registered Note certificate to the transferee (and, in the case of transfer of part only of a Registered Note, a Registered Note certificate for the untransferred balance to the transferor) at the specified office of the Registrar, or (at the risk and, if mailed at the request of the transferee or, as appropriate, transferor otherwise than by ordinary uninsured mail, expense of the transferee or, as appropriate, transferor) mail the Registered Note certificate to such address, subject to the restrictions (if any) specified in the Final Terms, as the transferee (or, as appropriate, the transferor) may request or, alternatively, in the case of transfers effected through the stock exchange (if any) or market (if any) on which the Issuer has agreed to maintain a listing or admission to trading of the Notes, will deliver the Registered Note certificate in accordance with the normal procedures and systems of such exchange or market. In the case of the transfer of only part of a Registered Note, a new Registered Note in respect of the balance of the Registered Note not transferred will be delivered (as described above) to, and at the risk of, the transferor.

(iii) In the event of a partial redemption of Notes under Condition 7 (*Redemption*), neither the Issuer nor the Registrar will be required to register the transfer of Registered Notes (or parts of Registered Notes) or to effect exchanges of interests in Unrestricted Global Notes or Restricted Global Notes for definitive Registered Notes during the period beginning on the sixty-fifth day before the date of the partial redemption and ending on the day on which notice is given specifying the serial numbers of Notes called (in whole or in part) for redemption (both inclusive).

(iv) Where the Issuer is relying on the exemption provided by Section 3(c)(7) of the Investment Company Act, offers, sales or transfers of Registered Notes (to, or for the account or benefit of, a U.S. person) may only be made in accordance with Section 3(c)(7) and with this Condition 1(e)(iv). At no time may any Notes issued by the Issuer be owned beneficially by a U.S. person who is not a Section 3(c)(7) Eligible Investor at the time it purchases such Notes. In order to ensure compliance with this limitation, the registration of such Notes may be refused if as a result of such issuance or transfer, the Notes will be owned by a U.S. person that is not a Section 3(c)(7) Eligible Investor. Any transfer or other disposition of such Notes that would, in the sole determination of the Issuer, require the Issuer to register as an "investment company" under the provisions of

the Investment Company Act will be void *ab initio* and such transfer or other disposition will not be honoured by the Registrar or the Trustee.

The Issuer shall have the right at any time, at the expense and risk of the holder of the Notes held by or on behalf of a U.S. person who is not a Section 3(c)(7) Eligible Investor at the time it purchases such Notes, (i) to redeem any such Notes, in whole or in part, to permit the Issuer to avoid registration under the Investment Company Act or (ii) to require any such holder to sell such Notes to a Section 3(c)(7) Eligible Investor. Accordingly, any transferee or other holder in such a transaction will not be entitled to any rights as a registered holder of such Notes. Transfers of any Notes issued by the Issuer evidenced by an Individual Certificate in the United States or to, or for the account or benefit of, a U.S. person shall be subject to the submission to the Registrar of a duly completed and signed Transfer Certificate and Investment Letter, in the form set out in the Agency Agreement.

(v) Unless otherwise specified in the applicable Final Terms, each purchaser or holder of a Registered Note shall be deemed to have represented by such purchase and/or holding that it is not a benefit plan investor, is not using the assets of a benefit plan investor to acquire the Note, and shall not at any time hold such Note for or on behalf of a benefit plan investor. For the purposes hereof, "**benefit plan investor**" means (a) an employee benefit plan (as defined in Section 3(3) of ERISA), whether or not subject to ERISA, and specifically including pension plans maintained outside of the U.S., (b) a plan described in Section 4975(e)(1) of the Internal Revenue Code, or (c) any entity whose underlying assets include plan assets by reason of a plan's investment in the entity under U.S. Department of Labor Regulations § 2510.3-101 (29 C.F.R. § 2510.3-101).

(vi) References in this Condition 1(e) to "Registered Notes in definitive form" shall (unless the content requires otherwise) include references to Registered Notes represented by Individual Certificates.

## 2. STATUS OF THE NOTES

*Condition 2(b) will only apply if an Issuer Credit Enhancer is specified in the applicable Final Terms.*

(a) *Status of the Notes*

The Notes of each Class and any relative Receipts and Coupons are secured, limited recourse obligations of the Issuer, secured in the manner described in Condition 3 (*Security*) and recourse in respect of which is limited in the manner described in Condition 12 (*Enforcement*), and rank and will rank, unless otherwise specified in the applicable Final Terms, *pari passu* without any preference among themselves.

Prior to enforcement of the security for the Notes, the proceeds of the Charged Assets (if any) and any other security forming part of the Mortgaged Property (as defined below) will be applied in accordance with the order of priorities set out in the applicable Final Terms. In the event of the security for the Notes being enforced, the Realisation Amount (as defined below) will be applied in accordance with the provisions of Condition 3(e) and the Security Ranking Basis (if applicable) specified in the applicable Final Terms. Where the Notes are of a Series which comprises more than one Class of Notes, Notes of any such Class may have a different ranking in point of priority to Notes of the other Class or Classes within such Series, as specified in the applicable Final Terms.

(b) *Status of the Notes Guarantee*

If so specified in the applicable Final Terms, the payment of the principal, premium (if any) and interest (if any) in respect of the Notes and all other moneys payable by the Issuer under or

pursuant to the Trust Deed and these Conditions, in respect of the relevant Class has been unconditionally and irrevocably guaranteed by means of a guarantee (the "**Notes Guarantee**") by the entity specified as the issuer credit enhancer in the applicable Final Terms (the "**Issuer Credit Enhancer**"). The obligations of the Issuer Credit Enhancer under the Notes Guarantee are direct, unconditional, unsubordinated and unsecured obligations of the Issuer Credit Enhancer and (save for certain obligations required to be preferred by law) rank equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer Credit Enhancer, from time to time outstanding.

**3. SECURITY**

(a) *Security*

The obligations of the Issuer under the Notes, the Receipts and the Coupons and/or under the Swap Agreement (as defined below) (if any) are, unless otherwise specified in the applicable Final Terms, secured:

(i) in the Trust Deed by security interests governed by English law over:

(A) certain bonds, notes, securities, commodities, other assets, or contractual or other rights specified to be Charged Assets in the applicable Final Terms, including all sums and/or assets received or receivable (if any) under any such bonds, notes, securities, commodities, other assets, or contractual rights, and all rights in respect thereof or relating thereto whether or not against third parties (together, the "**Charged Assets**"), such security interests to take the form of a first fixed charge over (unless otherwise specified in the applicable Final Terms) any account (each an "**Account**") in which any Charged Assets are deposited and all present and future Charged Assets deposited in such Account or represented by such Account from time to time, together with the debts and/or other interests represented thereby, all related interests and all proceeds of such Charged Assets; and

(B) if so specified in the applicable Final Terms, an assignment by way of first fixed security of all the Issuer's rights, title and interest in, to and under the Credit Support Document(s) (as defined below); and/or

(ii) if and to the extent specified in the applicable Final Terms, in the Charging Document(s) specified in the applicable Final Terms by security interests governed by the law specified in the applicable Final Terms over:

(A) the Charged Assets; and/or

(B) the Credit Support Document(s).

Unless and to the extent otherwise specified in the applicable Final Terms, the obligations of the Issuer under the Notes, the Receipts and the Coupons are further secured by, *inter alia*:

(A) an assignment by way of first fixed security of all of the Issuer's rights, title and interest in, to and under the Agency Agreement and the Custodial Services Agreement in respect of the Notes (including, without limitation, the rights of the Issuer in respect of all funds and/or assets held from time to time by the Principal Paying Agent, the other Paying Agents, the Custodian and/or the Redemption Agent for payment of principal, premium (if any) or interest (if any) in respect of the Notes or otherwise in relation to the Notes);

(B) an assignment by way of first fixed security of all of the Issuer's rights, title and interest in, to and under the Charged Agreements (if any) in respect of the Notes and/or any sale agreement relating to the Charged Assets in respect of the Notes;

(C) an assignment by way of first fixed security of all of the Issuer's rights, title and interest in, to and under any of its bank accounts in respect of the Notes and the debts represented thereby; and

(D) such other security interest (if any) as may be specified in the applicable Final Terms.

If the Notes are of a Series comprising more than one Class, the Mortgaged Property in respect of each Class of Notes shall be common (to the extent set out in the applicable Final Terms) to the Notes of the Classes within such Series, subject to the provisions of Condition 3(e)(ii) below and as described in the applicable Final Terms.

The assets subject to the security referred to in paragraphs (i) and (ii) and (A) through (D) inclusive above are herein collectively referred to as "**Mortgaged Property**".

The secured creditors of all Series of Notes of the Issuer are also secured pursuant to the Master Trust Deed by a floating charge over the assets of the Issuer, which will become enforceable upon formal notice being given of an intention to appoint an administrator in relation to the Issuer or an application being made to, or a petition being lodged or a document being filed, with the court for administration in relation to the Issuer.

(b) *Charged Assets*

If so specified in the applicable Final Terms, the obligations of the obligor under any Charged Assets are guaranteed or have the benefit of a letter of credit or other similar arrangement (each a "**Credit Support Document**") from the credit support provider (the "**Credit Support Provider**") specified in the applicable Final Terms.

Unless and to the extent otherwise specified in the applicable Final Terms, the Charged Assets, or documents comprising, evidencing, representing and/or transferring the Charged Assets, will be deposited with or held by the Custodian (on behalf of the Issuer, subject to the charges in favour of the Trustee, pursuant to the provisions of the Custodial Services Agreement) named in the applicable Final Terms.

If so specified in the applicable Final Terms, alternative security may be substituted for the Charged Assets either:

(i) with the prior written consent of all Noteholders and of the relevant Swap Counterparty (if any); or

(ii) by the Swap Counterparty pursuant to the terms of the Swap Agreement,

for such assets and upon such terms as are specified in the applicable Final Terms, provided that, in each case:

(A) if such Charged Assets are secured in respect of Notes issued by the Issuer, Moody's Investors Service Limited ("**Moody's**") has confirmed in writing that such substitution will not result in the outstanding Notes of the Issuer being adversely affected by such substitution, and in any other case, if specified in the applicable Final Terms, such substitution shall not result in a downgrading of any rating assigned to the Notes (as confirmed in writing by the relevant Rating Agency (as defined in Condition 17 (*Meetings of Noteholders, Modification, Waiver and Substitution*) below) to the Trustee);

(B) all requirements of any relevant stock exchange are complied with, which, in the case of Notes listed or admitted to trading on the Luxembourg Stock Exchange, shall include notification of such substitution to the Luxembourg Stock Exchange and publication of a supplement describing the substituted security, such supplement to be available at the

specified office of the Paying Agent in the Grand Duchy of Luxembourg, which, unless otherwise specified in the applicable Final Terms, shall be Banque Générale du Luxembourg S.A. of 50, avenue J.F. Kennedy, L-2951 Luxembourg; and

(C) any other requirements specified in the applicable Final Terms (including, in the case of Notes which have been rated by any Rating Agency, any requirements advised by such Rating Agency) are complied with.

Any such alternative security shall thereafter be deemed to be Charged Assets and held subject to the security interests in favour of the Trustee set out in the Trust Deed and/or the relevant Charging Document (if any). The Issuer shall notify the Noteholders of such substitution in accordance with Condition 16 (*Notices*) not later than the date upon which such security is substituted.

The Trustee is exempted under the Trust Deed from any liability in respect of any loss or theft of the Charged Assets, from any obligation to insure the Charged Assets and from any claim arising from the fact that the Charged Assets are (if applicable) held by the Custodian, in a clearing system or in safe custody by a bank or other custodian. The Trust Deed also provides that the Trustee may accept without investigation, requisition or objection such right, benefit, title and interest, if any, as the Issuer may have in, to and under any of the Charged Assets and is not bound to make any investigation into the same or into the Charged Assets in any respect.

The Trustee shall not be bound or concerned to make any investigation into the creditworthiness of any obligor in respect of the Charged Assets (including the Credit Support Provider (if any)), the validity of any such obligor's obligations under or in respect of the Charged Assets or any of the terms of the Charged Assets (including, without limitation, whether the cashflows from the Charged Assets and the Notes are matched) or to monitor the value of any Charged Assets.

The Trust Deed and/or the Charging Document (as the case may be) provides, where applicable, for the release of the Charged Assets (or part thereof) from the security constituted by the Trust Deed and/or the Charging Document (as the case may be) to realise or, as the case may be, take enforcement action in respect of the same and apply the net proceeds thereof in or towards satisfaction of the Issuer's obligations to the Trustee, the relevant Noteholder(s), Receiptholder(s), Couponholder(s) and/or the Swap Counterparty (if any) on any purchase of Notes pursuant to Condition 9 **(***Purchase*) or any redemption thereof pursuant to Condition 7 (*Redemption*) or on the Notes becoming due and repayable pursuant to Condition 11 (*Events of Default*).

**To the extent that an obligor (including the Credit Support Provider (if any)) fails to make payments to the Issuer under the relevant Charged Assets on the due date therefor and to the extent that the Issuer Credit Enhancer (if any) fails to pay, subject to Conditions 7(b) (*Redemption in relation to the Charged Assets*), 7(d) (*Redemption upon termination of the Charged Agreements)*, 7(g) (*Regulatory Redemption or Transfer*) and 11 (*Events of Default*), the Notes will become repayable in accordance with these Terms and Conditions and the security therefor will become enforceable in accordance with and subject to the provisions of Condition 12 (*Enforcement*).**

**(A) All payments to be made by the Issuer in respect of the Notes, Receipts and Coupons of this Series and the Swap Agreement (if any) will be made only from and to the extent of the sums received or recovered from time to time by or on behalf of the Issuer or the Trustee in respect of (i) the relative Charged Assets and, if applicable, the relative Credit Support Document(s) and (ii) in the case of the Notes, Receipts and Coupons, the other Mortgaged Property (as defined in Condition 3(a)) in respect of this Series (applied, (a) prior to enforcement of the security for the Notes, in accordance with the order of priorities set out in the applicable Final Terms and (b) following enforcement of the security for the Notes, in accordance with the provisions of Condition 3(e) and the Security Ranking Basis (if applicable) specified**

**in the applicable Final Terms);**

**(B)** **to the extent that such sums are less than the amount which the holders of the Notes, Receipts and Coupons and the Swap Counterparty (if any) may have expected to receive (the difference being referred to herein as a "shortfall"), such shortfall will be borne by such holders and by the Swap Counterparty (if any) (a) prior to enforcement of the security for the Notes, in accordance with the inverse of the order of priorities set out in the applicable Final Terms and (b) following enforcement of the security for the Notes, in accordance with the inverse of the order set forth in the provisions of Condition 3(e) and as the Security Ranking Basis (if applicable) specified in the applicable Final Terms; and**

**(C)** **each holder of Notes, Receipts or Coupons, by subscribing for or purchasing such Notes, Receipts or Coupons and each Swap Counterparty (if any), will be deemed to accept and acknowledge that it is fully aware that:**

**(i)** **the holders of the Notes, Receipts and Coupons and the Swap Counterparty (if any) shall look solely to the sums referred to in paragraph (A), as applied in accordance with paragraphs (A) and (B) above (the "Relevant Sums"), for payments to be made by the Issuer hereunder in respect of the Notes, Receipts and Coupons and the Swap Agreement (if any);**

**(ii)** **the obligations of the Issuer to make payments in respect of the Notes, Receipts and Coupons and the Swap Agreement (if any) will be limited to the Relevant Sums and the holders of the Notes, Receipts and Coupons and the Swap Counterparty (if any) shall have no further recourse to the Issuer in respect of the Notes, Receipts, Coupons, the Swap Agreement (if any), respectively;**

**(iii)** **without prejudice to the foregoing, any right of the holders of the Notes, Receipts and Coupons and the Swap Counterparty (if any) to claim payment of any amount exceeding the Relevant Sums shall be automatically extinguished; and**

**(iv)** **the holders of the Notes, Receipts and Coupons and the Swap Counterparty (if any) shall not be able to petition for the winding-up of the Issuer as a consequence of any such shortfall.**

**Such limitation shall be without prejudice to any claims against the relevant Issuer Credit Enhancer (if any).**

**No such shortfall shall constitute an Event of Default under Condition 11 (*Events of Default*) nor entitle the Swap Counterparty (if any), the Swap Guarantor (if any) or the Credit Support Provider (if any) to terminate the remainder of the Charged Agreements or the Credit Support Document(s).**

**None of the Trustee, the shareholders of the Issuer, any Swap Counterparty, any Swap Guarantor or any Credit Support Provider has any obligation to any Noteholder, Receiptholder or Couponholder for payment of any amount by the Issuer in respect of the Notes, Receipts or Coupons.**

(c) *Charged Agreements*

If so specified in the applicable Final Terms, the Issuer has entered into one or more interest rate and/or currency exchange agreements and/or other hedging agreements (each a "**Swap Agreement**") with one or more Swap Counterparties. Under a Swap Agreement, the Swap

Counterparty will make certain payments to the Issuer in respect of amounts due on the Notes and/or (if applicable) the Receipts and the Coupons and, if applicable, the Issuer will make certain payments to the Swap Counterparty out of sums received by the Issuer or to the order of the Issuer on or in respect of the Charged Assets.

The obligations of the Swap Counterparty in respect of any Swap Agreement may (if so specified in the applicable Final Terms) be guaranteed pursuant to a guarantee or other credit support document(s) in respect of the obligations of one or more Swap Counterparties under each such Swap Agreement (each a "**Swap Guarantee**") by the entity named therein (the "**Swap Guarantor**").

Unless otherwise specified to the contrary, the terms of each Confirmation provide that the relevant Swap Counterparty may, without the consent of Noteholders or the Issuer, transfer all or part of its interest and obligations in and under the relevant Swap Agreement to any affiliate of the relevant Swap Counterparty (the "**Transferee**") provided that the Transferee either: (i) has an at least equivalent credit rating as of the date of such transfer to that of the Swap Guarantor as of the date of such transfer; or (ii) is guaranteed by the Swap Guarantor or an affiliate of the relevant Swap Counterparty that has a credit rating as at the date of such transfer that is at least equivalent to that of the Swap Guarantor as at the date of such transfer on substantially the same terms as the existing guarantee of the relevant Swap Counterparty's obligations, and provided that certain requirements and conditions set out in the Confirmation and the Supplemental Trust Deed have been satisfied. These requirements and conditions include (without limitation) the requirement that: (i) the Transferee shall, at the time of such transfer, have entered into an ISDA Master Agreement with the Issuer on substantially the same terms as the ISDA Master Agreement between the Issuer and the relevant Swap Counterparty; (ii) if so specified in the applicable Final Terms, the condition that after the transfer of any part of the relevant Swap Agreement there will be no more than two Swap Agreements (each documented by no more than one Confirmation) at any one time; (iii) as of the date of such transfer the affiliate transferee will not, as a result of such transfer, be required to withhold or deduct on account of tax under the ISDA Master Agreement, and (iv) if applicable, Moody's has provided prior written notification that the then current ratings of the Notes will not be adversely affected. Upon such transfer, the Calculation Agent shall adjust such of the Terms and Conditions as it shall in its sole and absolute discretion determine to be appropriate to reflect that the relevant Swap Counterparty has transferred all or part of its interest and obligations in and under the relevant Swap Agreement to an affiliate of the relevant Swap Counterparty and shall determine the effective date of that adjustment.

Upon any such transfer, the Swap Agreement comprising the ISDA Master Agreement between the Issuer and the Transferee and any swap transaction between the Issuer and the Transferee as evidenced by any confirmation supplemental thereto and any guarantee relating thereto shall also be Charged Agreements.

The Swap Agreements and the Swap Guarantees applicable to the Notes are together referred to as the "**Charged Agreements**" and each a "**Charged Agreement**". Where there is more than one Swap Counterparty, Swap Agreement and Swap Guarantee, references to such terms in the Conditions shall be construed accordingly.

The Swap Agreements will terminate on the Maturity Date unless terminated earlier in accordance with the terms thereof. In particular, the Swap Agreements will terminate in whole or in part (as applicable) if the Notes are redeemed pursuant to Condition 7 (*Redemption*) or purchased pursuant to Condition 9 (*Purchase*). In the event of an early termination, in the case of a Swap Agreement, either party may be liable to make a termination payment to the other in respect of any loss which that other party may have suffered as a result of such termination.

None of the Issuer or the Issuer Credit Enhancer or, as applicable and unless otherwise specified in the applicable Final Terms, the Swap Counterparty or the Swap Guarantor under any Swap Agreement or Swap Guarantee is obliged to gross up any payment to be made thereunder if

withholding taxes are imposed. If the Issuer or the Issuer Credit Enhancer (if so specified in the applicable Final Terms) or, if applicable, the Swap Counterparty or the Swap Guarantor, on the occasion of the next payment due under the relevant Charged Agreement, would be required by law to withhold or account for tax or would suffer tax in respect of, or would receive net of tax, its income relating to such Charged Agreement so that it would be unable to make payment of the full amount due, the provisions of Condition 7(c) (*Redemption for taxation reasons*) shall apply.

The Trustee shall not be bound or concerned to make any investigation into the creditworthiness of any of the Swap Counterparty or the Swap Guarantor, the validity of any obligations of the Swap Counterparty or the Swap Guarantor under or in respect of the Charged Agreements or any of the terms of the Charged Agreements (including, without limitation, whether the cashflows from the Charged Assets, the Charged Agreements and the Notes are matched).

**To the extent that the Swap Counterparty and the Swap Guarantor fail to make payments due to the Issuer under the Charged Agreements and to the extent that the Issuer Credit Enhancer (if any) fails to pay, the Charged Agreements will be terminated and, subject to Conditions 7(d) (*Redemption upon termination of the Charged Agreements*), 7(g) (*Regulatory Redemption or Transfer*) and 11 (*Events of Default*), the Notes will become repayable in accordance with these Terms and Conditions and the security therefor will become enforceable in accordance with and subject to the provisions of Condition 12 (*Enforcement*).**

**(A)** **All payments to be made by the Issuer hereunder in respect of the Notes, Receipts and Coupons of this Series and the Swap Agreement (if any) will be made only from and to the extent of the sums received or recovered from time to time by or on behalf of the Issuer or the Trustee in respect of (i) the relative Charged Assets and, if applicable, the relative Credit Support Document(s) and (ii) in the case of the Notes, Receipts and Coupons, the other Mortgaged Property (as defined in Condition 3(a)) in respect of this Series (applied, (a) prior to enforcement of the security for the Notes, in accordance with the order of priorities set out in the applicable Final Terms and (b) following enforcement of the security for the Notes, in accordance with the provisions of Condition 3(e) and the Security Ranking Basis (if applicable) specified in the applicable Final Terms);**

**(B)** **to the extent that such sums are less than the amount which the holders of the Notes, Receipts and Coupons and the Swap Counterparty (if any) may have expected to receive (the difference being referred to herein as a "shortfall"), such shortfall will be borne by such holders and by the Swap Counterparty (if any) (a) prior to enforcement of the security for the Notes, in accordance with the inverse of the order of priorities set out in the applicable Final Terms and (b) following enforcement of the security for the Notes, in accordance with the inverse of the order set forth in the provisions of Condition 3(e) and as the Security Ranking Basis (if applicable) specified in the applicable Final Terms; and**

**(C)** **each holder of Notes, Receipts or Coupons, by subscribing for or purchasing such Notes, Receipts or Coupons and each Swap Counterparty (if any), will be deemed to accept and acknowledge that it is fully aware that:**

**(i)** **the holders of the Notes, Receipts and Coupons and the Swap Counterparty (if any) shall look solely to the sums referred to in paragraph (A), as applied in accordance with paragraphs (A) and (B) above, (the "Relevant Sums") for payments to be made by the Issuer hereunder in respect of the Notes, Receipts and Coupons and the Swap Agreement (if any);**

**(ii)** **the obligations of the Issuer to make payments in respect of the Notes, Receipts and Coupons and the Swap Agreement (if any) will be limited to the Relevant Sums and the holders of the Notes, Receipts and Coupons and**

**the Swap Counterparty (if any) shall have no further recourse to the Issuer in respect of the Notes, Receipts, Coupons, the Swap Agreement (if any), respectively;**

**(iii) without prejudice to the foregoing, any right of the holders of the Notes, Receipts and Coupons and the Swap Counterparty (if any) to claim payment of any amount exceeding the Relevant Sums shall be automatically extinguished; and**

**(iv) the holders of the Notes, Receipts and Coupons and the Swap Counterparty (if any) shall not be able to petition for the winding up of the Issuer as a consequence of any such shortfall.**

**Such limitation shall be without prejudice to any claims against the relevant Issuer Credit Enhancer (if any).**

**No such shortfall shall constitute an Event of Default under Condition 11 (*Events of Default)* nor entitle the Swap Counterparty (if any), the Swap Guarantor (if any) or the Credit Support Provider (if any) to terminate the remainder of the Charged Agreements or the Credit Support Document(s).**

**None of the Trustee, the shareholders of the Issuer, any Swap Counterparty, any Swap Guarantor or any Credit Support Provider has any obligation to any Noteholder, Receiptholder or Couponholder for payment of any amount by the Issuer in respect of the Notes, Receipts or Coupons.**

(d) *Realisation of Mortgaged Property upon redemption under Condition 7 (Redemption), 9 (Purchase) or 11 (Events of Default)*

In the event of the security constituted under the Trust Deed and/or the Charging Document (as the case may be) over any of the Mortgaged Property becoming enforceable on an early redemption of Notes as provided in Condition 7 (*Redemption*) or 11 (*Events of Default*) or a purchase of Notes as provided in Condition 9 (*Purchase*), the Trustee may in its discretion and, if so requested in writing by the holders of at least one-fifth in aggregate principal amount of, in the case of a Series of Notes comprising only one Class of Notes, the Notes then outstanding or, in the case of a Series of Notes comprising more than one Class of Notes, the most senior ranking Class of Notes then outstanding or if so directed by an Extraordinary Resolution (as defined in the Trust Deed) of, in the case of a Series of Notes comprising only one Class of Notes, the Noteholders or, in the case of a Series of Notes comprising more than one Class of Notes, the Noteholders of the most senior ranking Class of Notes then outstanding or by the Swap Counterparty (if any), shall (but in each case without any liability as to the consequence of such action and without having regard to the effect of such action on individual Noteholders, Receiptholders or Couponholders or the Swap Counterparty (if any)), realise such Mortgaged Property and/or take such action as may be permitted under applicable laws against any obligor in respect of such Mortgaged Property, provided that the Trustee shall not be required to take any such action unless indemnified to its satisfaction and subject as provided in Condition 11 (*Events of Default*). On the happening of any such event, the Charged Agreement(s) (or part thereof) (if any) will terminate in accordance with its/their terms.

The Trust Deed, in relation to any relevant Series of Notes, contains provisions limiting the powers of holders of any Class of Notes ranking junior in point of priority to any other Class or Classes of Notes, *inter alia*, to request or direct the Trustee to take any action or to pass an effective Extraordinary Resolution according to the effect thereof on the interests of the holders of the more senior ranking Class or Classes of Notes. Except in certain circumstances, the Trust Deed contains no such limitation on the powers of holders of any Class of Notes in respect of holders of any Class or Classes of Notes ranking junior thereto to request or direct the Trustee to

take any action or to pass an effective Extraordinary Resolution, and any such action or Extraordinary Resolution will be binding on the holders of any junior ranking Class or Classes of Notes, irrespective of the effect thereof on their interests.

**(A) All payments to be made by the Issuer hereunder in respect of the Notes, Receipts and Coupons of this Series and the Swap Agreement (if any) will be made only from and to the extent of the sums received or recovered from time to time by or on behalf of the Issuer or the Trustee in respect of (i) the relative Charged Assets and, if applicable, the relative Credit Support Document(s) and (ii) in the case of the Notes, Receipts and Coupons, the other Mortgaged Property (as defined in Condition 3(a)) in respect of this Series (applied, (a) prior to enforcement of the security for the Notes, in accordance with the order of priorities set out in the applicable Final Terms and (b) following enforcement of the security for the Notes, in accordance with the provisions of Condition 3(e) and the Security Ranking Basis (if applicable) specified in the applicable Final Terms);**

**(B) to the extent that such sums are less than the amount which the holders of the Notes, Receipts and Coupons and the Swap Counterparty (if any) may have expected to receive (the difference being referred to herein as a "shortfall"), such shortfall will be borne by such holders and by the Swap Counterparty (if any) (a) prior to enforcement of the security for the Notes, in accordance with the inverse of the order of priorities set out in the applicable Final Terms and (b) following enforcement of the security for the Notes, in accordance with the inverse of the order set forth in the provisions of Condition 3(e) and as the Security Ranking Basis (if applicable) specified in the applicable Final Terms; and**

**(C) each holder of Notes, Receipts or Coupons, by subscribing for or purchasing such Notes, Receipts or Coupons and each Swap Counterparty (if any), will be deemed to accept and acknowledge that it is fully aware that:**

**(i) the holders of the Notes, Receipts and Coupons and the Swap Counterparty (if any) shall look solely to the sums referred to in paragraph (A), as applied in accordance with paragraphs (A) and (B) above (the "*Relevant Sums*"), for payments to be made by the Issuer hereunder in respect of the Notes, Receipts and Coupons and the Swap Agreement (if any);**

**(ii) the obligations of the Issuer to make payments in respect of the Notes, Receipts and Coupons and the Swap Agreement (if any) will be limited to the Relevant Sums and the holders of the Notes, Receipts and Coupons and the Swap Counterparty (if any) shall have no further recourse to the Issuer in respect of the Notes, Receipts, Coupons and the Swap Agreement (if any), respectively;**

**(iii) without prejudice to the foregoing, any right of the holders of the Notes, Receipts and Coupons and the Swap Counterparty (if any) to claim payment of any amount exceeding the Relevant Sums shall be automatically extinguished; and**

**(iv) the holders of the Notes, Receipts and Coupons and the Swap Counterparty (if any) shall not be able to petition for the winding-up of the Issuer as a consequence of any such shortfall.**

**Such limitation shall be without prejudice to any claims against the relevant Issuer Credit Enhancer (if any).**

**No such shortfall shall constitute an Event of Default under Condition 11 (*Events of Default*),**

**nor entitle the Swap Counterparty (if any), the Swap Guarantor (if any) or the Credit Support Provider (if any) to terminate the remainder (if any) of the Charged Agreement(s) or the Credit Support Document(s).**

**None of the Trustee, the shareholders of the Issuer, any Swap Counterparty, any Swap Guarantor or any Credit Support Provider has any obligation to any Noteholder, Receiptholder or Couponholder for payment of any amount by the Issuer in respect of the Notes, Receipts or Coupons.**

(e) *Application of proceeds*

(i) *Mortgaged Property secured in respect of a Series of one Class only.*

The Trust Deed provides that, in the case of a Series of one Class only, (subject to the provisions of Condition 7(f) (*Redemption at the option of the Noteholders (Investor Put)*) and Condition 9 (*Purchase*)) the Realisation Amount (following payment of all amounts due to the Trustee under or pursuant to the Trust Deed, including any costs, expenses and taxes incurred in connection with enforcement or realisation in accordance with the Trust Deed or any Charging Document) shall be applied:

(A) in the case of the security granted over the Charged Assets and any relevant Credit Support Document(s) where there is no Charged Agreement, *pro rata* and on a *pari passu* basis in meeting the claims of the Noteholders, the Receiptholders and the Couponholders under the Notes, the Receipts and the Coupons of that Series;

(B) in the case of the security granted over the Charged Assets and any relevant Credit Support Document(s) where there is a Charged Agreement, in accordance with the Security Ranking Basis specified in the applicable Final Terms;

(C) in the case of the security granted over the Mortgaged Property other than the Charged Assets and any relevant Credit Support Document(s), *pro rata* and on a *pari passu* basis in meeting the claims of the Noteholders, the Receiptholders and the Couponholders under the Notes, the Receipts and the Coupons of that Series; and

(D) if applicable, after payment in accordance with (A) or (B) and (C) above, to the Issuer Credit Enhancer (if any) in respect of any payments made under the Notes Guarantee relating to that Series or, if none, the Issuer or as otherwise directed by the Issuer.

(ii) *Mortgaged Property secured in respect of a Series of more than one Class*

Where so specified in the applicable Final Terms, the Issuer's obligations in respect of more than one Class of Notes within one Series may be secured upon the same Mortgaged Property. In such circumstances, unless otherwise specified in the applicable Final Terms, the Notes of each Class may have a different ranking in point of priority to the Notes of the other Classes, as described in the applicable Final Terms. The Trust Deed provides that, where Notes of more than one Class have been issued, subject to the provisions of Condition 7(f) (*Redemption at the option of the Noteholders (Investor Put)*) and Condition 9 (*Purchase*), upon enforcement of the security for the Notes, the Realisation Amount shall be applied in accordance with the Security Ranking Basis set out in the applicable Final Terms and/or the applicable Supplemental Trust Deed.

(iii) *Definitions relating to the application of proceeds*

For the purposes of this Condition 3(e) (*Application of proceeds*), and if so specified as the Security Ranking Basis in the applicable Final Terms:

(A) "**Primary Basis**" means that the Realisation Amount shall be applied (following payment of all amounts due to the Trustee under or pursuant to the Trust Deed as aforesaid) first, *pro rata* and on a *pari passu* basis in meeting the claims of the Noteholders, the Receiptholders and the Couponholders under the Notes, the Receipts and the Coupons (if applicable, applied in accordance with the relevant ranking of each Class within a Series) and thereafter in meeting the claims of the Swap Counterparty (if any) under the Swap Agreement or, if more than one Swap Counterparty, the Swap Counterparties under the Swap Agreements on a *pro rata* and *pari passu* basis;

(B) "***Pari Passu* Basis**" means that the Realisation Amount shall be applied (following payment of all amounts due to the Trustee under or pursuant to the Trust Deed as aforesaid) *pro rata* and on a *pari passu* basis in meeting the aforesaid claims of the Noteholders, the Receiptholders and the Couponholders under the Notes, the Receipts and the Coupons (if applicable, applied in accordance with the relevant ranking of each Class within a Series) and the Swap Counterparty (if any) under the Swap Agreement; and

(C) "**Secondary Basis**" means that the Realisation Amount shall be applied (following payment of all amounts due to the Trustee under or pursuant to the Trust Deed as aforesaid) first, in meeting the aforesaid claims of the Swap Counterparty (if any) under the Swap Agreement or, if more than one Swap Counterparty, the Swap Counterparties under the Swap Agreements on a *pro rata* and *pari passu* basis and thereafter *pro rata* and on a *pari passu* basis in meeting the aforesaid claims of the Noteholders, the Receiptholders and the Couponholders (if applicable, applied in accordance with the relevant ranking of each Class within a Series).

In respect of a Series comprising more than one Class of Notes, the Security Ranking Basis shall be specified in the applicable Final Terms.

For the purposes of these Conditions, "**Realisation Amount**" means, unless otherwise specified in the applicable Final Terms, the equivalent in the Specified Currency of the net proceeds of the realisation or, as the case may be, redemption of the Charged Assets (or, as the case may be, part thereof) and/or, if applicable, the net proceeds due (if any) as a result of the termination of any Swap Agreement and/or, if applicable, enforcement of the Credit Support Document(s) received by or on behalf of the Issuer (or, in the case of enforcement, by or on behalf of the Trustee), having taken into account, for the avoidance of doubt, any costs and expenses which may be incurred by or on behalf of the Issuer or, as the case may be, the Trustee, including taxes and other charges in connection with the delivery or sale of any Charged Assets, to the extent the net proceeds are received in respect thereof.

(f) *Shortfall after application of proceeds*

**(A) All payments to be made by the Issuer hereunder in respect of the Notes, Receipts and Coupons and the Swap Agreement (if any) will be made only from and to the extent of the sums received or recovered from time to time by or on behalf of the Issuer or the Trustee in respect of (i) the relative Charged Assets and, if applicable, the relative Credit Support Document(s) and (ii) in the case of the Notes, Receipts and Coupons, the other Mortgaged Property (as defined in Condition 3(a)) in**

**respect of this Series (applied (a) prior to enforcement of the security for the Notes, in accordance with the order of priorities set out in the applicable Final Terms and (b) following enforcement of the security for the Notes, in accordance with the provisions of Condition 3(e) and the Security Ranking Basis (if applicable) specified in the applicable Final Terms);**

**(B) to the extent that such sums are less than the amount which the holders of the Notes, Receipts and Coupons and the Swap Counterparty (if any) may have expected to receive (the difference being referred to herein as a "shortfall"), such shortfall will be borne by such holders and by the Swap Counterparty (if any) (a) prior to enforcement of the security for the Notes, in accordance with the inverse of the order of priorities set out in the applicable Final Terms and (b) following enforcement of the security for the Notes, in accordance with the inverse of the order set forth in the provisions of Condition 3(e) and as the Security Ranking Basis (if applicable) specified in the applicable Final Terms; and**

**(C) each holder of Notes, Receipts or Coupons, by subscribing for or purchasing such Notes, Receipts or Coupons and each Swap Counterparty (if any) will be deemed to accept and acknowledge that it is fully aware that:**

**(i) the holders of the Notes, Receipts and Coupons and the Swap Counterparty (if any) shall look solely to the sums referred to in paragraph (A), as applied in accordance with paragraphs (A) and (B) above (the "Relevant Sums"), for payments to be made by the Issuer hereunder in respect of the Notes, Receipts and Coupons and the Swap Agreement (if any);**

**(ii) the obligations of the Issuer to make payments in respect of the Notes, Receipts and Coupons and the Swap Agreement (if any) will be limited to the Relevant Sums and the holders of the Notes, Receipts and Coupons and the Swap Counterparty (if any) shall have no further recourse to the Issuer in respect of the Notes, Receipts, Coupons, the Swap Agreement (if any), respectively;**

**(iii) without prejudice to the foregoing, any right of the holders of the Notes, Receipts and Coupons and the Swap Counterparty (if any) to claim payment of any amount exceeding the Relevant Sums shall be automatically extinguished; and**

**(iv) the holders of the Notes, Receipts and Coupons and the Swap Counterparty (if any) shall not be able to petition for the winding-up of the Issuer as a consequence of any such shortfall.**

**Such limitation shall be without prejudice to any claims against the relevant Issuer Credit Enhancer (if any).**

**No such shortfall shall constitute an Event of Default under Condition 11 (*Events of Default*) nor entitle the Swap Counterparty (if any), the Swap Guarantor (if any) or the Credit Support Provider (if any) to terminate the remainder of the Charged Agreements or the Credit Support Document(s).**

**None of the Trustee, the shareholders of the Issuer, any Swap Counterparty, any Swap Guarantor or any Credit Support Provider has any obligation to any Noteholder, Receiptholder or Couponholder for payment of any amount by the Issuer in respect of the Notes, Receipts or Coupons.**

## 4. RESTRICTIONS

*Condition 4(b) only applies to Notes issued by the Issuer in reliance upon the exemption from registration as an "investment company" under Section 3(c)(7) of the Investment Company Act. See the Final Terms as to whether it is applicable.*

(a) So long as any of the Notes remains outstanding, the Issuer will not, without the prior written consent of the Trustee and the Swap Counterparty (if any):

(i) engage in any activity or do anything whatsoever, except:

(aa) (A) issue Notes as contemplated by the Trust Deed (which may be rated or unrated) subject to the maximum aggregate principal amount which may be outstanding under the Programme at any one time or (B) enter into or incur indebtedness in respect of moneys borrowed or raised where such indebtedness is incurred on terms (1) that such indebtedness is secured on specified assets of the Issuer which do not form part of the Charged Assets subject to the fixed security granted under the Trust Deed in respect of any Series of Notes, (2) that recourse in respect of such indebtedness is limited to such secured assets, (3) that the enforcement provisions relating to such indebtedness are substantially similar to those contained in these Conditions and (4) which provide for the extinguishment of all claims in respect of such indebtedness after application of the proceeds of the assets on which such indebtedness is secured ("**Permitted Indebtedness**") provided that if such indebtedness is unrated by Moody's, the Issuer may not enter into or incur such indebtedness until Moody's has confirmed in writing that the ratings of all outstanding Notes of the Issuer which are rated by Moody's will not be adversely affected by such indebtedness;

(bb) acquire and own Charged Assets or any assets used to secure any Permitted Indebtedness, and exercise its rights and perform its obligations in respect thereof;

(cc) enter into and perform its obligations under the Trust Deed, the Agency Agreement, the Custodial Services Agreement, any Charged Agreements, any Credit Support Documents, agreements incidental to the issue and constitution of, and the granting of security for, Notes and any agreements relating to the creation of, the granting of security for, or incidental to, any Permitted Indebtedness;

(dd) enforce any of its rights whether under the Agency Agreement, the Custodial Services Agreement, any Charged Agreements, any Credit Support Documents or the Trust Deed or otherwise under any agreement entered into in relation to the Notes, any Permitted Indebtedness or the Mortgaged Property relating to any Series;

(ee) if appropriate for the Issuer borrow money subject to the restrictions set out in the Trust Deed; or

(ff) perform any act incidental to or necessary in connection with any of the above, including without limitation, entering into any swap, option or forward foreign exchange, stock or other securities lending agreement in connection with the issue of Notes or incurrence of any Permitted Indebtedness;

(ii) have any subsidiaries;

(iii) subject to sub-paragraph (i) above and (iv) below, dispose of any of its property or other

assets or any part thereof or interest therein (otherwise than in accordance with Condition 9 (*Purchase*));

(iv) create or permit within its control to subsist any charge, mortgage, lien or other encumbrance over the Mortgaged Property other than those encumbrances created pursuant to, or as referred to in, the Master Trust Deed, the relevant Supplemental Trust Deed or the Charging Document;

(v) have any employees;

(vi) declare any dividends or make any distributions to shareholders of any other kind;

(vii) issue any further shares; or

(viii) perform such other activities as are expressly restricted in the Master Trust Deed.

(b) Following an issue of Notes pursuant to which the Issuer has relied on the Section 3(c)(7) exemption from registration as an "investment company" under the Investment Company Act, the Issuer will not issue additional Notes of such Series or another Series, unless the Issuer further relies on Section 3(c)(7) to maintain its exemption from registration as an "investment company" under the Investment Company Act, including compliance with Condition 1(b)(iv), 1(e)(iv) and this Condition 4(b) with respect to such additional Notes.

## 5. INTEREST

(a) *Interest on Fixed Rate Notes*

Each Fixed Rate Note bears interest on its outstanding principal amount from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

Except as provided in the applicable Final Terms and in the following sentence, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) that date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

If interest is required to be calculated for a period other than a Fixed Interest Period, such interest shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resulting figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

In these Terms and Conditions:

"**Day Count Fraction**" means, for the purposes of this Condition 5(a):

(i) if "Actual/Actual (ISMA)" is specified in the applicable Final Terms:

(a) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "**Accrual Period**") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period

and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

(b) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; and

(2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(ii) if "30/360" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360;

"**Determination Period**" means each period from (and including) a Determination Date to but excluding the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date);

"**euro**" and "**€ε**" mean the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty;

"**Fixed Interest Period**" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date;

"**sub-unit**" means with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.;

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

"**Treaty**" means the Treaty establishing the European Community, as amended by the Treaty on European Union and the Treaty of Amsterdam.

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

(i) *Interest Payment Dates*

Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding principal amount from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

(A) the Specified Interest Payment Date(s) (each an "**Interest Payment Date**") in each year specified in the applicable Final Terms; or

(B) if no express Specified Interest Payment Date(s) is/are specified in the applicable

Final Terms, each date (each an "**Interest Payment Date**") which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

(1) in any case where Specified Periods are specified in accordance with Condition 5(b)(i)(B) above, the Floating Rate Convention such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or

(2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

(3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

(4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Terms and Conditions, "**Business Day**" means a day which is both:

(A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and any Additional Business Centre specified in the applicable Final Terms; and

(B) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre and which if the Specified Currency is New Zealand dollars or Australian dollars shall be Auckland or Sydney, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET System is open.

(ii) *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Notes and

Index Linked Interest Notes will be determined in the manner 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 Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2000 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes, (the "**ISDA Definitions**") and under which:

(1) the Floating Rate Option is as specified in the applicable Final Terms;

(2) the Designated Maturity is a period specified in the applicable Final Terms; and

(3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London interbank offered rate (LIBOR) or on the Euro-zone interbank offered rate (EURIBOR) for a currency, the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms.

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

Unless otherwise stated in the applicable Final Terms the minimum Rate of Interest shall be deemed to be zero.

(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 Period will, subject as provided below, be either:

(1) the offered quotation; or

(2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Agent Bank. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent Bank for the purpose of determining the arithmetic mean (rounded as provided above)

of such offered quotations.

If the Relevant Screen Page is not available or if, in the case of Condition 5(b)(ii)(B)(1) above, no such offered quotation appears or, in the case of Condition 5(b)(ii)(B)(2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph, the Agent Bank shall request each of the Reference Banks (as defined below) to provide the Agent Bank with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Agent Bank with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of such offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Agent Bank.

If on any Interest Determination Date one only or none of the Reference Banks provides the Agent Bank with such offered quotations as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent Bank determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Agent Bank by the Reference Banks or any two or more of them, at which such banks were offered, at approximately 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Agent Bank with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately 11.00 a.m. (London time in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Agent Bank it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period).

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Final Terms.

For the purposes of this Condition 5(b)(ii) "**Reference Banks**" means, in the case

of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Agent or as specified in the applicable Final Terms.

(iii) *Minimum and/or maximum Rate of Interest*

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(iv) *Determination of Rate of Interest and calculation of Interest Amounts*

The Agent Bank, in the case of Floating Rate Notes, and the Calculation Agent, in the case of Index Linked Interest Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period and will notify the Principal Paying Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Agent Bank or, as the case may be, the Calculation Agent will calculate the amount of interest (the "**Interest Amount**") payable on the Floating Rate Notes or Index Linked Interest Notes in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

For the purposes of this Condition 5(b), "**Day Count Fraction**" means, in respect of the calculation of an amount of interest for any Interest Period:

(i) if "Actual/365" or "Actual/Actual" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest 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 Interest Period divided by 365;

(iii) If "Actual/365 (Sterling)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(iv) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;

(v) if "30/360" is specified in the applicable Final Terms, the number of days in the Interest 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 Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and

(vi) if "30E/360" is specified in the applicable Final Terms, the number of days in the Interest 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 Interest Period unless, in the case of an Interest 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).

(v) *Notification of Rate of Interest and Interest Amounts*

The Agent Bank or, as the case may be, the Calculation Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Trustee and any stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and thereafter notice thereof to be given to the Noteholders, Receiptholders and Couponholders in accordance with Condition 16 (*Notices*) as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 16 (*Notices*). For the purposes of this paragraph, the expression "**London Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London.

(vi) *Determination of calculation by Trustee*

If the Agent Bank or, as the case may be, the Calculation Agent at any material time defaults in its obligation to determine the Rate of Interest or the Interest Amounts in accordance with sub-paragraphs (ii)(B), (iii) and (iv) above, the Trustee or an appointee thereof shall (A) determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described in sub-paragraph (ii) above), it shall deem fair and reasonable in all the circumstances and (B) calculate the Interest Amounts in the manner specified in sub-paragraph (iv) above; and such determination and calculation shall be deemed to be a determination and calculation by the Agent Bank or, as the case may be, the Calculation Agent.

(vii) *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5(b) (*Interest - Interest on Floating Rate Notes and Index Linked Interest Notes*), whether by the Agent Bank, the Calculation Agent or, if applicable, the Trustee shall (in the absence of wilful default, bad faith or manifest error or proven error) be binding on the Issuer, the Principal Paying Agent, the Agent Bank, the Calculation Agent

(if applicable), the other Agents and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Noteholders, the Receiptholders or the Couponholders shall attach to the Agent Bank, the Calculation Agent or the Trustee (if applicable) in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) *Interest on Dual Currency Notes*

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

(d) *Accrual of interest*

Subject as provided in these Terms and Conditions or the applicable Final Terms, each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue as provided in the Trust Deed.

(e) *Payments only to the extent of funds available therefor*

Unless otherwise specified in the applicable Final Terms, all payments of interest on any Notes or Class of Notes under this Condition 5 shall only be due and payable to the extent of the receipt by the Issuer of proceeds of the Charged Assets and any other security forming part of the Charged Assets or credit enhancement in respect thereof (after application of such proceeds (a) prior to enforcement of the security for the Notes, in accordance with the order of priorities set out in the applicable Final Terms and (b) following enforcement of the security for the Notes, in accordance with the provisions of Condition 3(e) and the Security Ranking Basis (if applicable) specified in the applicable Final Terms). For the avoidance of doubt, failure to make payment of the full amount of interest in respect of any Notes or Class of Notes specified under paragraphs (a) to (c) of this Condition 5 as a result of non-receipt by the Issuer of sufficient proceeds therefor (after application of such proceeds as aforesaid) shall not constitute an Event of Default under Condition 11 (*Events of Default*).

## 6. PAYMENTS

*Condition 6(h) only applies to Notes issued by the Issuer in reliance upon the exemption from registration as an "investment company" under Section 3(c)(7) of the Investment Company Act. See the Final Terms as to whether it is applicable.*

(a) *Method of payment*

Subject as provided below:

(i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency (which, in the case of a payment in Japanese Yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the payee by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is New Zealand dollars or Australian dollars, shall be Auckland and Sydney, respectively); and

(ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment.

(b) *Presentation of definitive Bearer Notes, Receipts and Coupons*

Payments of principal in respect of definitive Bearer Notes will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Bearer Notes, and payments of interest (if any) in respect of such definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Coupon, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, 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)).

Payments of instalments of principal (if any) in respect of definitive Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph (a) above against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt at the specified office of any Paying Agent outside the United States (which expression, as used herein, 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)) in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of such definitive Bearer Notes in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Bearer Note to which it appertains. Receipts presented without the definitive Bearer Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Bearer Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive bearer form (other than Dual Currency Notes or Index Linked Interest Notes) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined below) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 10 (*Prescription*)) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Dual Currency Note or Index Linked Interest Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for Coupons shall be made in respect thereof.

If the due date for redemption of any definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of such definitive Bearer Note.

Notwithstanding the foregoing, payments on a Temporary Global Note due prior to the Exchange Date will only be made, if the applicable Final Terms so specifies, upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury regulations, and no payments due after the Exchange Date will be made on the Temporary Global Note unless, upon due certification, exchange of the Temporary Global Notes for an interest in a Permanent Global Note or for definitive Bearer Notes is improperly withheld or refused.

(c) *Payments in respect of Bearer Global Notes*

Payments of principal and interest (if any) in respect of Notes represented by any Bearer Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Bearer Notes and otherwise in the manner specified in the relevant Bearer Global Note against presentation or surrender, as the case may be, of such Bearer Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Bearer Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Bearer Global Note by the Paying Agent to which it was presented or surrendered and such record shall be *prima facie* evidence that the payment in question has been made.

The holder of a Bearer Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Bearer Global Note and the Issuer or, as the case may be, the Issuer Credit Enhancer (if any) will be discharged *pro tanto* by payment to, or to the order of, the holder of such Bearer Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear and Clearstream, Luxembourg as the beneficial holder of a particular principal amount of Notes represented by such Bearer Global Notes must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment made by the Issuer or, as the case may be, the Issuer Credit Enhancer to, or to the order of, the holder of such Bearer Global Note. Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as such Bearer Global Note is outstanding and the Issuer will be discharged by payment to the holder of such Bearer Global Note in respect of each amount so paid.

(d) *Payments in respect of Registered Notes*

Payment of principal (other than instalments of principal prior to the final instalment) in respect of each Registered Note will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of any of the Paying Agents. Such payment will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the Register at the close of business on the third business day (being for the purposes of this paragraph (d) a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. Notwithstanding the previous sentence, if (i) a holder does not have a Designated Account or (ii) the principal amount of the Notes held by a holder is less than U.S.$250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, "**Designated Account**" means the account (which, in the case of a payment in Japanese Yen to a non-resident of Japan, shall be a non-resident account) maintained by a holder with a Designated Bank and identified as such in the Register and "**Designated Bank**" means (in the case of a payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is New Zealand dollars or Australian dollars, shall be Auckland and Sydney, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest (if any) and payments of instalments of principal (if any) (other than the final instalment) in respect of each Registered Note will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail not later than the business day

immediately following the relevant due date to the holder (or the first named of joint holders) of the Registered Note appearing in the Register at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the "**Record Date**") at his address shown in the Register and at his risk. Upon application of the holder to the specified office of the Registrar not less than three business days before the due date for any payment of interest or an instalment of principal (other than the final instalment) in respect of a Registered Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) and instalments of principal (other than the final instalment) in respect of the Registered Notes which become due and payable to the holder who made the application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Note on redemption and the final instalment of principal will be made in the same manner as payment of the principal amount of such Registered Note.

Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Notes.

(e) *General provisions applicable to payments*

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or DTC as the case may be, as the beneficial holder of a particular principal amount of Notes represented by any Global Note must look solely to Euroclear, Clearstream, Luxembourg or DTC as the case may be, for his share of each payment made by the Issuer or, as the case may be, the Issuer Credit Enhancer (if any) to, or to the order of, the holder of such Global Note. Such persons shall have no claim directly against the Issuer or any Issuer Credit Enhancer (if any) in respect of payments due on the Notes for so long as such Global Note is outstanding and the Issuer or Issuer Credit Enhancer (if any) will be discharged by payment to the holder of such Global Note in respect of each amount so paid.

Every payment of principal or interest in respect of the Notes or any Class of Notes to or to the account of the relevant Paying Agent and/or the Redemption Agent (as the case may be) in the manner provided in the Agency Agreement relating to such Notes or Class of Notes shall operate in satisfaction *pro tanto* of the relative obligation of the Issuer in respect of such Notes or Class of Notes to pay such principal or interest except to the extent that there is default in the subsequent payment thereof in accordance with the Conditions of such Notes or Class of Notes to the Noteholders, Receiptholders or Couponholders (as the case may be) of such Notes or Class of Notes. Any receipt by the Custodian of any proceeds in respect of the Charged Assets or any other assets forming part of the Mortgaged Property which are required to be applied to pay principal or interest in respect of the Notes or any Class of Notes shall operate in satisfaction *pro tanto* of the relative obligation of the Issuer in respect of such Notes or Class of Notes to pay such principal or interest except to the extent that there is any default in the subsequent payment thereof by the Custodian to the relevant Paying Agent and/or the Redemption Agent.

Notwithstanding the foregoing provisions of this Condition 6 (*Payments*), if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

(i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;

(ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

(iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer or, if applicable, the Issuer Credit Enhancer (if any) and the Trustee, adverse tax consequences to the Issuer or, if applicable, the Issuer Credit Enhancer (if any).

Where Physical Settlement is specified in the applicable Final Terms, the provisions of this Condition 6 shall be subject to the provisions of Condition 8 (*Delivery Option*).

(f) *Payment Day*

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to interest or other payment in respect of such delay. For these purposes, "**Payment Day**" means any day which (subject to Condition 10 (*Prescription*)) is:

(i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in:

(A) the relevant place of presentation;

(B) London; and

(C) any Additional Financial Centre specified in the applicable Final Terms; and

(ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation, London and any Additional Financial Centre and which if the Specified Currency is New Zealand dollars or Australian dollars shall be Auckland and Sydney, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET System is open.

(g) *Interpretation of principal*

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

(i) the Final Redemption Amount of the Notes;

(ii) the Early Redemption Amount of the Notes;

(iii) the Optional Redemption Amount(s) (if any) of the Notes;

(iv) in relation to Notes redeemable in instalments, the Instalment Amounts or, as the case

may be, the outstanding aggregate principal amount;

(v) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 7(h));

(vi) any premium and any other amounts which may be payable by the Issuer under or in respect of the Notes; and

(vii) in the case of Notes to which the Delivery Option set out in Condition 8 (*Delivery Option*) applies, the Asset Amount.

(h) *Exemption from registration as an "investment company" in reliance on Section 3(c)(7)*

As specified in the applicable Final Terms, Notes may not be offered, sold or transferred, and the Registrar shall not register any proposed transfer of an Individual Certificate, to any U.S. person (as defined in Regulation S) or transfer to a holder whose interest would be evidenced by an Individual Certificate, unless it receives a certificate to the effect that the proposed transferee is a Section 3(c)(7) Eligible Investor; and any proposed transferee in a transfer in violation of this Condition 6(h) shall be deemed not to be the holder of such Notes for any purpose including, but not limited to, the receipt of interest on such Notes.

**7. REDEMPTION**

(a) *Redemption at maturity*

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer on the Maturity Date or, in the case of Instalment Notes, at the Instalment Amount due on each Instalment Date (each as specified in the applicable Final Terms), as specified in the applicable Final Terms either by (i) Cash Settlement at its Final Redemption Amount or as otherwise specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency and/or (ii) Physical Settlement in accordance with Condition 8 (*Delivery Option*).

(b) *Redemption in relation to the Charged Assets*

(i) *Early repayment of Charged Assets other than by reason of default in payment*

Subject to Condition 7(b)(iii) below and subject to the right of any person specified in the applicable Final Terms to substitute Charged Assets in accordance with Condition 3(b) (provided that any such right shall be exercisable upon the giving by such person of a period of not less than five Business Days' notice expiring prior to the date upon which the Issuer is to receive the redemption proceeds of such Charged Assets), if the Charged Assets (or part thereof) become due and repayable on a date prior to their stated maturity date (or, if applicable, the Credit Support Document (if any) becomes enforceable) (other than by reason of default in payment), then the Issuer shall, forthwith upon becoming aware of such event, on giving such period of notice as expires not more than ten nor less than five Business Days following the date upon which the Issuer is to receive the redemption proceeds of such Charged Assets (or, if applicable, the redemption proceeds of enforcement of the Credit Support Document(s) (if any)) (or such other period of notice as may be otherwise agreed with the Trustee or unless the Trustee shall (at the expense of the Issuer) certify to the Issuer that it considers in its absolute discretion that it is in the best interests of the Noteholders that such notice be delayed or not given or an Extraordinary Resolution of the Noteholders shall otherwise direct, subject, in the case of Notes in a Series comprising more than one Class of Notes, to restrictions contained in the Trust Deed to protect the interests of the holders of related Notes of each Class) to the Trustee, the Swap Counterparty (if any), the Principal Paying Agent, the Registrar (if applicable), the Rating Agencies (if any) and to the Noteholders in accordance with

Condition 16 (*Notices*), redeem the Notes (or part thereof) at the Early Redemption Amount on the expiry of such notice.

(ii) *Default in payment by obligor of Charged Assets*

Subject to Condition 7(b)(iii) below and subject to the right of any person specified in the applicable Final Terms to substitute Charged Assets in accordance with Condition 3(b) (provided that any such right shall be exercisable upon the giving by such person, of a period of not less than five Business Days' notice expiring prior to the giving of the notice to the Redemption Agent referred to below), if the Charged Assets (or part thereof) become due and repayable on a date prior to their stated maturity date (or, if applicable, the Credit Support Document(s) (if any) becomes enforceable) by reason of default in payment by the obligor of such Charged Assets continuing after the expiry of any applicable grace period, the Issuer shall forthwith give notice thereof to the Trustee and the Trustee shall (at the expense of the Issuer) thereafter notify the Redemption Agent specified in the applicable Final Terms. The Redemption Agent shall, subject to the provisions of the Trust Deed, enforce the security (or the part thereof relating to the Repayable Assets (as defined in Condition 7(b)(iii) below)) as soon as reasonably practicable by arranging for and administering the sale of the Charged Assets (or, if applicable, enforcement of the Credit Support Document(s) (if any)) (or in the event that some only of the Charged Assets become due and repayable as provided above, the relevant proportion thereof). The Issuer shall at the same time (unless otherwise agreed by the Trustee) give notice (x) that the Notes (or part thereof) are to be redeemed at the Early Redemption Amount pursuant to this Condition 7(b)(ii) following receipt of the realisation proceeds of the Charged Assets (or, if applicable, of enforcement of the Credit Support Documents (if any)) (or part thereof) and (y) upon receipt of such proceeds, of the date upon which the Notes (or part thereof) are to be redeemed (which date shall be not more than ten nor less than five Business Days following receipt of such proceeds), in both cases to the Noteholders in accordance with Condition 16 (*Notices*), the Swap Counterparty (if any), the Credit Support Provider (if any), the Principal Paying Agent, the Registrar (if applicable) and the Rating Agencies (if any).

(iii) *General provisions*

Subject as provided below, in the event that some only of the Charged Assets become repayable (or, if applicable, the Credit Support Document(s) (if any) become enforceable with respect to some only of the Charged Assets) as aforesaid (the "**Repayable Assets**") pursuant to Conditions 7(b)(i) or 7(b)(ii) above, the Notes will be partially redeemed in an aggregate principal amount equal to the proportion of the then outstanding aggregate principal amount of the Notes that the principal amount of the Repayable Assets bears to the aggregate principal amount of all of the Charged Assets, subject as provided below. The Notes to be redeemed ("**Redeemed Notes**") will be selected, as indicated in the applicable Final Terms, either (i) individually by lot, in the case of Redeemed Notes represented by definitive Notes, or in accordance with the rules of Euroclear, Clearstream, Luxembourg, and/or DTC, in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**") or (ii) in accordance with the order of priorities relating to the repayment of principal of the Notes. In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 16 (*Notices*) not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 7(b) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 16 (*Notices*) at least five days prior to the Selection Date.

Inability to make payment of the full amount due in respect of a partial redemption of the Notes under this Condition 7(b) or any termination payment under any Charged Agreement shall not constitute an Event of Default under Condition 11 (*Events of Default*). In the event of any such redemption under this Condition 7(b) becoming due to be made by the Issuer, the Charged Agreements (or a proportionate part thereof which corresponds to the Notes to be redeemed) will be terminated and the security (or the part thereof relating to the Repayable Assets) constituted by the Trust Deed and/or any Charging Document shall become enforceable and the Trustee may take such action as is provided in Condition 12 (*Enforcement*).

(c) *Redemption for taxation reasons*

If either:

(i) the Issuer (A) would be required by law to withhold or account for tax, (B) would suffer tax in respect of its income in respect of the Charged Assets or payments made to it under a Charged Agreement or (C) would receive net of tax any payment in respect of the Charged Assets or a Charged Agreement, so that it would be unable to make payment of the full amount due in respect of the Notes, Receipts and Coupons; or

(ii) if so specified in the applicable Final Terms, the Issuer Credit Enhancer (if any) would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required by law to withhold or account for tax,

the Issuer or, as the case may be, the Issuer Credit Enhancer (if any) shall as soon as reasonably practicable so inform the Trustee and, if applicable, the Swap Counterparty (if any), and each relevant Rating Agency and shall use its reasonable endeavours to arrange the substitution of it as obligor of a company approved in writing by the Trustee and, if applicable, the Swap Counterparty (if any) (such approval of the Swap Counterparty (if any) not to be unreasonably withheld or delayed) incorporated in another jurisdiction wherein such withholding would not be applicable or such tax would not be accountable or suffered (subject to confirmation from each relevant Rating Agency that there would be no adverse change to the credit rating assigned to the relevant Notes by such Rating Agency).

If the Issuer or, as the case may be, the Issuer Credit Enhancer (if any) is unable to arrange such substitution before the next payment is due in respect of the Notes, the Issuer or, as the case may be, the Issuer Credit Enhancer shall as soon as reasonably practicable so notify the Trustee and, if applicable, the Swap Counterparty (if any) and each relevant Rating Agency and:

(A) the Issuer or, as the case may be, the Issuer Credit Enhancer (if any) shall notify the Principal Paying Agent, the Registrar (if applicable) and the Noteholders in accordance with Condition 16 (*Notices*) by promptly giving notice that, with effect from the Interest Payment Date or, if none, the Interest Commencement Date, all further payments in respect of the Notes shall be made subject to, and after deduction of, all applicable taxes. Any such deduction shall not constitute an Event of Default under Condition 11 (*Events of Default*); and

(B) if so specified in the applicable Final Terms, upon notification to the Noteholders in accordance with sub-paragraph (A) above, each Noteholder may, by giving written notice in the manner described in Condition 7(f) (*Redemption at the option of the Noteholders (Investor Put)*) to the Issuer, or (if applicable) the Issuer Credit Enhancer (if any), require the Issuer, failing whom the Issuer Credit Enhancer (if any), to redeem all, but not some only of the Notes held by such Noteholder by Cash Settlement at the Early Redemption Amount. Such notice shall be given not later than 20 days (the "**Notification Date**") following the date upon which the Issuer gave the notice referred to in sub-paragraph (A) above.

In the event that the Issuer becomes obliged to redeem any Notes in accordance with sub-paragraph (B) above, the Issuer shall on the Business Day immediately following the Notification Date give notice thereof to the Trustee and the Redemption Agent and the security in respect of the Notes shall become enforceable. Where the Mortgaged Property includes Charged Assets, the Redemption Agent shall, on behalf of the Trustee, subject to the provisions of the Trust Deed, enforce the security (or, in the event that only some of the Notes are to be redeemed, the relevant proportion thereof) as soon as reasonably practicable by arranging for and administering the sale of the Charged Assets (or in the event that some only of the Notes are to be redeemed, the relevant proportion thereof). Forthwith upon receipt of the sale proceeds thereof, or where the Mortgaged Property does not include Charged Assets, as soon as reasonably practicable, the Issuer shall (unless otherwise agreed by the Trustee) give not more than ten nor less than five Business Days' notice, which notice shall be irrevocable, to the Noteholders in accordance with Condition 16 (*Notices*), the Swap Counterparty (if any), the Credit Support Provider (if any), the Principal Paying Agent and the Registrar (if applicable) of the date on which such Notes are to be redeemed (which date shall be as soon as practicable after receipt of such proceeds by the Issuer).

Inability to make payment of the full amount due in respect of a partial redemption of the Notes under this Condition 7(c) shall not constitute an Event of Default under Condition 11 (*Events of Default*). In the event of any such redemption under this Condition 7(c) becoming due to be made by the Issuer, the Charged Agreements (or the relevant proportion thereof) will terminate and the security (or the relevant portion thereof) constituted by the Trust Deed and/or any Charging Document shall become enforceable and the Trustee may take such action as is provided in Condition 12 (*Enforcement*).

Notwithstanding the foregoing, if any of the taxes referred to in this Condition arises:

(i) owing to any connection of any Noteholder, Receiptholder or Couponholder with the taxing jurisdiction to which the Issuer is subject otherwise than by reason only of the holding of this Note, Receipt or Coupon or receiving principal or interest in respect thereof;

(ii) by reason of the failure by the relevant Noteholder, Receiptholder or Couponholder to comply with any applicable procedures required to establish non-residence or other similar claim for exemption from such tax;

(iii) where a withholding or deduction is imposed on payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(iv) (if applicable) where a withholding or deduction could have been avoided if the relevant Noteholder, Receiptholder or Couponholder presented the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union;

then, to the extent it is able to do so, the Issuer shall deduct such taxes from the amounts payable to such Noteholder, Receiptholder or Couponholder and the provisions of the preceding paragraphs of this Condition 7(c) shall not apply. Any such deduction shall not constitute an Event of Default under Condition 11 (*Events of Default*).

(d) *Redemption upon termination of the Charged Agreements*

If any Charged Agreement is terminated (in whole but not in part) for any reason other than in connection with a redemption or purchase of the Notes pursuant to Condition 7 (*Redemption*) (other than this Condition 7(d)), Condition 9 (*Purchase*) or Condition 11 (*Events of Default*), then the Issuer shall forthwith give notice thereof to the Trustee and the Redemption Agent of such termination. Where the Mortgaged Property includes Charged Assets, the Redemption Agent shall, subject to the provisions of the Trust Deed, enforce the security as soon as reasonably

practicable by arranging for and administering the sale of the Charged Assets. The Issuer shall at the same time give notice, which notice shall be irrevocable, to the Noteholders in accordance with Condition 16 (*Notices*) and to the Trustee, the Principal Paying Agent, the Registrar (if applicable) the Swap Counterparty, and the Credit Support Provider (if applicable) that the Notes are to be redeemed pursuant to this Condition 7(d). Forthwith upon receipt of the sale proceeds of the Charged Assets, or where the Mortgaged Property does not include Charged Assets, as soon as reasonably practicable, the Issuer shall (unless otherwise agreed by the Trustee) give not less than five nor more than ten Business Days' notice in accordance with Condition 16, which notice shall be irrevocable, of the date upon which the Notes are to be redeemed. Upon the expiry of such notice the Issuer shall redeem all but not some only of the Notes by Cash Settlement at the Early Redemption Amount, unless the Trustee shall certify to the Issuer that it considers in its absolute discretion that it is in the best interests of the Noteholders that such notice and redemption be delayed or not given or made, as the case may be, or an Extraordinary Resolution of the Noteholders shall otherwise direct, subject, in the case of Notes of a Series comprising more than one Class of Notes, to restrictions contained in the Trust Deed to protect the interests of the holders of the Notes of each Class.

In the event of any such redemption becoming due to be made by the Issuer in accordance with this Condition 7(d), the security constituted by the Trust Deed and/or any Charging Document shall become enforceable and the Trustee may take such action as is provided in Condition 12 (*Enforcement*).

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

If Issuer Call is specified in the applicable Final Terms, the Issuer may:

(i) having provided evidence to the satisfaction of the Trustee that it has or, following, *inter alia*, the sale of the Charged Assets, termination of the Charged Agreements and payment of all costs and expenses incidental thereto, will have sufficient funds to meet its obligations to Noteholders pursuant to this Condition 7(e);

(ii) having given not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 16 (*Notices*); and

(iii) having given not less than 15 days before the giving of the notice referred to in (ii), notice to the Principal Paying Agent and, in the case of a redemption of Registered Notes, the Registrar, the Trustee, the Swap Counterparty (if any), the Redemption Agent and the Credit Support Provider (if any),

(which notices shall be irrevocable and shall specify the applicable Optional Redemption Date fixed for redemption), redeem the Notes, in whole or in part, then outstanding by Cash Settlement at the Optional Redemption Amount and/or by Physical Settlement in accordance with the provisions of Condition 8 (*Delivery Option*) on any Optional Redemption Date specified in, or determined in the manner specified in, the applicable Final Terms together with interest (if any) accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a principal amount not less than the Minimum Redemption Amount or not more than a Higher Redemption Amount, in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemed Notes**") will be selected, as indicated in the applicable Final Terms, either (i) individually by lot, in the case of Redeemed Notes represented by definitive Notes, or in accordance with the rules of Euroclear, Clearstream, Luxembourg and/or DTC, in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**") or (ii) in accordance with the order of priorities relating to the repayment of principal of the Notes. In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 16 (*Notices*) not less than 15 days prior to the date fixed for redemption. The aggregate nominal

amount of Redeemed Notes represented by definitive Notes or represented by a Global Note shall in each case bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of definitive Notes outstanding and Notes outstanding represented by such Global Note, respectively, bears to the aggregate nominal amount of the Notes outstanding, in each case on the Selection Date, provided that, if necessary, appropriate adjustments shall be made to such nominal amounts to ensure that each represents an integral multiple of the Specified Denomination. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 7(e) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 16 (*Notices*) at least five days prior to the Selection Date.

Upon any redemption pursuant to this Condition 7(e), the Redemption Agent shall, forthwith upon receiving the notice referred to in (iii) above and subject to confirmation from the Trustee in respect of (i) above, arrange and administer the sale of the Charged Assets, and the Charged Agreements will be terminated. The security over the Charged Assets securing the Notes will be released by the Trustee subject to the provisions specified in the Trust Deed to provide funds for such redemption.

(f) *Redemption at the option of the Noteholders (Investor Put)*

(i) *General option*

If Investor Put is specified in the applicable Final Terms so that Noteholders have an option to require the Issuer to redeem the Notes by Cash Settlement and/or Physical Settlement, upon the holder of any Note giving to the Issuer in accordance with Condition 7(f)(ii) not less than 15 nor more than 30 days' notice (which notice shall be irrevocable) or such other period of notice as is specified in the applicable Final Terms, the Issuer will redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, in whole in the case of a Bearer Note, such Note on the relevant Optional Redemption Date by Cash Settlement at the lesser of the Optional Redemption Amount specified in the applicable Final Terms and the Realisation Amount in respect of such Note, subject as provided in Condition 7(f)(ii) and Condition 7(f)(iii) below. Such payment shall be deemed to include an amount in respect of interest (if any) accrued on such Note from the Interest Payment Date immediately preceding the Optional Redemption Date or, if none, the Interest Commencement Date. Registered Notes may be redeemed under this Condition 7(f) in any multiple of their lowest Specified Denomination.

**As more fully described in Condition 7(f)(iii) below, the Issuer shall only make payments in respect of any Note being redeemed pursuant to this Condition 7(f) to the extent of sums received in respect of the relevant Mortgaged Property (and applied in accordance with the provisions of Condition 3(e) and the Security Ranking Basis (if applicable)) and the redeeming Noteholder shall have no claims for any further amounts in respect of any shortfall (as defined in Condition 7(f)(iii) below) and no such shortfall shall constitute an Event of Default under Condition 11 (*Events of Default*).**

(ii) *Exercise of put*

If the Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, to exercise the right to require redemption of the Note, the holder of the Note must deliver such Note at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar or the Transfer Agent (in the case of Registered Notes) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar or the Transfer Agent falling within the notice period, accompanied by a duly

completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar or the Transfer Agent (a "**Put Notice**") and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition 7(f) and in the case of Registered Notes, the principal amount thereof to be redeemed and, if less than the full principal amount of the Registered Note so delivered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Note is to be sent subject to and in accordance with the provisions of Condition 1 (*Form, Denomination, Title, Registration, Transfer and Exchange)*. If the Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of the Note must, within the notice period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary for them to the Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and, if the Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to the Agent for notation accordingly.

(iii) *Consequence of exercise of put option*

Upon receipt of any notice pursuant to this Condition 7(f), the Issuer shall promptly, and in any event within three Business Days, give notice of such optional redemption to the Trustee, the Redemption Agent (if applicable), the Swap Counterparty (if any) and the Credit Support Provider (if any). The Redemption Agent shall, if applicable, as soon as reasonably practicable arrange for and administer the sale of the Charged Assets (or a proportionate part thereof which corresponds to the Notes to be redeemed).

Upon any redemption pursuant to this Condition 7(f), the Charged Agreements (or a proportionate part thereof which corresponds to the Notes to be redeemed) will be terminated and the security (or the relevant proportion thereof) constituted by the Trust Deed and/or any Charging Document will be released against receipt by or to the order of the Trustee of such Charged Assets and/or the net proceeds of realisation of any of such Charged Assets for application by or to the order of the Trustee in accordance with Condition 3(e) (*Security - Application of proceeds*) but subject to the provisions of this Condition 7(f).

The amount falling due on redemption of any Note redeemed pursuant to paragraph (i) above shall be subject to deduction for any costs or expenses (including taxes and other charges) which the Issuer may incur or which may be made against it as a result of or in connection with the redemption of such Note, including any costs or expenses payable by the Issuer in connection with the delivery or sale of the Charged Assets (or part thereof) and the termination of the Charged Agreements (if any) (or part thereof).

**(A) All payments to be made by the Issuer hereunder in respect of the Notes, Receipts and Coupons of this Series and the Swap Agreement (if any) will be made only from and to the extent of the sums received or recovered from time to time by or on behalf of the Issuer or the Trustee in respect of (i) the relative Charged Assets and, if applicable, the relative Credit Support Document(s) and (ii) in the case of the Notes, Receipts and Coupons, the other Mortgaged Property (as defined in Condition 3(a)) in respect of this Series (applied, (a) prior to enforcement of the security for the Notes, in accordance with the order of priorities set out in the applicable Final Terms and (b) following enforcement of the security for the Notes, in accordance with the provisions of Condition 3(e) and the Security Ranking Basis (if**

**applicable) specified in the applicable Final Terms);**

**(B) to the extent that such sums are less than the amount which the holders of the Notes, Receipts and Coupons of the Series and the Swap Counterparty (if any) may have expected to receive (the difference being referred to herein as a "shortfall"), such shortfall will be borne by such holders and by the Swap Counterparty (if any) (a) prior to enforcement of the security for the Notes, in accordance with the inverse of the order of priorities set out in the applicable Final Terms and (b) following enforcement of the security for the Notes, in accordance with the inverse of the order set forth in the provisions of this Condition 3(e) and as the Security Ranking Basis (if applicable) specified in the applicable Final Terms; and**

**(C) each holder of Notes, Receipts or Coupons, by subscribing for or purchasing such Notes, Receipts or Coupons and each Swap Counterparty (if any), will be deemed to accept and acknowledge that it is fully aware that:**

**(i) the holders of the Notes, Receipts and Coupons and the Swap Counterparty (if any) shall look solely to the sums referred to in paragraph (A), as applied in accordance with paragraphs (A) and (B) above, (the "Relevant Sums") for payments to be made by the Issuer hereunder in respect of the Notes, Receipts and Coupons and the Swap Agreement (if any);**

**(ii) the obligations of the Issuer to make payments in respect of the Notes, Receipts and Coupons and the Swap Agreement (if any) will be limited to the Relevant Sums and the holders of the Notes, Receipts and Coupons and the Swap Counterparty (if any) shall have no further recourse to the Issuer in respect of the Notes, Receipts, Coupons and the Swap Agreement (if any), respectively;**

**(iii) without prejudice to the foregoing, any right of the holders of the Notes, Receipts and Coupons and the Swap Counterparty (if any) to claim payment of any amount exceeding the Relevant Sums shall be automatically extinguished; and**

**(iv) the holders of the Notes, Receipts and Coupons, the Swap Counterparty (if any) shall not be able to petition for the winding up of the Issuer as a consequence of any such shortfall.**

**Such limitation shall be without prejudice to any claims against the relevant Issuer Credit Enhancer (if any).**

**No such shortfall shall constitute an Event of Default under Condition 11 (*Events of Default)* nor entitle the Swap Counterparty (if any), the Swap Guarantor (if any) or the Credit Support Provider (if any) to terminate the remainder of the Charged Agreements or the Credit Support Document(s).**

**None of the Trustee, the shareholders of the Issuer, any Swap Counterparty, any Swap Guarantor or any Credit Support Provider has any obligation to any Noteholder, Receiptholder or Couponholder for payment of any amount by the Issuer in respect of the Notes, Receipts or Coupons.**

(g) *Regulatory Redemption or Compulsory Resales*

The Issuer shall have the right at any time, at the expense and risk of the holder of any Notes held by or on behalf of a U.S. person who is not a Section 3(c)(7) Eligible Investor at the time it purchases such Notes, (i) to redeem such Notes, in whole or in part, to permit the Issuer to avoid registration under the Investment Company Act or (ii) to require such holder to sell such Notes to a Section 3(c)(7) Eligible Investor or to a non-U.S. person outside the United States. Prior to any such redemption pursuant to (i) above, the Issuer will provide to the Trustee satisfactory evidence that each redemption is necessary in order to avoid registration under the Investment Company Act. The determination of which Notes shall be redeemed pursuant to (i) above or sold pursuant to (ii) above in any particular case shall be made at the discretion of the Issuer. Any such redemption shall be made at the Early Redemption Amount as defined below. The Registrar is not required to register any purported transfers of Notes which would, in the opinion of the Issuer or the Registrar, cause the Issuer to be in violation of the Securities Act or the Investment Company Act.

Inability to make payment of the full amount due in respect of a redemption of any Notes pursuant to this Condition 7(g) shall not constitute an Event of Default under Condition 11 (*Events of Default*). In the event of any such redemption pursuant to this Condition 7(g) by the Issuer, the security (or the relevant portion thereof) constituted by the Trust Deed and/or any Charging Document shall become enforceable to the extent applicable to the portion of the Notes so redeemed and the Trustee may take such action as is provided in Condition 12 (*Enforcement*) to enforce the relevant security interest(s). After satisfaction of the Issuer's obligations, the Charged Agreements (or the relevant portion thereof) will terminate.

(h) *Early Redemption for Extraordinary Reason, Illegality and Force Majeure*

If, for reasons beyond the control of the Issuer, the performance of the Issuer's obligations under the Notes is prevented by reason of force majeure or act of state occurring after such obligation is entered into or has become illegal or impossible in whole or in part, the Issuer may at its discretion and without obligation redeem all but not some only of the Notes and terminate the Charged Agreement by giving not less than five nor more than 10 Business Days' notice to the Noteholders in accordance with Condition 16 (*Notices*) which notice shall be irrevocable and shall specify the date upon which the Notes shall be redeemed (for the purposes of this Condition 7(h), such date on which the Notes become immediately due and payable, the "**Early Redemption Date**").

Should any one or more of the provisions contained in the Terms and Conditions of the Notes be or become invalid, the validity of the remaining provisions shall not in any way be affected thereby.

If the Notes are so cancelled, the Issuer will, if and to the extent permitted by applicable law, pay to each Noteholder in respect of each Note held by such holder an amount equal to the Early Redemption Amount of a Note notwithstanding the illegality or impossibility as determined by the Calculation Agent in its sole and absolute discretion acting in good faith and in a commercially reasonable manner. Payment will be made in such manner as shall be notified to the Noteholders in accordance with Condition 16 (*Notices*).

(i) *Early Redemption Amounts*

For the purpose of Conditions 7(b), (c), (d), (g) and (h) above and Condition 11 (*Events of Default*), the Early Redemption Amount in respect of each Note will, unless otherwise specified in the applicable Final Terms, be the lesser of:

(i) the Realisation Amount in respect of such Note (applied in accordance with Condition

3(e) (*Security - Application of proceeds*)); and

(ii) an amount calculated as follows:

(a) in the case of Notes with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; or

(b) in the case of Notes (other than Zero Coupon Notes but including Instalment Notes) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Notes are denominated, at the amount specified in, or determined in the manner specified in, the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at their outstanding principal amount,

together with, in either case, unless otherwise specified in the applicable Final Terms, an amount in respect of interest (if any) accrued on such Note from and including the immediately preceding Interest Payment Date or, if none, the Interest Commencement Date to and including the date of redemption; or

(c) in the case of Notes which are to be redeemed by Physical Settlement, in the manner specified in the applicable Final Terms; or

(d) in the case of Zero Coupon Notes, at an amount (the "**Amortised Face Amount**") equal to the sum of:

(A) the Reference Price (as specified in the applicable Final Terms); and

(B) the product of the Accrual Yield (as specified in the applicable Final Terms) (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption, or such other amount as is provided in the applicable Final Terms.

Where such calculation is to be made for a period which is not a whole number of years, it shall be made:

(I) in the case of a Zero Coupon Note other than a Zero Coupon Note denominated in euro, on the basis of a 360-day year consisting of 12 months of 30 days each; or

(II) in the case of a Zero Coupon Note denominated in euro, on the basis of the actual number of days elapsed divided by 365 (or, if any of the days elapsed fall in a leap year, the sum of (x) the number of those days falling in a leap year divided by 366 and (y) the number of those days falling in a non-leap year divided by 365); or

(III) such other calculation basis as may be specified in the applicable **Final Terms**.

**If the Notes become redeemable in accordance with Condition 7(b), (c), (d), (g) or (h) above, upon payment of the Early Redemption Amount in respect of each Note, the Issuer shall have discharged its obligations in respect of such Note and shall have no other liability or obligation whatsoever in respect thereof. The Early Redemption Amount may be less than the principal amount and accrued interest in respect of a Note.**

**(A)** **All payments to be made by the Issuer hereunder in respect of the Notes, Receipts and Coupons of this Series and the Swap Agreement (if any) will be made only from and to the extent of the sums received or recovered from time to time by or on behalf of the Issuer or the Trustee in respect of (i) the relative Charged Assets and, if applicable, the relative Credit Support Document(s) and (ii) in the case of the Notes, Receipts and Coupons, the other Mortgaged Property (as defined in Condition 3(a)) in respect of this Series (applied, (a) prior to enforcement of the security for the Notes, in accordance with the order of priorities set out in the applicable Final Terms and (b) following enforcement of the security for the Notes, in accordance with the provisions of Condition 3(e) and the Security Ranking Basis (if applicable) specified in the applicable Final Terms);**

**(B)** **to the extent that such sums are less than the amount which the holders of the Notes, Receipts and Coupons and the Swap Counterparty (if any) may have expected to receive (the difference being referred to herein as a "shortfall"), such shortfall will be borne by such holders and by the Swap Counterparty (if any) (a) prior to enforcement of the security for the Notes, in accordance with the inverse of the order of priorities set out in the applicable Final Terms and (b) following enforcement of the security for the Notes, in accordance with the inverse of the order set forth in the provisions of Condition 3(e) and as the Security Ranking Basis (if applicable) specified in the applicable Final Terms; and**

**(C)** **each holder of Notes, Receipts or Coupons, by subscribing for or purchasing such Notes, Receipts or Coupons, and each Swap Counterparty (if any), will be deemed to accept and acknowledge that it is fully aware that:**

**(i)** **the holders of the Notes, Receipts and Coupons and the Swap Counterparty (if any) shall look solely to the sums referred to in paragraph (A), as applied in accordance with paragraphs (A) and (B) above (the "Relevant Sums"), for payments to be made by the Issuer hereunder in respect of the Notes, Receipts and Coupons and the Swap Agreement (if any);**

**(ii)** **the obligations of the Issuer to make payments in respect of the Notes, Receipts and Coupons and the Swap Agreement (if any) will be limited to the Relevant Sums and the holders of the Notes, Receipts and Coupons and the Swap Counterparty (if any) shall have no further recourse to the Issuer in respect of the Notes, Receipts, Coupons and the Swap Agreement (if any), respectively;**

**(iii)** **without prejudice to the foregoing, any right of the holders of the Notes, Receipts and Coupons and the Swap Counterparty (if any) to claim payment of any amount exceeding the Relevant Sums shall be automatically extinguished; and**

**(iv)** **the holders of the Notes, Receipts and Coupons and the Swap Counterparty (if any) shall not be able to petition for the winding-up of the Issuer as a consequence of any such shortfall.**

**Such limitation shall be without prejudice to any claims against the relevant Issuer Credit Enhancer (if any).**

**No such shortfall shall constitute an Event of Default under Condition 11 (*Events of Default)* nor entitle the Swap Counterparty (if any), the Swap Guarantor (if any) or the Credit Support Provider (if any) to terminate the remainder of the Charged Agreements or the Credit Support Document(s).**

**None of the Trustee, the shareholders of the Issuer, any Swap Counterparty, any Swap Guarantor or any Credit Support Provider has any obligation to any Noteholder, Receiptholder or Couponholder for payment of any amount by the Issuer in respect of the Notes, Receipts or Coupons.**

(j) *Late payment on Zero Coupon Notes*

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to this Condition 7(i) or upon its becoming due and repayable as provided in Condition 11 (*Events of Default*) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 7(i) above as though the reference therein to the date fixed for the redemption was replaced by reference to the date which is the earlier of:

(i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and

(ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Note has been received by the Trustee or Principal Paying Agent and notice to that effect has been given to the Noteholders in accordance with Condition 16 (*Notices*).

(k) *Instalments*

Unless previously redeemed, purchased and cancelled, each Instalment Note will be redeemed at the Instalment Amount on each Instalment Date (both as specified in the applicable Final Terms) whereupon the outstanding aggregate principal amount of such Note shall be reduced for all purposes by the Instalment Amount.

On each such Instalment Date a proportionate part of the security constituted by the Trust Deed and/or any Charging Document shall be released by the Trustee against receipt of the Charged Assets by the Trustee or, as the case may be, the net proceeds of realisation thereof, failing receipt of which the Trustee may take such action as is provided in Condition 3(d) (*Security - Realisation of Mortgaged Property upon redemption*).

In the case of early redemption, the Early Redemption Amount will be determined pursuant to Condition 7(i) above.

(l) *Cancellation*

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased and cancelled pursuant to Condition 9 (*Purchase*) (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

(m) *Partial redemption of Notes*

In the event of the Notes of any Class or Series being partially redeemed, the Notes to be redeemed ("**Redeemed Notes**") will be selected, as indicated in the applicable Final Terms, either (i) individually by lot, in the case of Redeemed Notes represented by definitive Notes, or in accordance with the rules of Euroclear, Clearstream, Luxembourg and/or DTC, in the case of Redeemed Notes represented by a Global Note and definitive notes held through Euroclear or Clearstream, Luxembourg, not more than 30 days prior to the date fixed for redemption or (ii) in accordance with the order of priorities relating to the repayment of principal of the Notes. Any

such partial redemption shall not be deemed prejudicial to the interests of any remaining Noteholders of such Class or Series.

(n) *Payments only to the extent of funds available therefor*

Unless otherwise specified in the applicable Final Terms, all payments on any Notes or Class of Notes under this Condition 7 shall only be due and payable to the extent of the receipt by the Issuer of proceeds of the Mortgaged Property available therefor (after application of such proceeds (a) prior to enforcement of the security for the Notes, in accordance with the order of priorities set out in the applicable Final Terms and (b) following enforcement of the security for the Notes, in accordance with the provisions of Condition 3(e) and the Security Ranking Basis (if applicable) specified in the applicable Final Terms). For the avoidance of doubt, failure to make payment in full of any amount in respect of any Notes or Class of Notes specified under paragraphs (a) to (i) of this Condition 7 as a result of non-receipt by the Issuer of sufficient proceeds therefor (after application of such proceeds as aforesaid) shall not constitute an Event of Default under Condition 11 (*Events of Default*).

For the avoidance of doubt, all deliveries to be made under Condition 8 (*Delivery Option*) below shall only be made to the extent of the Mortgaged Property available therefor. Failure to deliver in whole the Relevant Proportion of the Asset Amount (each term as defined in Condition 8 (*Delivery Option*) in respect of any Note or Class of Notes specified under paragraphs (a) to (i) of this Condition 7 as a result of a shortfall in the Mortgaged Property shall not constitute an Event of Default under Condition 11 (*Events of Default*).

**8. DELIVERY OPTION**

(a) *Procedure by the Noteholders*

If any Note falls to be redeemed and Physical Settlement is specified to apply in the applicable Final Terms, any delivery shall be in accordance with applicable securities laws. If the Notes are in definitive form, in order to obtain delivery of the Relevant Proportion (as defined below) of the Charged Assets and/or such other assets as specified in the applicable Final Terms (the "**Asset Amount**") the relevant Noteholder must deliver to any Paying Agent, the Registrar (if applicable) or the Transfer Agent at least ten days or such other period as may be specified in the applicable Final Terms prior to the redemption date, the Note (which expression shall, for the purposes of this Condition 8 (*Delivery Option*), include Receipt(s) and, if applicable, all unmatured Coupons, in accordance with the provisions of Condition 6 (*Payments*)), a duly completed Asset Transfer Notice substantially in the form set out in the Agency Agreement (the "**Asset Transfer Notice**"), a copy of which may be obtained from the specified office of any of the Paying Agents, the Registrar (if applicable) or the Transfer Agent. In the event that the Note is represented by a Global Note, an Asset Transfer Notice must be delivered to the Issuer via Euroclear, Clearstream, Luxembourg or DTC, as the case may be, by such method of delivery as Euroclear, Clearstream, Luxembourg or DTC, as the case may be, shall have approved.

After delivery of an Asset Transfer Notice, no transfers of the Notes specified therein represented by a Global Note will be effected by Euroclear, Clearstream, Luxembourg and/or DTC and no transfers of Registered Notes specified therein will be effected by the Registrar.

(b) *Procedure by the Issuer and others*

Upon receipt of a duly completed Asset Transfer Notice and, in the case of Notes in definitive form, the Note to which such notice relates, the relevant Paying Agent, Euroclear, Clearstream, Luxembourg, DTC or the Registrar, as the case may be, shall verify that the person specified therein as the accountholder or registered holder, as the case may be, is the holder of the Notes referred to therein according to its books or the Register, as the case may be.

Subject as provided herein, in relation to each Note, the Relevant Proportion of the Asset Amount

will be delivered at the risk of the relevant Noteholder using the Delivery Method (as specified in the applicable Final Terms) on the due date for redemption of the Notes, provided that the relevant Note in definitive form and the Asset Transfer Notice are delivered not later than the close of business in London on the day (the "**Notice Cut-off Date**") which is five Business Days before the due date for redemption of the Notes.

If the relevant Note in definitive form and the Asset Transfer Notice are delivered to the Issuer later than close of business on the Notice Cut-off Date, then the Relevant Proportion of the Asset Amount will be delivered as soon as practicable after the due date for redemption of the Notes, at the risk of such Noteholder in the manner provided above. For the avoidance of doubt, such Noteholder shall not be entitled to any payment or other assets, whether of interest or otherwise, in the event of the delivery of the Relevant Proportion of the Asset Amount falling after the due date for redemption of the Notes pursuant to the provisions of this paragraph or otherwise due to circumstances beyond the control of the Issuer.

**If the relevant Noteholder fails to deliver an Asset Transfer Notice in the manner set out herein or delivers an Asset Transfer Notice on any day falling after the day that is 180 calendar days after the Notice Cut-off Date or, in the case of Notes in definitive form, fails to deliver the Note related thereto or fails to pay the expenses referred to in Condition 8(f), the Issuer shall be discharged from its obligation in respect of such Note and shall have no further obligation or liability whatsoever in respect thereof. Any assets that would otherwise have been distributed to a Noteholder shall be distributed in accordance with Condition 3(e) (*Application of Proceeds*).**

(c) *Settlement Disruption*

If, prior to delivery of the Relevant Proportion of the Asset Amount, the Issuer determines that delivery of the Relevant Proportion of the Asset Amount is not practicable by reason of a Settlement Disruption Event (as defined in Condition 8(h) below) having occurred and continuing on the due date for delivery then that date shall be postponed to the first following Business Day in respect of which there is no such Settlement Disruption Event; provided, however, that, subject as provided below, in no event shall delivery be made later than the eighth Business Day after the originally scheduled date. If in respect of such eighth Business Day the delivery of the Relevant Proportion of Asset Amount is not practicable by reason of a Settlement Disruption Event, then in lieu of Physical Settlement the Issuer will satisfy its obligations in respect of the relevant Note by payment to the relevant Noteholder of the Disruption Cash Settlement Price specified in the applicable Final Terms on the third Business Day following such eighth Business Day notwithstanding any other provision hereof. If the Relevant Proportion of the Asset Amount is delivered later than the originally scheduled due date for delivery, until delivery of the Relevant Proportion of the Asset Amount is made to the Noteholder, the Issuer or any person on behalf of the Issuer shall continue to be the legal owner of those assets. None of the Issuer, its affiliates and any such other person shall (i) be under any obligation to deliver or procure delivery to such Noteholder or any subsequent transferee any letter, certificate, notice, circular or any other document or payment whatsoever received by that person in its capacity as the holder of such assets, (ii) be under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to such assets until the date of delivery or (iii) be under any liability to such Noteholder or any subsequent transferee in respect of any loss or damage which such Noteholder or subsequent transferee may sustain or suffer as a result, whether directly or indirectly, of that person being the legal owner of such assets until the date of delivery.

(d) *Asset Transfer Notice*

The Asset Transfer Notice is irrevocable and must:

(i) specify the information requested under the Delivery Method specified in the applicable Final Terms;

(ii) specify the number of Notes which are the subject of such notice;

(iii) in the event such Notes are represented by a Global Note:

(A) specify the number of the Noteholder's account at Euroclear, Clearstream, Luxembourg, DTC or any other relevant clearance system, as the case may be, to be debited with such Notes; and

(B) irrevocably instruct and authorise Euroclear, Clearstream, Luxembourg, DTC or any other relevant clearance system, as the case may be, to debit the relevant Noteholder's account with such Notes on the due date for payment in respect of the redemption of the Notes;

(iv) in the event such Notes are Registered Notes, irrevocably instruct and authorise the Registrar to effect the transfer of the relevant Notes;

(v) authorise the production of such notice in any applicable administrative or legal proceedings; and

(vi) authorise the Issuer to deduct from the Relevant Proportion of the Asset Amount to be delivered to such Noteholder the expenses referred to in Condition 8(f) below.

Failure properly to complete and deliver an Asset Transfer Notice and, in the case of Notes in definitive form, to deliver the relevant Note 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 Terms and Conditions shall be made by the Issuer in its sole and absolute discretion and shall be conclusive and binding on the relevant Noteholder.

(e) *Fractional Entitlement*

If the Relevant Proportion of the Asset Amount due to a Noteholder comprises less than a multiple of a whole number of the relevant assets at the relevant time, then (a) the Issuer shall not deliver and the relevant Noteholder shall not be entitled to receive in respect of its Notes that fraction of an asset which is less than a whole number (the "**Fractional Entitlement**") and (b) the Issuer shall pay to the relevant Noteholder a cash amount (to be paid at the same time as delivery of the Relevant Proportion of the Asset Amount) equal to the value (as determined by the Calculation Agent) of such fraction of the relevant asset.

(f) *Costs and expenses*

(i) The costs and expenses of effecting any delivery of the Relevant Proportion of the Asset Amount (except for the expenses of delivery by uninsured regular mail (if any) which shall be borne by the Issuer, but including the payment of a sum sufficient to cover any transfer or other tax or other governmental charge that may be imposed in relation thereto) shall, in the absence of any provision to the contrary in the applicable Final Terms, be borne by the Noteholder and shall, unless otherwise specified in the applicable Final Terms, at the option of each Noteholder either be:

(A) paid to the Issuer by such Noteholder prior to the delivery of the Relevant Proportion of the Asset Amount (and, for the avoidance of doubt, the Issuer shall not be required to deliver any Asset Amount to such Noteholder until it has received such payment); or

(B) be deducted by the Issuer from the redemption amount owing to such Noteholder, in accordance with Condition 8(f)(ii) below.

In addition, if all or some of the Notes are redeemed by Physical Settlement pursuant to Condition 7(f) any deduction required to be made as a result of any costs and expenses incurred in realising the security (or the relevant proportion thereof) and/or, if applicable, any termination payment due from the Issuer in connection with the termination of the Charged Agreements (if any) (or part thereof), shall be deducted by the Issuer from the redemption amount owing to the Noteholders.

(ii) If there is not a cash amount owing to a Noteholder sufficient to cover the Issuer's costs, expenses and deductions referred to in this Condition 8(f) in respect of such Noteholder's Note (the "**Delivery Expenses**"), the Issuer may convert such amount of the Relevant Proportion of the Asset Amount into cash sufficient to cover the Delivery Expenses in respect of such Note from which the Issuer shall deduct such Delivery Expenses. Each Note will then be redeemed by delivery of the remaining Asset Amount in respect of such Note and, if applicable, payment of a cash amount in respect of any Fractional Entitlement arising, together with any other amounts to which such Noteholder is entitled upon redemption of such Note.

(g) *General*

The Issuer shall not be under any obligation to register or procure the registration of any Noteholder or any other person as the registered holder of any of the assets to be delivered in the register of members of any company whose shares form part of the Asset Amount. The Issuer shall not be obliged to account to any Noteholder for any entitlement received or receivable in respect of any of the assets to be delivered if the date on which such are first traded ex such entitlement is on or prior to the date of delivery. The Calculation Agent shall determine the date on which such assets are so first traded ex any such entitlement.

(h) *Definitions*

For the purposes of this Condition 8, "**Settlement Disruption Event**" means an event beyond the control of the Issuer as a result of which the Issuer cannot make delivery of the Relevant Proportion of the Asset Amount (and, if applicable, any payments in respect of the Note to which such delivery relates) in the manner specified as the Delivery Method in the applicable Final Terms and shall include (for the avoidance of any doubt) any restrictions on delivery or transfer or any other relevant provisions of the terms of the relevant Charged Assets and "**Relevant Proportion**" means the proportion which the principal amount of the Note or Notes the subject of an Asset Transfer Notice bears to the aggregate principal amount of all Notes outstanding (including those the subject of the Asset Transfer Notice) immediately prior to the date set for redemption.

**9. PURCHASE**

If so specified in the applicable Final Terms, the Issuer may, provided that no Event of Default has occurred and is continuing, purchase Notes (or any of them) at any time and from time to time in the open market or otherwise at any price, provided that the Issuer shall not purchase any definitive Bearer Note unless it purchases all unmatured Receipts and Coupons (if any) in respect of such definitive Bearer Note.

On any such purchase the Charged Agreements (or a proportionate part thereof which corresponds to the Notes to be purchased) will be terminated and the security over the Charged Assets securing the Notes to be purchased will be released against receipt by the Trustee or to the Trustee's order of the net proceeds of the sale or, as the case may be, realisation of such Charged Assets for application by the Trustee in accordance with Condition 3(e) (*Security - Application of proceeds*). In the case of purchase of some only of the Registered Notes represented by a definitive Registered Note certificate, the Registrar shall deliver, *mutatis mutandis* in accordance with Condition 1 (*Form, Denomination, Title, Registration, Transfer and Exchange*), a Registered Note certificate for the unpurchased balance to the relevant Noteholder.

**The Realisation Amount (after the termination payment (if any) is paid to the Swap Counterparty (if any) or is received by the Issuer upon partial termination of the Swap Agreement) may be less than the purchase price of the Notes.**

**(A)** **All payments to be made by the Issuer hereunder in respect of the Notes, Receipts and Coupons of this Series and the Swap Agreement (if any) will be made only from and to the extent of the sums received or recovered from time to time by or on behalf of the Issuer or the Trustee in respect of (i) the relative Charged Assets and, if applicable, the relative Credit Support Document(s) and (ii) in the case of the Notes, Receipts and Coupons, the other Mortgaged Property (as defined in Condition 3(a)) in respect of this Series (applied, (a) prior to enforcement of the security for the Notes, in accordance with the order of priorities set out in the applicable Final Terms and (b) following enforcement of the security for the Notes, in accordance with the provisions of Condition 3(e) and the Security Ranking Basis (if applicable) specified in the applicable Final Terms);**

**(B)** **to the extent that such sums are less than the amount which the holders of the Notes, Receipts and Coupons and the Swap Counterparty (if any) may have expected to receive (the difference being referred to herein as a "shortfall"), such shortfall will be borne by such holders and by the Swap Counterparty (if any) (a) prior to enforcement of the security for the Notes, in accordance with the inverse of the order of priorities set out in the applicable Final Terms and (b) following enforcement of the security for the Notes, in accordance with the inverse of the order set forth in the provisions of Condition 3(e) and as the Security Ranking Basis (if applicable) specified in the applicable Final Terms; and**

**(C)** **each holder of Notes, Receipts or Coupons, by subscribing for or purchasing such Notes, Receipts or Coupons and each Swap Counterparty (if any), will be deemed to accept and acknowledge that it is fully aware that:**

**(i)** **the holders of the Notes, Receipts and Coupons and the Swap Counterparty (if any) shall look solely to the sums referred to in paragraph (A), as applied in accordance with paragraphs (A) and (B) above (the "Relevant Sums"), for payments to be made by the Issuer hereunder in respect of the Notes, Receipts and Coupons and the Swap Agreement (if any);**

**(ii)** **the obligations of the Issuer to make payments in respect of the Notes, Receipts and Coupons and the Swap Agreement (if any) will be limited to the Relevant Sums and the holders of the Notes, Receipts and Coupons and the Swap Counterparty (if any) shall have no further recourse to the Issuer in respect of the Notes, Receipts, Coupons and the Swap Agreement (if any), respectively;**

**(iii)** **without prejudice to the foregoing, any right of the holders of the Notes, Receipts and Coupons and the Swap Counterparty (if any) to claim payment of any amount exceeding the Relevant Sums shall be automatically extinguished; and**

**(iv)** **the holders of the Notes, Receipts and Coupons and the Swap Counterparty (if any) shall not be able to petition for the winding-up of the Issuer as a consequence of any such shortfall.**

**Such limitation shall be without prejudice to any claims against the relevant Issuer Credit Enhancer (if any).**

**No such shortfall shall constitute an Event of Default under Condition 11 (*Events of***

***Default*) nor entitle the Swap Counterparty (if any), the Swap Guarantor (if any) or the Credit Support Provider (if any) to terminate the remainder of the Charged Agreements.**

**None of the Trustee, the shareholders of the Issuer, any Swap Counterparty, any Swap Guarantor or any Credit Support Provider has any obligation to any Noteholder, Receiptholder or Couponholder for payment of any amount by the Issuer in respect of the Notes, Receipts or Coupons.**

If the applicable Final Terms does not indicate that the Issuer may purchase Notes, the Issuer may not purchase Notes.

All Notes purchased by the Issuer pursuant to this Condition 9 shall be cancelled in accordance with the provisions of Condition 7(k) (*Redemption - Cancellation*).

**10. PRESCRIPTION**

The Notes (whether in bearer or registered form), Receipts and Coupons will become void unless presented for payment within a period of ten years (in the case of principal) and five years (in the case of interest) after the Relevant Date therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition 10 or Condition 6(b) (*Payments - Presentation of definitive Bearer Notes, Receipts and Coupons)* or any Talon which would be void pursuant to Condition 6(b) (*Payments - Presentation of definitive Bearer Notes, Receipts and Coupons)*.

The Issuer shall be discharged from its obligation to pay principal on a Registered Note to the extent that a cheque which has been duly despatched remains uncashed at the end of the period of ten years from the Relevant Date in respect of such payment. The Issuer shall be discharged from its obligation to pay interest on a Registered Note to the extent that a cheque which has been duly despatched remains uncashed at the end of the period of five years from the Relevant Date in respect of such payment.

"**Relevant Date**" means the date on which payment of principal and interest first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Trustee or the Principal Paying Agent, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 16 (*Notices*).

**11. EVENTS OF DEFAULT**

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-fifth in aggregate principal amount of, in the case of a Series of Notes comprising only one Class of Notes, the Notes then outstanding or, in the case of a Series of Notes comprising more than one Class of Notes, the most senior ranking Class of Notes then outstanding or if so directed by an Extraordinary Resolution of, in the case of a Series of Notes comprising only one Class of Notes, the Noteholders or, in the case of a Series of Notes comprising more than one Class of Notes, the Noteholders of the most senior ranking Class of Notes then outstanding provided that in the case of Notes of a Series comprising more than one Class of Notes, subject to the restrictions contained in the Trust Deed to protect the interests of the holders of the Notes of each Class**,** the Trustee shall (subject in any such case to being indemnified to its satisfaction) give notice to the Issuer that the Notes are, and they shall accordingly immediately become, due and repayable at the Early Redemption Amount together with, if applicable, interest accrued to the date of redemption, and the security constituted by the Trust Deed and/or the Charging Document (as the case may be) shall become enforceable (as provided in the Trust Deed and/or the Charging Document (as the case may be)) and the proceeds of realisation of such security shall be applied as specified in Condition 3(e) if any of the following events shall occur and be continuing (each an "**Event of**

**Default**"):

(a) in the case of a Series comprising only one Class of Notes, if default is made for a period of 14 days or more in the payment of any sum due in respect of the Notes, the Receipts or the Coupons or any of them; or

(b) in the case of a Series comprising more than one Class of Notes, if default is made for a period of 14 days or more in the payment of any sum due in respect of the Notes, the Receipts or the Coupons of the most senior ranking Class of Notes then outstanding; or

(c) if any order shall be made by any competent court or any resolution passed for the winding-up or dissolution of the Issuer, the Issuer Credit Enhancer (if any) or the Credit Support Provider (if any), as the case may be, save for the purposes of amalgamation, merger, consolidation, reorganisation or other similar arrangements on terms approved in advance by the Trustee or by an Extraordinary Resolution of Noteholders in the case of a Series of Notes comprising only one Class of Notes, or, by the Noteholders of the most senior ranking Class of Notes then outstanding in the case of a Series of Notes comprising more than one Class of Notes; or

(d) if the Issuer, the Issuer Credit Enhancer (if any) or the Credit Support Provider (if any) as the case may be, fails to perform or observe any of its other obligations under the Notes, the Notes Guarantee (if any) or the Trust Deed and/or the Charging Document (as the case may be) (the breach of which obligation the Trustee shall have certified to be in its opinion materially prejudicial to the interests of the Noteholders) and such failure continues for a period of 30 days (or such longer period as the Trustee may permit) next following the service by the Trustee on the Issuer, the Issuer Credit enhancer or the Credit Support Provider, as the case may be, (with a copy to the Issuer, in the case of service on the Issuer Credit Enhancer or the Credit Support Provider) of notice requiring the same to be remedied; or

(e) if the Issuer becomes required to register as an "Investment Company" under the Investment Company Act.

## 12. ENFORCEMENT

At any time after the Notes or any of them shall have become due and repayable and have not been repaid, the Trustee may, at its discretion and without notice, institute such proceedings against the Issuer and/or the Issuer Credit Enhancer (if any) and/or the Credit Support Provider (if any) as it may think fit to enforce repayment thereof together with accrued interest (if any) and to enforce the provisions of the Notes, the Notes Guarantee, the Trust Deed and/or the Charging Document (as the case may be), but it shall not be bound to institute any such proceedings unless:

(a) it shall have been so directed by an Extraordinary Resolution of, in the case of a Series of Notes comprising only one Class of Notes, the Noteholders or, in the case of a Series of Notes comprising more than one Class of Notes, the Noteholders of the most senior ranking Class of Notes then outstanding or in writing by the Swap Counterparty (if any) or so requested in writing by the holders of at least one-fifth in aggregate principal amount of, in the case of a Series of Notes comprising only one Class of Notes, the Notes then outstanding or, in the case of a Series of Notes comprising more than one Class of Notes, the most senior ranking Class of Notes then outstanding provided that (i) the Trustee shall not act on the directions of the Swap Counterparty (if any) to the extent that such directions conflict with any such request or the directions of the Noteholders or, in the opinion of the Trustee, would be prejudicial to the interests of the Noteholders and (ii) in the case of a Series of Notes comprising more than one Class of Notes, subject to the restrictions contained in the Trust Deed to protect the interests of the holders of the Notes of each Class; and

(b) it shall have been indemnified to its satisfaction.

Neither any Noteholder, Receiptholder or Couponholder nor the Swap Counterparty (if any) shall be entitled to proceed against the Issuer and/or the Issuer Credit Enhancer (if any) and/or Credit Support Provider (if any) unless the Trustee, having become bound so to proceed, fails so to do within a reasonable time and such failure is continuing. Except as aforesaid, only the Trustee may enforce the rights of the Noteholders, the Receiptholders, the Couponholders, the Swap Counterparty (if any), the Agent Bank (if any), the Calculation Agent (if any), the Redemption Agent (if any), the Custodian (if any) or any Paying Agent.

After realising the security which has become enforceable and distributing the net proceeds in accordance with Condition 3 (S*ecurity*), the obligations of the Issuer with respect to the Trustee, the Swap Counterparty (if any), the Registrar (if any), any Paying Agent, the Custodian (if any), the Agent Bank (if any), the Transfer Agent (if any), the Calculation Agent (if any), the Redemption Agent (if any), the Issuer Credit Enhancer (if any) and any Noteholder, Receiptholder or Couponholder in respect of the Notes, any Charged Agreement, the Agency Agreement and the Notes Guarantee (if any) shall be satisfied and none of the foregoing parties may take any further steps against the Issuer to recover any further sums in respect thereof and the right to receive any such sums shall be extinguished. Claims against the Issuer Credit Enhancer (if any) or Credit Support Provider (if any) will not be subject to any such limitation as aforesaid.

None of the Trustee, the Swap Counterparty (if any), the Registrar (if any), any Paying Agent, the Custodian (if any), the Agent Bank (if any), the Transfer Agent (if any), any Calculation Agent, any Redemption Agent, the Issuer Credit Enhancer (if any), the Credit Support Provider (if any) and any Noteholder, Receiptholder or Couponholder shall be entitled in respect thereof to petition or to take any other steps for the winding-up of the Issuer nor shall any of them have any claim in respect of the Notes or any other Series or any other Tranche unless so provided in the Final Terms relating to any such other Series or Tranche. Claims against the Issuer Credit Enhancer (if any) will not be subject to any such limitation as aforesaid.

Unless otherwise specified in the applicable Final Terms, if the Notes are of a Series comprising more than one Class of Notes and are of a Class ranking junior in point of priority to any other Class of Notes within such Series, then, notwithstanding the foregoing paragraph, none of the Noteholders, the Receiptholders (if any) and the Couponholders (if any) of such Class and none of the Swap Counterparty (if any), the Registrar (if any), the Agent Bank (if any), the Transfer Agent (if any), the Calculation Agent (if any), the Redemption Agent (if any), the Custodian (if any), the Issuer Credit Enhancer (if any) or any Paying Agent shall be entitled to take any steps against the Issuer to recover any sums in respect of the obligations of the Issuer in relation to such Class owing to such party (including petitioning or taking any other steps for winding up of the Issuer) unless and until the Issuer's obligations in respect of the Trustee, the Noteholders, the Receiptholders (if any) and the Couponholders (if any) of any senior Class or Classes of Notes of such Series, the Swap Counterparty (if any), the Registrar (if any), the Agent Bank (if any), the Transfer Agent (if any), the Calculation Agent (if any), the Redemption Agent (if any), the Custodian (if any), the Issuer Credit Enhancer (if any) or any Paying Agent in relation to the senior ranking Class or Classes of Notes of such Series shall have been paid in full.

**(A) All payments to be made by the Issuer hereunder in respect of the Notes, Receipts and Coupons of this Series and the Swap Agreement (if any) will be made only from and to the extent of the sums received or recovered from time to time by or on behalf of the Issuer or the Trustee in respect of (i) the relative Charged Assets and, if applicable, the relative Credit Support Document(s) and (ii) in the case of the Notes, Receipts and Coupons, the other Mortgaged Property (as defined in Condition 3(a)) in respect of this Series (applied, (a) prior to enforcement of the security for the Notes, in accordance with the order of priorities set out in the applicable Final Terms and (b) following enforcement of the security for the Notes, in accordance with the provisions of Condition 3(e) and the Security Ranking Basis (if applicable)**

**specified in the applicable Final Terms);**

**(B)** **to the extent that such sums are less than the amount which the holders of the Notes, Receipts and Coupons and the Swap Counterparty (if any) may have expected to receive (the difference being referred to herein as a "shortfall"), such shortfall will be borne by such holders and by the Swap Counterparty (if any) (a) prior to enforcement of the security for the Notes, in accordance with the inverse of the order of priorities set out in the applicable Final Terms and (b) following enforcement of the security for the Notes, in accordance with the inverse of the order set forth in the provisions of Condition 3(e) and as the Security Ranking Basis (if applicable) specified in the applicable Final Terms; and**

**(C)** **each holder of Notes, Receipts or Coupons, by subscribing for or purchasing such Notes, Receipts or Coupons, and each Swap Counterparty (if any), will be deemed to accept and acknowledge that it is fully aware that:**

**(i)** **the holders of the Notes, Receipts and Coupons and the Swap Counterparty (if any) shall look solely to the sums referred to in paragraph (A), as applied in accordance with paragraphs (A) and (B) above (the "Relevant Sums"), for payments to be made by the Issuer hereunder in respect of the Notes, Receipts and Coupons and the Swap Agreement (if any);**

**(ii)** **the obligations of the Issuer to make payments in respect of the Notes, Receipts and Coupons and the Swap Agreement (if any) will be limited to the Relevant Sums and the holders of the Notes, Receipts and Coupons and the Swap Counterparty (if any) shall have no further recourse to the Issuer in respect of the Notes, Receipts, Coupons and the Swap Agreement (if any), respectively;**

**(iii)** **without prejudice to the foregoing, any right of the holders of the Notes, Receipts and Coupons and the Swap Counterparty (if any) to claim payment of any amount exceeding the Relevant Sums shall be automatically extinguished; and**

**(iv)** **the holders of the Notes, Receipts and Coupons and the Swap Counterparty (if any) shall not be able to petition for the winding up of the Issuer as a consequence of any such shortfall.**

**Such limitation shall be without prejudice to any claims against the relevant Issuer Credit Enhancer (if any).**

**No such shortfall shall constitute an Event of Default under Condition 11 (*Events of Default*) nor entitle the Swap Counterparty (if any), the Swap Guarantor (if any) or the Credit Support Provider (if any) to terminate the remainder of the Charged Agreements or the Credit Support Document(s).**

**None of the Trustee, the shareholders of the Issuer, any Swap Counterparty, any Swap Guarantor or any Credit Support Provider has any obligation to any Noteholder, Receiptholder or Couponholder for payment of any amount by the Issuer in respect of the Notes, Receipts or Coupons.**

**13. REPLACEMENT OF NOTES, RECEIPTS, COUPONS AND TALONS**

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may, subject to applicable laws and regulations, be replaced at the specified office of the Principal Paying Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may

reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

**14. AGENTS**

The names of the initial Agents and their initial specified offices are set out below.

The Issuer, with the prior approval of the Trustee, is entitled to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, provided that, so long as any of the Notes is outstanding:

(i) there will at all times be a Principal Paying Agent;

(ii) there will at all times be a Registrar with a specified office in a city in continental Europe (in the case of Registered Notes);

(iii) there will at all times be a Transfer Agent (in the case of Registered Notes) which, so long as any Notes are listed on the Luxembourg Stock Exchange, shall be in Luxembourg;

(iv) so long as any Notes are listed on a stock exchange, there will at all times be a Paying Agent (which may be the Principal Paying Agent) or a Registrar, as the case may be, having a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other competent authority, which, so long as any Notes are listed on the Luxembourg Stock Exchange, shall be a Paying Agent in the Grand Duchy of Luxembourg;

(v) the Issuer will ensure that it maintains a Paying Agent in a member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to such Directive;

(vi) there will at all times be a Custodian (if applicable);

(vii) there will at all times be a Redemption Agent (if specified in the Final Terms);

(viii) there will at all times be an Agent Bank (if specified in the Final Terms);

(ix) so long as any Restricted Global Notes payable in a specified currency other than U.S. dollars are held through DTC or its nominee, there will at all times be an Exchange Agent with a specified office in New York City; and

(x) there will at all times be a Calculation Agent (if specified in the Final Terms).

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6(e) (*Payments - General provisions applicable to payments)*. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 15 nor more than 30 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 16 (*Notices*).

In acting under the Agency Agreement and except as otherwise provided in the Trust Deed, the Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholders, Receiptholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

**15. EXCHANGE OF TALONS**

On and after the Interest Payment Date or Instalment Date, as appropriate, on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 10 (*Prescription*).

**16. NOTICES**

All notices to Noteholders regarding the Bearer Notes will be deemed to be validly given if published (i) in a leading English language daily newspaper of general circulation in London, and (ii) if and for so long as the Notes are listed on the Luxembourg Stock Exchange, a daily newspaper of general circulation in the Grand Duchy of Luxembourg. It is expected that such publication will be made in the *Financial Times* in London and in *d'Wort* or the *Tageblatt* in the Grand Duchy of Luxembourg. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange (or any other relevant authority) on which the Bearer Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

All notices regarding the Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day (or, if posted to an overseas address, the seventh day) after mailing and, in addition, for so long as any Registered Notes are listed on a stock exchange and the rules of that stock exchange so require, such notice will be published in a daily newspaper of general circulation in the place or places required by the rules of that stock exchange.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear, Clearstream, Luxembourg and/or DTC, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg and/or DTC for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or other relevant authority and the rules of that stock exchange or other relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by the rules of that stock exchange or other relevant authority. Any such notice shall be deemed to have been given to the holders of the Notes on the Business Day immediately following the day on which the said notice was given to Euroclear, Clearstream, Luxembourg and/or DTC.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). Whilst any of the Notes are represented by a Global Note, such notice may be given by any accountholder to the Principal Paying Agent through Euroclear, Clearstream, Luxembourg and/or DTC, as the case may be, in such manner as the Principal Paying Agent, the Registrar and Euroclear, Clearstream, Luxembourg and/or DTC, as the case may be, may approve for this purpose.

**17. MEETINGS OF NOTEHOLDERS; MODIFICATION, WAIVER AND SUBSTITUTION**

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the modification by Extraordinary Resolution of these Terms and Conditions or other provisions of the Trust Deed or the Charging Document (if any), subject in the case of Notes of a Series comprising more than one Class of Notes, to restrictions contained in the Trust Deed to protect the interests of holders of the Notes of each Class. The quorum at any

such meeting for passing an Extraordinary Resolution will be one or more persons holding or representing in the aggregate not less than 75 per cent. in principal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons being or representing Noteholders whatever the principal amount of the Notes so held or represented. An Extraordinary Resolution passed at any meeting of Noteholders will be binding on all Noteholders, whether or not they are present at the meeting, and, if applicable, on all Couponholders and Receiptholders.

Where the Notes are of a Series comprising more than one Class of Notes, an Extraordinary Resolution passed at any meeting of the holders of the most senior ranking Class of Notes shall be binding on all holders of Notes ranking junior to the Notes of such Class irrespective of the effect upon them, except that an Extraordinary Resolution to sanction a modification of the date of maturity of any Notes or which would have the effect of postponing any day for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of any Notes, altering the currency of payment of any Notes, or as the case may be, the Coupons relating thereto or altering the quorum or majority required in relation to this exception shall not take effect unless it shall have been sanctioned by an Extraordinary Resolution of the holders of each Class of Notes ranking junior to such Class or it shall not, in the opinion of the Trustee, be materially prejudicial to the interests of all such Noteholders.

An Extraordinary Resolution passed at any meeting of holders of any Class of Notes ranking junior to one or more Class of Notes shall not be effective for any purpose while any of the more senior ranking Class or Classes of Notes remains outstanding unless either:

(i) the Trustee is of the opinion that it would not be materially prejudicial to the interests of the Noteholders of each of the more senior ranking Class of Notes; or

(ii) it is sanctioned by an Extraordinary Resolution of the Noteholders of each of the more senior ranking Class of Notes.

The Trustee may agree, without the consent of the Noteholders (but subject, in the case of (i) below only if the Notes are rated by a rating agency (a "**Rating Agency**"), to prior notification by the Issuer to such Rating Agency and confirmation therefrom as to there being no adverse change to the credit rating granted by such Rating Agency), to (i) any modification of, or to any waiver or authorisation of any breach or proposed breach of, any of these Terms and Conditions or any provision of the Trust Deed or the Charging Document (if any) or, in the case of modification, the Agency Agreement or the Charged Agreements or the Credit Support Document (if any) or the Notes Guarantee (if any) which, in the opinion of the Trustee, is not materially prejudicial to the interests of the Noteholders (and, in the case of Notes of a Series comprising more than one Class of Notes, the holders of each Class of Notes), provided however that no such modification shall be effective without the consent of the Swap Counterparty (if any) (such consent not to be unreasonably withheld or delayed) or (ii) any modification to any of the same which is of a formal, minor or technical nature or to correct a manifest or an error which is, in the opinion of the Trustee, proven.

Subject as provided in the Trust Deed, the Trustee, if it is satisfied that so to do would not be materially prejudicial to the interests of the Noteholders (and, in the case of Notes of a Series comprising more than one Class of Notes, the holders of each Class of Notes), may agree, without the consent of the Noteholders (but subject to prior notification to, and confirmation from, any relevant Rating Agency as aforesaid), to the substitution of any other company in place of the Issuer as principal debtor under the Trust Deed, the Notes and, if applicable, the Receipts and the Coupons. No such substitution shall be effective without the consent of the Swap Counterparty (if any), the Swap Guarantor (if any), the Issuer Credit Enhancer (if any) and/or, as applicable, the Credit Support Provider (if any) (such consent not to be unreasonably withheld or delayed). Under the Trust Deed, the Issuer has covenanted that it shall use reasonable endeavours to procure the substitution as principal debtor of a company incorporated in some other jurisdiction than that

of the Issuer in the event of the Issuer becoming subject to any of the tax events described in Condition 7(c) (*Redemption for taxation reasons*).

In connection with any exercise of its trusts, powers, authorities or discretions, the Trustee shall have regard to the general interests of the Noteholders (or the holders of the Notes of the relevant one or more Classes affected thereby) as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of such exercise for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or political sub-division thereof. In connection with any such exercise, no person shall be entitled to claim, whether from the Issuer, any substitute Issuer, the Swap Counterparty (if any), the Swap Guarantor (if any), the Credit Support Provider (if any), the Issuer Credit Enhancer (if any), the Trustee or any other person, any indemnification or payment in respect of any tax consequence of any such exercise upon any person. If, in considering the interests of the Noteholders of more than one Class, there is, in the opinion of the Trustee, a conflict between the interests of the Noteholders of one or more Classes and the Noteholders of another or other Class(es), the Trustee shall not exercise such trust, power, authority or discretion (and shall not be liable for any losses incurred thereby); provided that the Trustee may exercise such trust, power, authority or discretion if it is satisfied that to do so will not be materially prejudicial to the interests of the Noteholders of any Class that will be affected thereby.

Any such modification, waiver, authorisation or substitution shall be binding on all Noteholders, Receiptholders and, if applicable, all Couponholders and any such modification or substitution shall be notified to the Noteholders by the Issuer in accordance with Condition 16 (*Notices*) as soon as practicable thereafter unless, in the case of a modification, the Trustee agrees otherwise.

The Trust Deed contains provisions limiting the powers of the holders of any Class of Notes ranking junior in point of priority to the holders of any other Class or Classes of Notes, *inter alia*, to request or direct the Trustee to take any action or, as described above, to pass an effective Extraordinary Resolution according to the effect thereof on the interests of the holders of the more senior ranking Class or Classes of Notes. Except in certain circumstances, the Trust Deed contains no such limitation on the powers of the holders of such senior ranking Class or Classes of Notes in respect of the holders of any junior ranking Class or Classes of Notes to request or direct the Trustee to take any action or to pass an effective Extraordinary Resolution, and any such action or Extraordinary Resolution will be binding on the holders of any junior ranking Class or Classes of Notes, irrespective of the effect thereof on their interests.

## 18. FURTHER ISSUES

The Issuer shall be at liberty from time to time, without the consent of the Trustee, the Noteholders, the Receiptholders, the Couponholders, the Swap Guarantor (if any), the Issuer Credit Enhancer (if any), the Credit Support Provider (if any) or (except in the case of (i) below) the Swap Counterparty (if any) to create and issue further bonds, notes or other securities either (i) so as to be consolidated and form a single Class or Series with the existing Notes of any Class or Series or (ii) upon such terms as to security, interest, premium, redemption and otherwise as the Issuer may, in its absolute discretion, at the time of the issue thereof determine; provided that (a) in the case of (i) above (x) confirmation is received from the relevant Rating Agency (if any) that there will be no adverse change to the credit rating of the Notes which have been rated and with which the new Notes are to form a single Class or Series and (y) the value of the Mortgaged Property relating to the relevant Class or, in the case of any Series comprising more than one Class, Series is correspondingly increased, and (b) in the case of (ii) such bonds, notes or other securities are secured on assets of the Issuer other than those referred to in Condition 3 (*Security*) relating to any existing Notes and on terms in substantially the form of these Terms and Conditions which provide for the extinguishment of all claims in respect of such further bonds, notes or other securities after application of the proceeds of the assets upon which such further bonds, notes or other securities are secured. Any such bonds, notes or other securities shall be

constituted in accordance with the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of bonds, notes or other securities of other Classes in certain circumstances.

**19. INDEMNIFICATION AND REPLACEMENT OF THE TRUSTEE**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings unless indemnified to its satisfaction. The Trustee is exempted from any liability in respect of any loss, diminution in value or theft of all or any part of the Mortgaged Property, from any obligation to insure all or any part of the Mortgaged Property (including, in either such case, any documents evidencing, constituting or representing the same or transferring any rights, benefits and/or obligations thereunder), to procure the same to be insured or to monitor the adequacy of any insurance arrangements in respect of the Mortgaged Property and from any claim arising if all or any part of the Mortgaged Property (or any such document aforesaid) are held in an account with Euroclear, Clearstream, Luxembourg, DTC or any other clearing system in accordance with that clearing system's rules or otherwise held in safe custody by the Custodian or a bank or other custodian whether or not selected by the Trustee.

The Trust Deed provides that the Trustee may retire at any time on giving not less than three months' prior written notice to the Issuer without giving any reason and without being responsible for any liabilities incurred by reason of such retirement. In addition, the Noteholders of any Series may by Extraordinary Resolution remove the Trustee in relation to such Series. The Issuer has undertaken in the Trust Deed that, in the event of the only Trustee of any Series giving notice or being removed by Extraordinary Resolution of the Noteholders of such Series, it will use its best endeavours to procure that a new trustee in relation to such Series is appointed as soon as reasonably practicable thereafter. If the Issuer fails so to procure the appointment of such a new trustee, the Trustee which is retiring or has been removed (as the case may be) shall appoint a successor trustee in relation to such Series. The retirement or removal of the Trustee shall not become effective until a successor trustee is appointed.

**20. TRUSTEE CONTRACTING WITH ISSUER AND OTHER PARTIES**

The Trust Deed contains provisions pursuant to which the Trustee or any of its subsidiary or associated companies is entitled, *inter alia* (i) to enter into business transactions with the Issuer and/or the Issuer Credit Enhancer (if any) and/or the Swap Counterparty (if any) and/or the Swap Guarantor (if any) and/or the Credit Support Provider (if any) and/or any obligor in respect of the Mortgaged Property and/or any of their subsidiary or associated companies and to act as trustee for the holders of any other securities issued by or relating to the Issuer and/or the Issuer Credit Enhancer and/or the Swap Counterparty (if any) and/or the Swap Guarantor (if any) and/or the Credit Support Provider (if any) and/or any obligor in respect of the Mortgaged Property and/or any of their subsidiary or associated companies, (ii) to exercise and enforce its rights, comply with its obligations, and perform its duties, under or in relation to any such transactions or, as the case may be, any such trusteeships without regard to the interests of the Noteholders or the Swap Counterparty (if any) and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

**21. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No person shall have any rights to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

**22. GOVERNING LAW AND SUBMISSION TO JURISDICTION**

(a) *Governing law*

The Trust Deed, the Agency Agreement, the Custodial Services Agreement, the Notes Guarantee, the Notes, the Receipts and the Coupons are governed by, and shall be construed in accordance with, English law. The Charging Document (if any), the Charged Assets, the Credit Support

Document(s) and the Charged Agreement(s) are governed by, and will be construed in accordance with, such law as is specified in the applicable Final Terms.

(b) *Submission to jurisdiction*

The Issuer irrevocably agrees, for the benefit of the Noteholders, the Receiptholders and the Couponholders, that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes, the Receipts and/or the Coupons and submits to the exclusive jurisdiction of the English courts accordingly.

The Issuer hereby irrevocably waives any objection which it may have now or hereafter to the courts of England on the grounds that they are an inconvenient or inappropriate forum and hereby further irrevocably agrees that a judgment in any suit, action or proceedings (together referred to as "**Proceedings**") brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

Nothing contained in this Condition 22 shall limit any right to take Proceedings against the Issuer 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.

The Issuer appoints Citigroup Global Markets Limited as its agent for service of process, and undertakes that, in the event of such person ceasing so to act or ceasing to be domiciled in England, it will appoint another person domiciled in England as its agent for service of process in England in respect of any Proceedings.

Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

**FORM OF FINAL TERMS**

[Date]

# EQUITY FIRST PRODUCT PROGRAMME

**Allegro Investment Corporation S.A.**
***(incorporated with limited liability (société anonyme) under the laws of the Grand Duchy of Luxembourg registered with the trade and companies register at the Luxembourg district court under number* B.82.192 *and acting in respect of the [2005-([ ]) Compartment])***

**[Title of relevant Tranche of Notes (specifying type of Notes) (the "Notes")]**
**issued pursuant to the Equity First Product Programme**

**PART A – CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Prospectus dated 11th November, 2005 which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with 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 (as supplemented from time to time).

[*The following alternative language applies if the first tranche of an issue which is being increased was issued under an Information Memorandum or Base Prospectus with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the [Information Memorandum/Base Prospectus] dated [*original date*] [which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**")]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus dated 11th November, 2005, save in respect of the Conditions which are extracted from the [Information Memorandum/Base Prospectus] dated [*original date*] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms, the Base Prospectus dated 11th November, 2005 and the [Information Memorandum/Base Prospectus] dated [*original date*].

*[*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.*]*

[*If the Notes have a maturity of less than one year, the minimum denomination may need to be £100,000 or its equivalent in any other currency.*]

| | | | |
|---|---|---|---|
| 1. | (i) | Issuer: | Allegro Investment Corporation S.A. |
| | (ii) | Issuer Credit Enhancer: | [*name and address*] |
| | (iii) | Swap Counterparty or Counterparties: | [*name and address*] |
| | (iv) | Swap Guarantor: | [*name and address*] |
| | (v) | Credit Support Provider: | [*name and address*] |

| | | | |
|---|---|---|---|
| | (vi) | Trustee and Specified Office: | [Citicorp Trustee Company Limited of Citigroup Centre, Canada Square, Canary Wharf London, E14 5LB/*specify other*] |
| | (vii) | Principal Paying Agent and Specified Office: | [Citibank, N.A. of P.O. Box 18055, 5 Carmelite Street, London EC4Y 0PA /*specify other*] |
| | (viii) | Calculation Agent and Specified Office: | [Citigroup Global Markets Limited and its Specified Office/*specify other*] |
| 2. | (i) | Series Number: | [ ] |
| | (ii) | Class of Notes: | [ ] |
| | (iii) | Details of the Notes to which this Class of Notes relates: | [ ] |
| | (iv) | Tranche Number: | [ ]<br>*(If fungible with an existing Class and/or Series, details of that Class and/or Series, including the date on which the Notes become fungible)* |
| 3. | | Specified Currency or Currencies: | [ ] |
| 4. | | Aggregate Nominal Amount [of Notes admitted to trading]: | |
| | | – Class: | [ ] |
| | | – Tranche: | [ ] |
| | | – Series: | [ ] |
| 5. | (i) | Issue Price: | [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*in the case of fungible issues only, if applicable)*]. |
| | (ii) | Dealer's Commission | [ ] |
| | (iii) | Net proceeds: | [ ] (*required for listed issues*) |
| 6. | (i) | Specified Denomination(s) (*in the case of Registered Notes, this means the minimum integral amount in which transfers can be made*): | [ ] |
| | (ii) | Minimum trading size: | (*N.B. As indicated under "Summary" the minimum denomination of each Note admitted to trading on a European Economic Area exchange or offered to the pubic in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be [€1,000] (or, if the notes are denominated in a currency other than euro, the equivalent amount in such currency) or such other higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations* |

| | | |
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| | | *applicable to the relevant Specified Currency. If an issue of notes is (i) NOT admitted to trading on an European Economic Area exchange; and (ii) only offered to qualified investors and/or fewer than 100 natural or legal persons per Member State of the European Economic Area other than qualified investors, then the minimum denomination is irrelevant for Prospectus Directive purposes as such an issue will fall outside the requirements to produce a Prospectus Directive compliant prospectus (see Article 3 of the Directive). An offer of Notes in compliance with the European Economic Area selling restriction set out under "Subscription and Sale" will not be an offer of securities to the public which triggers the requirement to produce a Prospectus Directive complaint prospectus.)* |
| | | [ ] |
| 7. | (i) Issue Date: | [ ] |
| | (ii) Interest Commencement Date: | [Issue Date/other] |
| 8. | Maturity Date: | [*Fixed rate - specify date/*<br>*Floating rate* - Interest Payment Date falling in or nearest to [*specify month and year*]] |
| 9. | Interest Basis: | [[ ] per cent. Fixed Rate]<br>[[LIBOR/EURIBOR] +/- [ ] per cent. Floating Rate]<br>[Zero Coupon]<br>[Index Linked Interest]<br>[Dual Currency Interest]<br>[*specify other*]<br>(further particulars specified below) |
| 10. | Redemption/Payment Basis: | [Redemption at par]<br>[Index Linked Redemption]<br>[Dual Currency Redemption]<br>[Instalment]<br>[*specify other*] |
| 11. | Order of priorities, prior to/and/or upon enforcement of the security for the Notes, for application of the proceeds of the Charged Assets and any other security forming part of the Mortgaged Property: | [As set out in Clause 11 of the Master Trust Deed/*specify others*] |
| 12. | Automatic/optional change of Interest Basis or Redemption/Payment Basis: | [*Specify details of any provision for change of Notes into another Interest Basis or Redemption/ Payment Basis*] |
| 13. | Put/Call Options: | [Investor Put]<br>[Issuer Call] |

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| | | | [(further particulars specified below)] |
| 14. | (i) | Status of the Notes: | [Senior secured] |
| | (ii) | Date Board approval for issuance of Notes obtained: | [*specify*] |
| 15. | | Method of distribution: | [Syndicated/Non-syndicated] |

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

| | | | |
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| 16. | | **Fixed Rate Note Provisions** | [Applicable/Not Applicable]<br>*(If not applicable, delete the remaining sub-paragraphs of this paragraph)* |
| | (i) | Rate[(s)] of Interest: | [ ] per cent. per annum [payable [annually/semi-annually/quarterly] in arrear]<br><br>(*If payable other than annually, consider amending Condition 5 (Interest)*) |
| | (ii) | Interest Payment Date(s): | [ ] in each year up to and including the Maturity Date]/[*specify other*]<br><br>*(NB. This will need to be amended in the case of long or short coupons)* |
| | (iii) | Fixed Coupon Amount(s): | [ ] per [ ] in Nominal Amount |
| | (iv) | Broken Amount(s): | [*Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount*] |
| | (v) | Day Count Fraction: | [30/360 *or* Actual/Actual (ISMA) *or specify other*]<br>(N.B. *If interest is not payable on a regular basis (for example, if there are Broken Amounts specified) Actual/Actual (ISMA) may not be a suitable Day Count Fraction*) |
| | (vi) | Determination Date(s): | [ ] in each year<br>[*Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon*] (*NB: This will need to be amended in the case of regular interest payment dates which are not of equal duration and is only relevant where Day Count Fraction is Actual/Actual (ISMA)*). |
| | (vii) | Other terms relating to the method of calculating interest for Fixed Rate Notes: | [None/*Give details*] |
| | (viii) | Indication of yield: | [*specify*]<br><br>Calculated as [*include details of method of calculation in summary form*] on the Issue Date. |

| | | |
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| | | The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield. |
| 17. | **Floating Rate Note Provisions** | [Applicable/Not Applicable]<br>(*If not applicable, delete the remaining sub-paragraphs of this paragraph*) |
| (i) | Specified Period(s)/Specified Interest Payment Dates: | [ ] |
| (ii) | Business Day Convention: | [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[*specify other*]] |
| (iii) | Additional Business Centre(s): | [ ] |
| (iv) | Manner in which the Rate of Interest and Interest Amount is to be determined: | [Screen Rate Determination/ISDA Determination/s*pecify other*] |
| (v) | Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent Bank): | [ ] |
| (vi) | Screen Rate Determination: | |
| | – Reference Rate: | [ ]<br>(*Either LIBOR, EURIBOR or other, although additional information is required if other - including fallback provisions in the Agency Agreement*) |
| | – Interest Determination Date(s): | [ ]<br>(*Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR*) |
| | – Relevant Screen Page: | [ ]<br>(*In the case of EURIBOR, if not Telerate Page 248 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately*) |
| (vii) | ISDA Determination: | |
| | – Floating Rate Option: | [ ] |
| | – Designated Maturity: | [ ] |

| | | |
|---|---|---|
| | – Reset Date: | [ ] |
| (viii) | Margin(s): | [+/-] [ ] per cent. per annum |
| (ix) | Minimum Rate of Interest: | [[ ] per cent. per annum/Not Applicable] |
| (x) | Maximum Rate of Interest: | [[ ] per cent. per annum/Not Applicable] |
| (xi) | Day Count Fraction: | [Actual/365 or Actual/Actual (ISDA)<br>Actual/365 (Fixed)<br>Actual/365 (Sterling)<br>Actual/360<br>30/360<br>30E/360<br>*Other*]<br>(*See Condition 5 (Interest) for alternatives*) |
| (xii) | Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: | [ ] |
| (xiii) | Details of historic [LIBOR/ EURIBOR/*specify other*] rates can be obtained from [Telerate/*specify other*]. | |

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| 18. | **Zero Coupon Note Provisions** | [Applicable/Not Applicable]*<br>(*If not applicable, delete the remaining sub-paragraphs of this paragraph*) |
| (i) | Accrual Yield: | [ ] per cent. per annum |
| (ii) | Reference Price: | [ ] |
| (iii) | Any other formula/basis of determining Amortised Face Amount payable: | [ ]<br>*(Consider applicable Day Count Fraction if euro denominated)* |
| (iv) | Day Count Fraction in relation to Early Redemption Amounts and late payment: | [Conditions 7(h)(ii)(d) and 7(i) apply/*specify other*] |
| 19. | **Index Linked Interest Note Provisions** | [Applicable/Not Applicable]<br>(*If not applicable, delete the remaining sub-paragraphs of this paragraph*) |
| (i) | Index/Formula: | [*give or annex details*]<br>[*Include details of where past and future performance and volatility of the index/formula can be obtained and a clear and comprehensive* |

* The Zero Coupon Note provisions only apply to Notes issued at a discount to their principal amount and which will not bear interest.

| | | |
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| | | *explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.*] |
| (ii) | Calculation Agent responsible for calculating the principal and/or interest due: | [ ] |
| (iii) | Provisions for determining coupon where calculation by reference to Index and/or Formula is impossible or impracticable: | [ ] |
| (iv) | Specified Period(s)/Specified Interest Payment Dates: | [ ] |
| (v) | Business Day Convention: | [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*] |
| (vi) | Additional Business Centre(s): | [ ] |
| (vii) | Minimum Rate of Interest: | [[ ] per cent. per annum/Not Applicable] |
| (viii) | Maximum Rate of Interest: | [[ ] per cent. per annum/Not Applicable] |
| (ix) | Day Count Fraction: | [ ] |
| 20. | **Dual Currency Note Provisions** | [Applicable/Not Applicable]<br>(*If not applicable, delete the remaining sub-paragraphs of this paragraph*) |
| (i) | Rate of Exchange/method of calculating Rate of Exchange: | [*give details*]<br><br>[*Include details of where past and future performance and volatility of the relevant rates 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.*] |
| (ii) | Calculation Agent, if any, responsible for calculating the principal and/or interest payable: | [ ] |
| (iii) | Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: | [*need to include a description of market disruption or settlement disruption events and adjustment provisions*] |
| (iv) | Person at whose option Specified Currency(ies) is/are payable: | [ ] |

**PROVISIONS RELATING TO REDEMPTION**

| | | | |
|---|---|---|---|
| 21. | Issuer Call: | | [Applicable/Not Applicable]<br>(*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): | [ ] |
| | (iii) | Redemption in whole or in part: | [Redemption in whole/Redemption in part (and, if redemption in part, method of selecting Notes for redemption, if other than as set-out in Condition 7(e))] |
| | (iv) | If redeemable in part: | |
| | | (a) Minimum Redemption Amount: | [ ] |
| | | (b) Higher Redemption Amount: | [ ] |
| | (v) | Notice period (if other than as set out in the Conditions): | [ ] |
| 22. | Investor Put: | | [Applicable/Not Applicable]<br>(*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): | [ ] |
| | (iii) | Notice period (if other than as set out in the Conditions): | [ ] |
| 23. | Final Redemption Amount for each Note: | | [Par/*specify amount*] |
| | In cases where the Final Redemption Amount is Index-Linked or other variable-linked: | | |
| | (i) | Index/Formula/variable: | [*give or annex details*] |
| | (ii) | Calculation Agent responsible for calculating the Final Redemption Amount: | [ ] |
| | (iii) | Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: | [ ] |

| | | | |
|---|---|---|---|
| | (iv) | Determination Date(s): | [ ] |
| | (v) | Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: | [ ] |
| | (vi) | Minimum Final Redemption Amount: | [ ] |
| | (vii) | Maximum Final Redemption Amount: | [ ] |
| 24. | | Redemption in relation to the Charged Assets and redemption upon termination of the Charged Agreements: | Conditions 7(b) and 7(d) [Applicable/Not Applicable] |
| 25. | (i) | Redemption for taxation reasons applicable to Issuer Credit Enhancer: | [ ] |
| | (ii) | Investor Put for taxation reasons pursuant to Condition 7(c): | [ ] |
| 26. | | Early Redemption Amount(s) for each Note payable on redemption for taxation reasons or upon early repayment of the Charged Assets or upon termination of the Charged Agreements or on Event of Default or any other Condition as specified herein and/or the method, if any, of calculating the same (if required or if different from that set out in Condition 7(i)): | [*Specify amount or details including party responsible for calculation*] [*Specify any other Conditions to which Early Redemption Amount(s) applies*] |
| 27. | | Settlement Basis:<br><br>*(See Condition 8 (Delivery Basis))* | [Cash Settlement and/or Physical Settlement - *specify to which redemption provisions the method of settlement relates to*] |
| 28. | | Whether the Issuer is able to purchase any of the Notes pursuant to Condition 9: | [Yes/No] |
| 29. | | Method of selecting the Notes, to be redeemed in the case of a partial redemption of any Class or Series of Notes: | [To be selected individually by lot/to be selected in accordance with the order of priorities relating to the repayment of principal of the Notes and, within any Class of Notes, on a *pari passu* basis/Not Applicable] |
| 30. | | Other terms applicable on redemption: | [ ] |

**DELIVERY OPTION**

| | | | |
|---|---|---|---|
| 31. | | Asset Amount: | [*Specify details of whether Charged Assets/other assets to be delivered*] |
| 32. | | Period of Notice (if different from that set out in Condition 8(a)): | [ ] |
| 33. | | Delivery Method: | [ ] |

| | | |
|---|---|---|
| 34. | Disruption Cash Settlement Price: | [ ] |

**PROVISIONS RELATING TO THE SECURITY**

| | | |
|---|---|---|
| 35. | Security over Charged Assets created in Trust Deed and/or Charging Document: | [Trust Deed]<br>[Charging Document]<br>[Trust Deed and Charging Document] |
| 36. | Charged Assets: | [ ] |
| 37. | Credit Support Document: | [ ] |
| 38. | Charging Document (if any): | [ ] |
| 39. | Charged Agreements: | [ ] |
| | (i) Swap Agreement: | |
| | (ii) details of the Swap Counterparty's rights to assign and/or to delegate its rights and obligations: | [ ] |
| | (iii) obligation of Swap Counterparty to gross-up: | [ ] |
| | (iv) Swap Guarantee: | [ ] |
| 40. | Governing law of the Charged Assets, the Credit Support Document, the Charged Agreements and the Charging Document (if any) (if other than English law) and jurisdiction submitted to in the Charging Document (if any): | [ ] |
| 41. | Any other applicable security interests for the purposes of Condition 3(a)(D): | [ ] |
| 42. | Whether or not the Mortgaged Property is secured in favour of any other Class of Notes: | [Yes - insert details of other Class and ranking/No] |
| 43. | Security Ranking Basis: | [Primary Basis/*Pari Passu* Basis/Secondary Basis/*specify other*] |
| 44. | Custodian's account details: | [ ] |
| 45. | Swap Counterparty's account details (being the account to which the Custodian will credit amounts received by it in respect of the Charged Assets): | [ ] |
| 46. | Principal Paying Agent's account details (being the account to which the Issuer will credit amounts payable under the Notes and to which the Swap Counterparty will credit amounts payable under the Swap Agreement to the Principal Paying Agent on behalf of the Issuer): | [To be notified to the Issuer (with a copy to the Custodian and the Swap Counterparty) in writing not less than [five] Business Days prior to the date upon which any payment in respect of the Notes is to be made] |

| | | |
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| 47. | Whether the Charged Assets may be substituted by alternative security pursuant to Condition 3(b)(ii), and, if so, any particular assets and/or terms or other requirements relating to such substitution (including whether Condition 3(b)(A) is applicable): | [Yes (*specify assets and/or terms and/or other requirements*)/No] |
| 48. | Other relevant details relating to the Mortgaged Property: | [S*pecify additional duties of the Custodian/details of a different order for the application of funds other than that set out in Clause 11 of the Master Trust Deed/details of any additional terms on which the Custodian holds any Charged Assets*] |
| 49. | Special terms relating to the Notes Guarantee: | [ ] |

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

| | | |
|---|---|---|
| 50. | Notes issued in bearer or registered form: | [Bearer/Registered] |
| 51. | Notes in bearer form to be represented on issue by a Temporary Global Note or a Permanent Global Note: | [[Temporary/Permanent] Global Note/Not Applicable] |
| 52. | [Provisions for exchange of Temporary Global Notes:] | [Exchangeable for a Permanent Global Note, which is exchangeable for Bearer Notes in definitive form [on 60 days' notice given at any time/only upon an Exchange Event].]<br><br>[Temporary Global Note exchangeable for Bearer Notes in definitive form on or after the Exchange Date.]<br><br>[Not Applicable] |
| 53. | Provisions for exchange of Permanent Global Notes: | Permanent Global Note exchangeable for Bearer Notes in definitive form [on 60 days' notice given at any time/only upon an Exchange Event].<br><br>[Not Applicable] |
| 54. | Notes in registered form: | [To be represented by (a) Individual Certificates or a Restricted Global Note and/or (b) an Unrestricted Global Note - *specify initial principal amount of each Note to be issued*].<br><br>[Conditions 1(c), 1(d) and 1(e) – Applicable/Not Applicable].]<br><br>[Not Applicable] |
| 55. | Provisions for exchange of Unrestricted Global Notes (if applicable): | [Unrestricted Global Note exchangeable into [Individual Certificate(s)/Restricted Global Note] following expiry of the Distribution |

| | | | |
|---|---|---|---|
| | | | Compliance Period.]<br>[Not Applicable] |
| 56. | Additional Financial Centre(s) or other special provisions relating to Payment Dates: | | [Not Applicable/*give details*]<br>(*Note that this item relates to the place of payment and not Interest Period end dates to which paragraphs 17(iii) and 19(vi) relate*) |
| 57. | Talons for future Coupons or Receipts to be attached to Notes in definitive form (and dates on which such talons mature): | | [Yes/No. *If yes, give details*] |
| 58. | Details relating to Instalment Notes - Instalment Amount(s)/Instalment Date(s): | | [Not Applicable/*give details*] |
| 59. | (i) | Registrar and Specified Office (*Registered Notes only*) | [[Citigroup Global Markets Deutschland AG & Co. KGaA of Reuterweg 16, 60323 Frankfurt, Germany] /*specify other*] |
| | (ii) | Paying Agent(s) and Specified Office: | [Banque Générale du Luxembourg S.A. of 50, avenue J.F. Kennedy, L-2951 Luxembourg/*specify other*] |
| | (iii) | Transfer Agent and Specified Office (*Registered Notes only*): | [Citibank, N.A. of P.O. Box 18055, 5 Carmelite Street, London EC4Y 0PA and Banque Générale du Luxembourg S.A., of 50, avenue J.F. Kennedy, L-2951 Luxembourg /*specify other*] |
| | (iv) | Custodian and Specified Office: | [Citibank, N.A. of P.O. Box 18055, 5 Carmelite Street, London EC4Y 0PA /specify other] |
| | (v) | Agent Bank and Specified Office: | [Citibank, N.A. of P.O. Box 18055, 5 Carmelite Street, London EC4Y 0PA /*specify other*] |
| | (vi) | Exchange Agent and Specified Office: | [Citibank N.A. of P.O. Box 18055, 5 Carmelite Street, London EC4Y 0PA/*specify other*] |
| | (vii) | Redemption Agent and Specified Office: | [Citigroup Global Markets Limited of Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB/*specify other*] |
| | (viii) | Common Depositary and Specified Office: | [*specify*] |
| 60. | Other terms or special conditions: | | [Not Applicable/*give details*]<br><br>[*(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 Base Prospectus under Article 16 of the Prospectus Directive.)*] |

**DISTRIBUTION**

| | | | |
|---|---|---|---|
| 61. | (i) | If syndicated, names and addresses of Managers and details of underwriting commitments: | [Not Applicable/*give names, addresses and underwriting commitments*] |

| | | | |
|---|---|---|---|
| | (ii) | Date of [Subscription] Agreement: | [Not applicable/*give date*] |
| | (iii) | Stabilising Manager (if any): | [Not Applicable/*give name*] |
| 62. | If non-syndicated, name and address of relevant Dealer: | | [*give name and address*] |
| 63. | Total commission and concession: | | [*specify*] per cent. of the Aggregate Principal Amount |
| 64. | Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: | | [TEFRA D/TEFRA C/TEFRA not applicable] |
| 65. | Additional selling restrictions: | | [Not Applicable/*give details*] |
| 66. | Employee Benefit Plan Eligibility: | | [This Note may not be purchased or held by or on behalf of an employee benefit plan, other plan, or individual retirement account that is either (i) subject to Title I of U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**") or any substantially similar provisions of federal, state or local law or (ii) described in Section 4975(e)(1) of the U.S. Internal Revenue Code. This Note may, however, be purchased and held by or on behalf of an employee benefit plan that is not subject to ERISA or otherwise described in the preceding sentence (an "**Other Benefit Plan**"). For purpose of the Base Prospectus, Other Benefit Plans shall not be considered "benefit plan investors" and shall not be subject to the restrictions on benefit plan investors set forth in the Base Prospectus.] *[Use preceding provision if Notes will not be sold to employee benefit plans subject to U.S. law.]*/[*specify other*] |

[**LISTING AND ADMISSION TO TRADING APPLICATION**]

[These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the Equity First Product Programme of the Issuer.]

**RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in the Final Terms. [*specify*] has been extracted from [*specify*] and [*specify*] has been extracted from [*specify*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify*], no facts have been omitted which would render the reproduced information inaccurate or misleading.

The Notes are investments whereby any or all of the risks associated with the Charged Assets and the obligor(s) in respect of the Charged Assets may be transferred to the holders of the Notes. In addition, the Issuer depends for payments under the Notes on the receipt of amounts due from the Swap Counterparty (if any) under the Swap Agreement and the performance by the Custodian of its duties under the Agency Agreement. Prospective purchasers of Notes should conduct such independent investigation and analysis

regarding the Issuer, the security arrangements and the Notes (including, without limitation, with regard to the Charged Assets, the obligor(s) in respect of the Charged Assets, the Custodian, the Swap Agreement and the Swap Counterparty) as they deem appropriate to evaluate the merits and risks of an investment in the Notes. Prospective purchasers of the Notes should ensure that they understand the nature of the Notes and the extent of their exposure to all associated risks and should not buy the Notes unless they can bear a decrease in the redemption price of the Notes.

The information set out herein relating to the Charged Assets is a summary only and is derived from publicly available information. Except as referred to above, no responsibility in respect of such information is accepted by the Issuer, the Arranger, the Dealer(s) or the Trustee. In particular, except as referred to above, none of the Issuer, the Arranger, the Dealer(s) and the Trustee has verified, or accepts any liability whatsoever for the completeness or accuracy of, such information. Prospective investors in the Notes should make their own independent investigations of the obligor(s) under the Charged Assets (including, without limitation, with regard to [its/ their] financial condition and creditworthiness) and the full terms of the Charged Assets.

Save as disclosed in the Final Terms and any supplement, there has been no significant change and no significant new matter has arisen since publication of the Base Prospectus dated 11th November, 2005.

| | |
|---|---|
| Acceptance on behalf of the Issuer of the terms of the Final Terms | [Acceptance on behalf of the Issuer Credit Enhancer of the terms of the Final Terms |
| For and on behalf of | For and on behalf of |
| ALLEGRO INVESTMENT CORPORATION S.A. | [ ] |
| By ..... | By .....] |

## PART B – OTHER INFORMATION

### 26. LISTING

| | |
|---|---|
| (i) Listing: | [Luxembourg/other (*specify*)/None] |
| (ii) Listing Agent and Specified Office | [Banque Générale du Luxembourg S.A. of 50 avenue J.F. Kennedy, L2951 Luxembourg]/[*specify other*] |
| (iii) Admission to trading: | [Application has been made for the Notes to be admitted to trading on [*specify*] with effect from [*specify*].]/[Not Applicable.]<br><br>*(Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)* |

**27. RATINGS**

| | |
|---|---|
| Ratings: | The Notes to be issued have been rated:<br><br>[S & P: [ ]]<br>[Moody's: [ ]]<br>[[Other]: [ ]]<br><br>[*Include here a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.*]<br><br>(*The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.*) |

**28. [NOTIFICATION]**

[The CSSF has provided 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.]

**29. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE OFFER]**

[*Include here a description of any interest, including conflicting ones, that is material to the offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:*

*"Save as discussed in "Subscription, Sale and Transfer Restrictions" in the Base Prospectus, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."*]

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

| | |
|---|---|
| [(i) Reasons for the offer:] | [*specify if different from that described in "Use of Proceeds" in the Base Prospectus*]/[Not Applicable]. |
| [(ii)] Estimated net proceeds: | [*specify*].<br><br>*(If proceeds are intended for more than one use, specify uses 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:] | [*specify, including a breakdown of expenses.*] |

**31. [YIELD]** (*Fixed Rate Notes only*)

| | |
|---|---|
| [Indication of yield:] | [*specify*].<br><br>[Calculated as [*include details of method of calculation in summary form*] on the Issue Date.]<br><br>[As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.] |

**32. [HISTORIC INTEREST RATES]** (*Floating Rate Notes only*)

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

**33. [PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING]** (*Index Linked Interest Notes only*)

[*Include here details of where past and future performance and volatility of the index/formula/other variable can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident*].

[*Where the underlying is an index include here the name of the index and a description if composed by the Issuer or, if the index is not composed by the Issuer, details of where the information about the index can be obtained.*]

[*Where the underlying is not an index include here equivalent information on the underlying*.]

**34. [PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT]** (*Dual Currency Notes only*)

[*Include here 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*.]

**35. OPERATIONAL INFORMATION**

| | |
|---|---|
| ISIN Code: | [*specify*] |
| Common Code: | [*specify*] |
| Any clearing system(s) other than Euroclear, Clearstream Luxembourg and the relevant identification number(s): | [Not Applicable/*give name(s) and number(s)*] |
| Delivery: | Delivery [against/free of] payment |
| Names and addresses of | [*specify*] |

additional Paying Agent(s) (if any):

## USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Issuer to purchase the Charged Assets applicable to such issue and/or to enter into or pay any amount required under or in respect of any related Charged Agreements and the Credit Support Document(s) and to pay expenses and any applicable fees in connection with the administration of the Issuer. If, in respect of any particular issue, there is a particular identified use of proceeds this will be stated in the applicable Final Terms.

## THE SWAP AGREEMENT

The following is a summary of certain features of any Swap Agreement to be entered into and is qualified by reference to the detailed provisions of such Swap Agreement.

### Payments under the Swap Agreement

If so specified in the applicable Final Terms, the Issuer has entered into an ISDA Master Agreement dated as of a date on or before the Issue Date (including the Schedule thereto) and one or more Confirmations thereto each with an effective date of the Issue Date of the relevant Notes with the relevant Swap Counterparty. Under the Swap Agreement, the Swap Counterparty will make certain payments to the Issuer in respect of amounts due on the Notes and/or (if applicable), the Receipts and Coupons and the Issuer will make certain payments to the Swap Counterparty out of sums received by the Issuer or to the order of the Issuer on or in respect of the Charged Assets (if any).

**Termination of Swap Agreement**

The Swap Agreement will terminate on the Maturity Date unless terminated earlier in accordance with the terms thereof.

**Early Termination**

The Swap Agreement may be terminated early if or when one or more of the following events occurs:

(i) in whole if the relevant Notes become payable in whole in accordance with their respective terms and conditions prior to the Maturity Date;

(ii) at the option of the Issuer or the Swap Counterparty, if there is a failure by the other party to pay any amounts due, or to comply with or perform any obligation under the Swap Agreement; and

(iii) if (subject as provided in the Swap Agreement) withholding taxes are imposed on payments made by the Issuer or the Swap Counterparty under the Swap Agreement or it becomes illegal for either party to perform its obligations under the Swap Agreement (see "Transfer to avoid Termination Event" below), upon the occurrence of certain other events with respect to either party to the Swap Agreement, including a breach of representation, insolvency or merger without an assumption of the obligations in respect of such Swap Agreement.

If there is more than one Swap Agreement, termination of one Swap Agreement will result in termination of all other Swap Agreements.

**Consequences of Early Termination**

The following is a description of the termination payment payable under the Swap Agreement entered into between the Issuer and the Swap Counterparty in respect of the relevant series of Notes and is qualified by reference to the detailed provisions of the relevant Swap Agreement.

Upon the early termination of a Swap Agreement, the Issuer or the Swap Counterparty may be liable to make a termination payment to the other (regardless, if applicable, of which of such parties may have caused such termination).

In all cases of early termination of a Swap Agreement occurring, other than by reason of (i) a default by the Swap Counterparty (in which case the determination will be made by the Issuer) or (ii) an illegality, tax event or tax event upon merger (in which case the party which is not the Affected Party (as defined in the Swap Agreement) will make the determination (or, if there are two Affected Parties, each party will make a determination which will be averaged)), the termination payment will be determined by the Swap Counterparty on the basis of quotations received from at least three leading dealers selected by the determining party.

Such quotations will be based on the amount the determining party would have to pay or expect to be paid in consideration of an agreement between the determining party and each dealer to enter into a replacement

swap agreement that would have the effect of preserving for the determining party the economic equivalent of its future rights and obligations under the relevant Swap Agreement. Where such quotations cannot be determined or would not (in the reasonable belief of the determining party) produce a commercially reasonable result, the termination payment will be determined on the basis of an amount the determining party reasonably determines in good faith to be its total losses and costs (or gain) in connection with the termination of the relevant Swap Agreement (including any loss of bargain, cost of funding or, at the election of the determining party but without duplication, loss or cost incurred as a result of its terminating, liquidating, obtaining or re-establishing any hedge or related trading position (or any gain resulting from any of them)).

Any amounts that became due and payable by the Issuer or the Swap Counterparty under a Swap Agreement before termination of such Swap Agreement but were not paid are also taken into account when determining the termination payment upon early termination of a Swap Agreement.

Upon an early termination of a Swap Agreement, there is no assurance that the termination payment payable by the Swap Counterparty to the Issuer (if any) will be sufficient to repay the principal amount due to be paid in respect of the Notes and any other amounts thereof that are due.

**Taxation**
Neither the Issuer nor the Swap Counterparty is obliged under the Swap Agreement to gross up any payment to be made under the Swap Agreement if withholding taxes are imposed.

**Transfer to avoid Termination Event**
If withholding taxes are imposed on payments to be made by the Issuer or the Swap Counterparty under the Swap Agreement, then the Swap Counterparty shall, at its sole option, have the right to require the Issuer:

(i) to transfer all of its interests and obligations under the Swap Agreement together with its interests and obligations under the Notes, the Trust Deed, the Agency Agreement and the Custodial Services Agreement to another entity, whether or not in the same tax jurisdiction as the Issuer, as would not have any obligation to withhold or deduct (if the Issuer is or would be required to make such deduction or withholding) or to which the Swap Counterparty would be entitled to make payments free from the relevant deduction or withholding (if the Swap Counterparty is or would otherwise be required to make such withholding or deduction), subject to obtaining the prior written consent of the Trustee; or

(ii) to transfer its residence for tax purposes to another jurisdiction, subject to obtaining the prior written consent of the Trustee.

If the Issuer is unable to transfer its interests to another party or transfer its tax residence in accordance with the preceding provisions prior to the 30th day following the date of imposition of such withholding taxes, or if earlier, the 10th day prior to the first date on which it or the Swap Counterparty would otherwise be required to make a payment net of withholding taxes, the Swap Counterparty may terminate the swap transaction under the Swap Agreement.

**Transfer to another Swap Counterparty**
The terms Swap Counterparty may, without the consent of the relevant Noteholders or the Issuer, transfer all or part of its interest and obligations in and under the Swap Agreement to any affiliate of the Swap Counterparty (the "**Transferee**"), provided that certain conditions set out in the Swap Agreement have been satisfied. Upon any such transfer, the Swap Agreement comprising the ISDA Master Agreement between the Issuer and the Transferee and any swap transaction between the Issuer and the Transferee as evidenced by any confirmation supplemental thereto and any guarantee relating thereto shall also be Charged Agreements and the Calculation Agent shall adjust such of the Conditions (as modified by the applicable Final Terms) as it in its sole and absolute discretion shall determine to be appropriate to reflect that the Swap Counterparty has transferred all or part of its interest and obligations in and under the Swap

Agreement to an affiliate of the Swap Counterparty and shall determine the effective date of that adjustment.

**General**
Except as stated under "Transfer to avoid Termination Event" above, neither the Issuer nor the Swap Counterparty are, save for the assignment by way of security in favour of the Trustee under the Trust Deed, permitted to assign, novate or transfer as a whole or in part any of their rights, obligations or interests under the Swap Agreement.

# THE FORM OF SWAP GUARANTEE

***(A) The following is the form of Guarantee given by Citigroup Inc. which shall, if so specified in the applicable Final Terms, guarantee the obligations of Citigroup Global Markets Limited (formerly known as Salomon Brothers International Limited) or Citigroup Financial Products Inc., as applicable, to the Issuer in respect of any Series of Notes.***

**GUARANTEE**, dated as of 11th November 2005, of **CITIGROUP INC.**, a Delaware corporation (the "**Guarantor**"), in favor of **ALLEGRO INVESTMENT CORPORATION S.A.** (the "**Counterparty**").

1. Guarantee

In order to induce the Counterparty to continue to enter into Transactions under an ISDA Master Agreement dated as of [*insert date*] (the "**Agreement**"), with the Guarantor's wholly-owned subsidiary, [Citigroup Global Markets Limited/Citigroup Financial Products Inc.], ("[**CGML/CFPI**]"), the Guarantor absolutely and unconditionally guarantees to the Counterparty, its successors and permitted assigns, the prompt and timely payment of all amounts payable by [CGML/CFPI] under the Agreement in respect of any Transaction effected under the Agreement which shall have been entered into on or after the date of this Guarantee, whether due or to become due, secured or unsecured, joint or several (the "**Obligations**") all without regard to any counterclaim, set-off, deductions or defense of any kind which the Guarantor may have or assert, and without abatement, suspension, deferment or diminution on account of any event or condition whatsoever; provided however, that the Guarantor's obligations under this Guarantee shall be subject to [CGML/CFPI]'s defenses and rights to set-off, counterclaim or withhold payment as provided in the Agreement (if any) and provided further, however, that the Guarantor shall have no obligation to take action hereunder during any period when performance by [CGML/CFPI], in accordance with the provisions of the Agreement, would constitute a violation of any applicable laws (other than bankruptcy, liquidation, reorganisation or similar laws affecting the rights of creditors generally). Any capitalized term used herein and not otherwise defined shall have the meaning assigned to it in the Agreement.

2. Nature of Guarantee

This Guarantee is a guarantee of payment and not of collection. The Counterparty shall not be obligated, as a condition precedent to performance by the Guarantor hereunder, to file any claim relating to the Obligations in the event that [CGML/CFPI] becomes subject to a bankruptcy, reorganization or similar proceedings, and the failure of the Counterparty to file a claim shall not affect the Guarantor''s obligations hereunder. This Guarantee shall continue to be effective or be reinstated if any payment to the Counterparty by [CGML/CFPI] on account of any Obligation is returned to [CGML/CFPI] or is rescinded upon the insolvency, bankruptcy or reorganization of [CGML/CFPI]. This Guarantee shall rank pari passu with other senior unsecured obligations of the Guarantor.

3. Consents, Waivers and Renewals

The Guarantor agrees that the Counterparty may at any time and from time to time, either before or after the maturity thereof, without notice to or further consent of the Guarantor,

change the time, manner or place of payment or any other term of, any Obligation, exchange, release, fail to perfect or surrender any collateral for, or renew or change any term of any of the Obligations owing to it, and may also enter into a written agreement with [CGML/CFPI] or with any other party to the Agreement or person liable on any Obligation, or interested therein, for the extension, renewal, payment, compromise, modification, waiver, discharge or release thereof, in whole or in part, without impairing or affecting this Guarantee. Subject to the Guarantor's right to raise defenses, and claim the right to set-off, counterclaim or withhold payment to the extent such actions are available to the [CGML/CFPI] as provided in paragraph 1, the Obligations of the Guarantor under this Guarantee are unconditional, irrespective of the value, genuineness, validity, or enforceability of the Obligations, and, to the fullest extent permitted by applicable law any other circumstance which might constitute a defense available to, or a discharge of, the Guarantor under the law of suretyship. The Guarantor agrees that the Counterparty may have recourse to the Guarantor for payment of any of the Obligations, whether or not the Counterparty has proceeded against any collateral security or any obligor principally or secondarily obligated for any Obligation. The Guarantor waives demands, promptness, diligence and all notices that may be required by law or to perfect the Counterparty's rights hereunder except notice to the Guarantor of a default by [CGML/CFPI] under the Agreement. No failure, delay or single or partial exercise by the Counterparty of its rights or remedies hereunder shall operate as a waiver of such rights or remedies. All rights and remedies hereunder or allowed by law shall be cumulative and exercisable from time to time.

4. Representations and Warranties

The Guarantor hereby represents and warrants that:

4.1 the Guarantor is duly organized, validly existing and in good standing under the laws of Delaware;

42. the Guarantor has the requisite corporate power and authority to issue this Guarantee and to perform its obligations hereunder, and has duly authorized, executed and delivered this Guarantee;

4.3 the Guarantor is not required to obtain any authorization, consent, approval, exemption or license from, or to file any registration with, any government authority as a condition to the validity of, or to the execution, delivery or performance of, this Guarantee;

4.4 as of the date of this Guarantee, there is no action, suit or proceeding pending or threatened against the Guarantor before any court or arbitrator or any governmental body, agency or official in which there is a reasonable possibility of an adverse decision which could affect, in a materially adverse manner, the ability of the Guarantor to perform any of its obligations under, or which in any manner questions the validity of, this Guarantee;

4.5 the execution, delivery and performance of this Guarantee by the Guarantor does not contravene or constitute a default under any statute, regulation or rule of any governmental authority or under any provision of the Guarantor's certificate of incorporation or by-laws or any contractual restriction binding on the Guarantor; and

4.6 this Guarantee constitutes the legal, valid and binding obligation of the Guarantor enforceable in accordance with its terms, subject to the effect of any bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights

generally, and to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

5. Subrogation

Upon payment by the Guarantor of any sums to the Counterparty under this Guarantee, all rights of the Guarantor against [CGML/CFPI] arising as a result thereof by way of right of subrogation or otherwise shall in all respects be subordinate and junior in right of payment to the prior indefeasible payment in full of all the obligations of [CGML/CFPI] under the Agreement, including all Transactions then in effect between [CGML/CFPI] and the Counterparty.

6. Term of Guarantee

This Guarantee is a continuing guarantee and shall remain in full force and effect from the period set forth in Paragraph 1 hereof until such time as it may be revoked by the Guarantor by notice given to the Counterparty, such notice to be deemed effective upon receipt thereof by the Counterparty or at such later date as may be specified in such notice; provided, however, that such revocation shall not limit or terminate this Guarantee in respect of any Transaction effected under the Agreement which shall have been entered into from the period set forth in Paragraph 1 to the effectiveness of such revocation. Notwithstanding anything to the contrary in this Paragraph 6, this Guarantee shall terminate, and the Guarantor shall be released from all of the Obligations hereunder with respect to any Transaction(s), immediately upon the transfer or assignment of such Transaction(s) to an entity which is not an Affiliate of [CGML/CFPI] (as such term is defined in Section 14 of the Agreement), if such transfer or assignment is completed in accordance with the provisions of Section 7 of the Agreement.

7. Notices

Any notice or communication required or permitted to be made hereunder shall be made in the same manner and with the same effect, unless otherwise specifically provided herein, as set forth in the Agreement.

8. Governing Law; Jurisdiction

This Guarantee shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to choice of law doctrine and without giving effect to any provision thereof that would permit or require the laws of another jurisdiction to apply. The Guarantor hereby irrevocably consents to, for the purposes of any proceeding arising out of this Guarantee, the exclusive jurisdiction of the courts of the State of New York, and the United States District Court, located in the Borough of Manhattan in New York City.

9. Miscellaneous

Each reference herein to the Guarantor, the Counterparty or [CGML/CFPI] shall be deemed to include their respective successors and assigns. The provisions hereof shall inure in favor of each such successor or assign. This Guarantee (i) shall supersede any prior or contemporaneous representations, statements or agreements, oral or written, made by or between the parties with regard to the subject matter hereof; (ii) may be amended only by a written instrument executed by the Guarantor and Counterparty; and (iii) may not be assigned by either party without the prior written consent of the other party, save that, in relation to Transactions entered into in connection with issues of secured notes ("**Notes**") by the Counterparty (including, for the avoidance of doubt, Transactions entered into before the date hereof and Transactions to be entered into on or after the date hereof), the Guarantor hereby

consents to the assignment in favor of Citicorp Trustee Company Limited and its successors and assigns of the Counterparty's rights under this Guarantee.

10. Taxation

All sums payable by the Guarantor under this Guarantee shall be paid to the Counterparty free and clear of all deductions or withholdings whatsoever save only as may be required by law or regulation which in either case is binding on the Guarantor. If any such deduction or withholding is required in respect of any payment due from the Guarantor under this Guarantee which amounts to an Indemnifiable Tax, the relevant sum payable by the Guarantor shall be increased so that, after making the minimum deduction or withholding so required, the Guarantor shall pay to the Counterparty a net sum at least equal to the sum which would have been payable by the Guarantor pursuant to this Guarantee had no such deduction or withholding been required to be made on amounts payable by the Guarantor under this Guarantee.

11. Modification in relation to Rated Transactions

In relation to Transactions entered into in connection with issues of Notes that are rated (such Transactions being "**Rated Transactions**") by Moody's Investors Service Limited and/or Standard & Poor's, a division of McGraw-Hill Companies, Inc. and/or Fitch Ratings and/or any other internationally recognised rating agency (each a "**Rating Agency**") the following modifications shall be made to this Guarantee: any amendment or assignment contemplated by Paragraphs 9(ii) and 9(iii) above shall be subject to confirmation from any relevant Rating Agency that the rating of any outstanding series of Notes, which carries a rating from such rating agency, will not be adversely affected by such amendment or assignment as the case may be.

In Witness Whereof, the undersigned has executed this Guarantee as of the date first above written.

**CITIGROUP INC.**

By: _____

Name:

Title:

## DESCRIPTION OF THE ISSUER

**General**
The Issuer is a special purpose vehicle and was incorporated under the law of the Grand Duchy of Luxembourg on 22nd May, 2001 for an unlimited duration and copies of its constitutional documents were filed with the Luxembourg trade and companies register on 7th June, 2001 and published in "the *Mémorial, Recueil des Sociétés et Associations*" (the **"Mémorial"**) on 6th December, 2001. The company's constitutional documents were amended on 24th September, 2004 and the amendments were published in the Mémorial on 27th November, 2004. Following such amendment the company is a securitisation company pursuant to the Luxembourg law on securitisation dated 22nd March, 2004. The Issuer is registered with the Luxembourg trade and companies register under number B. 82.192. The registered office of the Issuer is 7, Val Sainte-Croix, L-1371 Luxembourg.

The accounting year of the Issuer runs from 1st January to 31st December in each year. The first Annual General Meeting of the Issuer was held on 6th August, 2002.

**Compartments**
The board of directors of the Issuer may create one or more compartments within the Issuer (a "**Compartment**" or the "**Compartments**"). Each Compartment shall, unless otherwise provided for in the resolution of the board of directors creating such Compartment, correspond to a distinct part of the assets and liabilities of the Issuer. The resolution of the board of directors creating one or more Compartments within the Issuer, as well as any subsequent amendments thereto, shall be binding as of the date of such resolutions against any third party.

As between noteholders and other creditors of the Issuer each Compartment of the Issuer shall be treated as a separate entity. Rights of noteholders and other creditors of the Issuer that (i) have, when coming into existence, been designated as relating to a Compartment or (ii) have arisen in connection with the creation, the operation or the liquidation of a Compartment are, except if otherwise provided for in the resolution of the board of directors creating the relevant Compartment, strictly limited to the assets of that Compartment and shall be exclusively available to satisfy such noteholders and other creditors. Creditors and noteholders of the Issuer whose rights are not related to a specific Compartment of the Issuer shall have no rights to the assets of any Compartment.

Each Compartment of the Issuer may be separately liquidated without such liquidation resulting in the liquidation of any other Compartment or of the Issuer itself.

**Share Capital and Shareholders**
The authorised capital of the Issuer is Euro 124,000 divided into 1,240 fully paid ordinary shares of Euro 100 par value each.

The issued shares of the Issuer are held by, or on behalf of Dahmer Limited and Liburd Limited (the "**Allegro Share Trustees**") under the terms of a declaration of trust under which the Allegro Share Trustees hold the shares on trust for charitable and heritage bodies.

**Directors and Management**
The Issuer has three corporate directors, as follows:

| **Name** | **Principal Occupation** |
|---|---|
| Alexis Kamarowsky | Managing Director, Interconsult S.A. |
| Federigo Cannizzaro di Belmontino | Deputy Managing Director, Interconsult S.A. |
| Jean-Marc Debaty | Class B Signatory, Interconsult S.A. |

The business address of the Directors is c/o Interconsult S.A. 7 Val Sainte-Croix, L-1371 Luxembourg.

Interconsult S.A. is the administrator of the Issuer. Its duties include the provision of certain administrative, accounting and related services. The appointment of the administrator may be terminated and the administrator may retire upon three months' notice subject to the appointment of an alternative administrator on similar terms to the existing administrator.

**Financial Statements**

In accordance with article 75 of the Luxembourg Companies Act, 1915, as amended, the Issuer is obliged to publish its annual accounts on an annual basis following the requisite holding of the annual meeting of the shareholders. The Issuer published its annual accounts for the first time on 14th October, 2002 covering the period 22nd May, 2001 to 31st December, 2001 and published its annual accounts for the year ended 31st December, 2002 on 26th September, 2003. Its annual accounts for the year ended 31st December, 2003 were published on 18th May, 2004 and its annual accounts for the year ended 31st December, 2004 were published on 11th May, 2005.

It is not intended that the Issuer will publish any financial statements other than its annual accounts in the future.

The annual accounts of the Issuer for the year ended 31st December, 2004 are incorporated in this Base Prospectus by reference and, together with any future published financial statements prepared for the Issuer, will be obtainable free of charge from the registered office of the Issuer, being the address set out at the end of this Base Prospectus, and from the Specified Office of the Paying Agents in London and the Grand Duchy of Luxembourg, as described at the end of this Base Prospectus.

The auditors of the Issuer are PricewaterhouseCoopers S.à.r.l. Réviseur d'entreprises ("**PWC**") of 400, route d'Esch, B.P. 1443, L-1014 Luxembourg. PWC is an accountancy firm authorised to carry on business in the Grand Duchy of Luxembourg by the CSSF. PWC is a member of the Institute des Réviseurs d'Enterprises as a registered réviseurs d'enterprises (personne morale).

## INFORMATION CONCERNING CITIBANK, N.A.

Citibank, N.A. ("**Citibank**") was originally organized on June 16, 1812, and now is a national banking association organized under the National Bank Act of 1864. Citibank is an indirect wholly-owned subsidiary of Citigroup Inc. ("**Citigroup**"), a Delaware holding company. The obligations of Citibank under the Swap Agreement will not be guaranteed by Citigroup. As of June 30, 2005, the total assets of Citibank and its consolidated subsidiaries represented approximately 46% of the total assets of Citigroup and its consolidated subsidiaries.

Citibank is a commercial bank that, along with its subsidiaries and affiliates, offers a wide range of banking and trust services to its customers throughout the United States and the world.

As a national bank, Citibank is a regulated entity permitted to engage only in banking and activities incidental to banking. Citibank's earnings may be affected by certain monetary policies of the Board of Governors of the Federal Reserve System (the "**Federal Reserve Board**"). Citibank is primarily regulated by the Office of the Comptroller of the Currency (the "**Comptroller**"), which also examines its loan portfolios and reviews the sufficiency of its allowance for credit losses.

Citibank's deposits at its U.S. branches are insured by the Federal Deposit Insurance Corporation (the "**FDIC**") and are subject to FDIC insurance assessments. The obligations of Citibank under any Swap Agreement are not insured by the FDIC or any other regulatory agency of the United States or any other jurisdiction.

Any FDIC-insured depository institution sharing common ownership with a failed FDIC-insured institution can be required to indemnify the FDIC for the FDIC's losses resulting from the insolvency of the failed FDIC-insured institution, even if such indemnification causes the affiliated institution also to become insolvent. As a result, Citibank may, under certain circumstances, be obligated for the liabilities of its affiliates that are FDIC-insured depository institutions. Citibank's FDIC-insured depository affiliates include: Citibank Delaware; Citibank, Federal Savings Bank; Citibank (Nevada), National Association; Citibank (South Dakota), National Association; Citibank (West), FSB; Citicorp Trust Bank, fsb; Universal Financial Corp.; Associates Capital Bank, Inc.; California Commerce Bank; Citibank USA, National Association and Citibank Texas, N.A.

The Comptroller has issued guidelines that impose upon national banks risk-based capital and leverage standards. The guidelines establish a systematic analytical framework that makes regulatory capital requirements more sensitive to differences in credit risk profiles among banking organizations, takes off-balance sheet exposures into explicit account in assessing capital adequacy and minimizes disincentives to holding liquid, low-risk assets. The risk-based ratio is determined by assigning assets and certain off-balance sheet exposures, such as foreign exchange and derivative products and letters of credit, into one of five risk weight categories, with higher levels of capital being required for the categories perceived as representing greater credit risk. The risk-based capital guidelines also incorporate a measure for market risk in foreign exchange and commodity activities and in the trading of debt and equity investments.

Under these guidelines, a national bank's capital is divided into two tiers. The first tier ("**Tier 1**") includes common stockholder's equity (excluding Net Unrealized Holding Gains or Losses on Securities Available-for-Sale and Net Gains or Losses on Cash Flow Hedges), qualifying perpetual preferred stock and any related surplus, mandatorily redeemable securities of subsidiary trusts, and minority interests that are held by others in a bank's consolidated subsidiaries, less net unrealized losses on available for sale equity securities, certain intangible assets, and a capital charge for nonfinancial equity investments. The second tier ("**Tier 2**") includes, among other items, perpetual preferred stock to the extent it does not qualify for Tier 1, qualifying senior and subordinated debt and subordinated capital notes, limited life preferred stock and any related surplus, a portion of unrealized marketable equity securities gains and the allowance for credit losses, subject to certain limitations.

Pursuant to provisions of the Federal Deposit Insurance Corporation Improvement Act of 1991 ("**FDICIA**"), regulatory agencies have adopted regulations creating and defining five capital tiers. Under these regulations, a "well capitalized" institution must have a Tier 1 capital ratio of at least 6%, a combined Tier 1 and Tier 2 capital ratio of at least 10%, and a leverage ratio of at least 5%, and not be subject to a directive, order or written agreement to meet and maintain specific capital levels. An "adequately capitalized" institution generally must have a Tier 1 capital ratio of at least 4%, a combined Tier 1 and Tier 2 capital ratio of at least 8%, and a leverage ratio of at least 4%. Under the regulations, the regulators can downgrade the capital status of a depository institution under certain circumstances. Among other things, FDICIA requires the U.S. federal regulatory agencies to take specific prompt actions with respect to institutions that do not meet minimum capital standards. As of June 30, 2005, Citigroup's bank and thrift subsidiaries, including Citibank, were "well capitalized".

National banks are required to maintain a minimum risk-based capital ratio (Tier 1 plus Tier 2 capital) of 8%, of which at least half must be Tier 1 capital. The Comptroller may, however, set higher minimum capital requirements when a bank's particular circumstances warrant. Citibank has not been advised by the Comptroller to maintain a specific minimum risk-based capital ratio. As of June 30, 2005, Citibank's total risk-based capital ratio was 12.72%, including 8.48% of Tier 1 capital.

The Comptroller has also established a separate leverage ratio standard. For this purpose, the leverage ratio is defined as Tier 1 capital, computed under the risk-based capital guidelines, divided by adjusted quarterly average total assets. The Comptroller established a 3% minimum leverage ratio applicable only to the highest rated banking organizations, depending on their particular growth plans and condition. Other banking organizations are expected to have leverage ratios of at least 4%. Citibank has not been advised by the Comptroller to maintain a specific minimum leverage ratio. As of June 30, 2005, Citibank's leverage ratio was 6.32%.

Failure to meet applicable capital guidelines could subject a national bank to a variety of enforcement remedies available to the federal regulatory authorities, including limitations on the ability to pay dividends, the issuance by the Comptroller of a directive to increase capital and, in severe cases, the termination of deposit insurance by the FDIC or the appointment of a receiver or conservator.

Legislation enacted as part of the Omnibus Budget Reconciliation Act of 1993 provides that deposits in U.S. offices and certain claims for administrative expenses and employee compensation against a U.S. insured depository institution which has failed will be afforded a priority over other general unsecured claims, including deposits in non-U.S. offices and claims under non-depository contracts in all offices, against such an institution in the "liquidation or other resolution" of such an institution by any receiver. Such priority creditors (including the FDIC, as the subrogee of insured depositors) of such FDIC-insured depository institution will be entitled to priority over unsecured creditors in the event of a "liquidation or other resolution" of such institution. Pursuant to the Community Development and Regulatory Improvement Act of 1994, a bank generally is not required to repay a deposit at a non-U.S. branch if the branch cannot repay the deposit due to an act of war, civil strife or action taken by the government in the host country.

As conservator or receiver for an insured depository institution, the FDIC also may disaffirm or repudiate any burdensome contract to which such institution is a party. The FDIC has not taken the position that such repudiation would impair the right of a holder of an unsecured obligation, such as the Swap Agreement, to claim principal and interest accrued through the date of appointment of a conservator or receiver. (The amount paid on such a claim would depend on the amount of assets in the receivership and the relative priority of the claim.) Disaffirmance or repudiation could, at a minimum, expose holders of an obligation under any Swap Agreement to reinvestment risk.

As conservator or receiver, the FDIC is also empowered to enforce most types of contracts, including the Swap Agreement, pursuant to their terms notwithstanding any acceleration provisions therein, and may transfer to a new obligor any of Citibank's assets or liabilities, including the Swap Agreement, without the approval or consent of Citibank's creditors.

**(B) The FDIC is authorized to settle all uninsured and unsecured claims in the insolvency of an insured bank by making a final settlement payment at a percentage rate reflecting an average of the FDIC's receivership recovery experience and constituting full payment and disposition of the FDIC's obligation to uninsured and unsecured creditors.**

**(C) The Basel Committee on Banking Supervision (the Basel Committee), consisting of central banks and bank supervisors from 13 countries, has developed a new set of risk-based capital standards (the New Accord), on which it has received significant input from Citibank and other major banking organizations. The Basel Committee published the text of the New Accord on June 26, 2004, specified that parallel testing will be necessary and designated a new implementation date of year-end 2007. The U.S. banking regulators issued an advance notice of proposed rulemaking in August 2003, and subsequently issued additional guidance in October 2004, relating to the new Basel standards. Citibank, along with other major banking organizations and associations, is continuing to provide significant input into these proposed rules. In addition, Citibank is participating in certain quantitative studies of these proposed rules, discussing the proposed rules with banking regulators and developing overall implementation plans. The final version of these new capital rules will apply to Citibank, as well as to other large U.S. banks and bank holding companies. Citibank continues to assess the impact and participate in efforts to refine these future capital standards.**

**(D)**

Citibank does not publish audited financial statements. A balance sheet for Citibank and its consolidated subsidiaries at June 30, 2005 and December 31, 2004 is set forth below. However, Citigroup publishes audited financial statements which include certain data relevant to Citibank and its consolidated subsidiaries, including an audited balance sheet of Citibank and its consolidated subsidiaries. The information set forth on pages 129 to 134 relates to Citigroup and its consolidated subsidiaries (including Citibank and its consolidated subsidiaries). The total assets of Citibank and its consolidated subsidiaries represented approximately 46% of the total assets of Citigroup and its consolidated subsidiaries at March 31, 2005. Citibank's earnings may differ significantly from those of Citigroup. The activities carried on by subsidiaries of Citigroup other than Citibank and its subsidiaries generally include, among other things, certain consumer lending activities in the United States (including the credit card business, some residential mortgage lending, and secured and unsecured personal loans) and certain overseas banking operations, as well as investment banking services and securities brokerage activities around the world. As described on page 129, under U.S. banking law, Citibank may become obligated for liabilities of its affiliates that are FDIC-insured depositary institutions.

**Investors should note that the obligations of Citibank under the Swap Agreement will not be guaranteed by Citigroup and that information regarding Citigroup is included in this document only for the purpose of giving details relevant to Citibank which may be included therein.**

The following table, extracted from the Quarterly Report on Form 10-Q of Citigroup and its subsidiaries for the quarter ended June 30, 2005 (the "June 2005 10-Q"), sets forth certain data relative to the consolidated financial position of Citibank and its subsidiaries as of June 30, 2005 and December 31, 2004.

| | As of | |
|---|---|---|
| | **June 30, 2005 (Unaudited)** | **December 31, 2004** |
| | | **(in millions)** |
| **Assets** | | |
| Cash and Due from Banks | **$ 17,316** | **$ 13,354** |
| Deposits at Interest with Banks | **29,353** | **21,756** |
| Federal Funds Sold and Securities Purchased Under Agreements to Resell | **27,279** | **15,637** |
| Trading Account Assets (including $389 and $258 pledged to creditors at December 31, 2004 and December 31, 2003, respectively) | **88,291** | **97,697** |
| Investments (including $2,484 and $1,043 pledged to creditors at December 31, 2004 and December 31, 2003, respectively) | **113,542** | **108,780** |
| Loans Held for Sale | **1,826** | **3,580** |
| Loans, Net of Unearned Income | **377,240** | **378,100** |
| Allowance for Credit Losses | **(7,282)** | **(7,897)** |
| Total Loans, Net | **369,958** | **370,203** |
| Goodwill | **9,180** | **9,593** |
| Intangible Assets | **10,038** | **10,557** |
| Premises and Equipment, Net | **5,684** | **6,288** |
| Interest and Fees Receivable | **5,395** | **5,250** |
| Other Assets | **26,993** | **31,834** |
| Total Assets | **$ 704,855** | **$ 694,529** |
| **Liabilities** | | |
| Non-Interest-Bearing Deposits in U.S. Offices | **$ 23,973** | **$ 22,399** |
| Interest-Bearing Deposits in U.S. Offices | **104,285** | **102,376** |
| Non-Interest-Bearing Deposits in Offices Outside the U.S. | **28,355** | **24,443** |
| Interest-Bearing Deposits in Offices Outside the U.S. | **313,731** | **309,784** |
| Total Deposits | **470,344** | **459,002** |
| Trading Account Liabilities | **44,853** | **56,630** |
| Purchased Funds and Other Borrowings | **59,322** | **47,160** |
| Accrued Taxes and Other Expense | **8,678** | **10,970** |
| Long-Term Debt and Subordinated Notes | **41,711** | **41,038** |
| Other Liabilities | **24,625** | **25,588** |
| **Stockholder's Equity** | | |
| Preferred Stock ($100 par value) | **1,950** | **1,950** |
| Capital Stock ($20 par value) Outstanding Shares: 37,534,553 in each period | **751** | **751** |
| Surplus | **26,094** | **25,972** |
| Retained Earnings | **28,125** | **25,935** |
| Accumulated Other Changes in Equity from Nonowner Sources [(A)] | **(1,598)** | **(467)** |
| Total Stockholder's Equity | **55,322** | **54,141** |
| Total Liabilities and Stockholder's Equity | **$ 704,855** | **$ 694,529** |

Although Citicorp was merged into Citigroup Inc. on 1st August, 2005, Citicorp's historical financials are still available on the SEC's website at www.sec.gov. Citibank was a wholly-owned

[(A)] Amounts at December 31, 2004 and December 31, 2003 include the after-tax amounts for net unrealized gains on investment securities of $348 million and $201 million, respectively, for foreign currency translation of ($880) million and ($2.028) billion, respectively, and for cash flow hedges of $65 million and $733 million, respectively.

subsidiary of Citicorp prior to the merger. The Consolidated Balance Sheets of Citibank as of December 31, 2004 and as of December 31, 2003 are set forth on page 52 of the Annual Report on Form 10-K of Citicorp and its subsidiaries for the year ended December 31, 2004 and as of June 30, 2005 and December 31, 2004 are set forth on page 68 of the Form 10-Q for June 2005. Consolidated Balance Sheets of Citibank subsequent to June 30, 2005 will be included in the Form 10-Q's (quarterly) and Form 10-K's (annually) subsequently filed by Citigroup with the Securities and Exchange Commission (the "SEC"), which will be filed not later than 40 days after the end of the calendar quarter or 60 days after the end of the calendar year to which the report relates, or on Form 8-K with respect to certain interim events. For further information regarding Citibank, reference is made to the June 2005 10-Q and to any subsequent reports on Forms 10-K, 10-Q or 8-K filed by Citigroup with the SEC. Copies of such material may be obtained, upon payment of a duplicating fee, by writing to the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at (800) SEC-0330 for further information on the operation of the public reference rooms. In addition, such reports are available at the SEC's web site (http://www.sec.gov).

*(a)* In addition, Citibank submits quarterly to the Comptroller certain reports called "Consolidated Reports of Condition and Income for a Bank With Domestic and Foreign Offices" ("Call Reports"). The Call Reports are on file with and publicly available at the Comptroller's offices at 250 E Street, S.W., Washington, D.C. 20219 and are also available on the web site of the FDIC (http://www.fdic.gov). Each Call Report consists of a Balance Sheet, Income Statement, Changes in Equity Capital and other supporting schedules at the end of and for the period to which the report relates. The Call Reports are prepared in accordance with regulatory instructions issued by the Federal Financial Institutions Examination Council. While the Call Reports are supervisory and regulatory documents, not primarily accounting documents, and do not provide a complete range of financial disclosure about Citibank, the reports nevertheless provide important information concerning the financial condition and results of operations of Citibank.

**Directors**

*(b)* The Directors of Citibank are:

| DIRECTORS | OCCUPATION | Residence or Business Address |
|---|---|---|
| David C. Bushnell | Senior Risk Officer – Citigroup Inc., Citicorp and Citibank, N.A. | 399 Park Avenue, 2nd Floor New York, New York 10043 |
| Stephen H. Long | President, International Operations – Citigroup Inc.; Executive Vice President – Citibank, N.A. | 399 Park Avenue, 10th Floor New York, New York 10043 |
| Alan S. MacDonald | Vice Chairman – Citibank, N.A.; Chief Operating Office, Global Banking – Citigroup Inc. | 388 Greenwich Street, 23rd Floor New York, New York 10013 |
| Marjorie Magner | Chairman and Chief Executive Officer, Global Consumer Group – Citigroup Inc.; Vice Chairman – Citicorp and Citibank, N.A. | 399 Park Avenue, 2nd Floor New York, New York 10043 |
| Todd S. Thomson | Chairman and Chief Executive Officer – Smith Barney | 388 Greenwich Street, 39th Floor New York, New York 10013 |
| William R. Rhodes | Senior Vice Chairman – Citigroup Inc., Chairman – Citibank, N.A. | 399 Park Avenue, 3rd Floor New York, New York 10043 |
| Sallie L. Krawcheck | Chief Financial Officer Citigroup Inc., Citicorp and Citibank, N.A. | 399 Park Avenue, 2nd Floor New York, New York 10043 |
| Robert B. Willumstad | President and Chief Operating Officer – Citigroup Inc.; President and Chief Executive Officer – Citicorp and Citibank, N.A. | 399 Park Avenue, 2nd Floor New York, New York 10043 |

## INFORMATION CONCERNING CITIGROUP INC.

Set forth below is certain information in respect of Citigroup Inc. ("**Citigroup**"), which has been extracted from Citigroup's U.S.$10,000,000,000 Programme for the issuance of Euro Medium-Term Notes, Series B.

Citigroup is a diversified global financial services holding company whose businesses provide a broad range of financial services to consumer and corporate customers with more than 200 million customer accounts doing business in more than 100 countries. Citigroup's objects and purposes are to "engage in any lawful act or activity for which corporations may be organized under the General Corporation law of Delaware", as stated in Article THIRD of Citigroup's Restated Certificate of Incorporation. Citigroup's business is conducted through more than 3,500 subsidiaries and affiliates. Citigroup's activities are conducted through Global Consumer, Corporate and Investment Banking, Global Wealth Management, and Alternative Investments. Citigroup's principal subsidiaries are Citibank, N.A., Associates First Capital Corporation, Citigroup Global Markets Inc., Grupo Financiero Banamex, S.A. de C.V. and The Travelers Insurance Company, each of which is a wholly owned, indirect subsidiary of Citigroup.

Citigroup is a holding company and services its obligations primarily with dividends and advances that it received from subsidiaries. Citigroup's subsidiaries that operate in the banking, insurance and securities businesses can only pay dividends if they are in compliance with the applicable regulatory requirements imposed on them by federal and state bank regulatory authorities, state insurance departments and securities regulators in the United States. Citigroup's subsidiaries may be party to credit agreements that also may restrict their ability to pay dividends. Citigroup currently believes that none of those regulatory or contractual restrictions on the ability of its subsidiaries to pay dividends will affect Citigroup's ability to service its own debt. Citigroup must also maintain the required capital levels of a bank holding company before it may pay dividends on its stock. Each of Citigroup's major operating subsidiaries finances its operation on a stand-alone basis consistent with its capitalisation and ratings.

Under longstanding policy of The Board of Governors of the Federal Reserve System, a bank holding company is expected to act as a source of financial strength for its subsidiary banks and to commit resources to support such banks. As a result of that policy, Citigroup may be required to commit resources to its subsidiary banks.

Citigroup has been assigned long-term unsecured senior debt ratings of "AA-" by Standard & Poors, "Aa1" by Moody's Investors Service and "AA+" by Fitch, and long-term unsecured subordinated debt ratings of "A+" by Standard and Poors, "Aa2" by Moody's Investors Service and "AA" by Fitch.

The principal office for Citigroup is located at 399 Park Avenue, New York, NY 10043. Citigroup was established as a corporation incorporated in Delaware on March 8, 1988 with perpetual duration pursuant to the Delaware General Corporation Law. Citigroup's authorized stock consists of 15 billion shares of common stock and 30 million shares of preferred stock. As at 31 March 2005, there are 5,202,176,347 fully paid common stock shares outstanding. A common stock share carries one vote, and no preemptive or other subscription rights, conversion rights. A preferred stock share carries no general voting rights.

All of Citigroup's common stock and preferred stock are held in book entry form. Under U.S. law, no shareholder has to declare its holdings of voting equity in Citigroup unless its owns 5% or more of the outstanding shares. The only shareholder that has exceeded the threshold is State Street Bank and Trust Company, which has 5% of Citigroup's common stock shares.

## DIRECTORS AND EXECUTIVE OFFICERS OF CITIGROUP INC.

The members of the board of directors of Citigroup are:

| **Board of Directors** | **Main duties outside Citigroup** |
|---|---|
| C. Michael Armstrong | Retired chairman of Hughes, AT&T and Comcast Corporation; director of Compast Corporation, HCS Inc.; trustee of Johns Hopkins University. |
| Alain J.P. Belda | Chairman and CEO, Alcoa Inc. |
| George David | Chairman and CEO, United Technologies Corporation. |
| Kenneth T. Derr | Retired Chairman, ChevronTexaco Corporation; Director, AT&T Corp. |
| John M. Deutch | Institute Professor, Massachusetts Institute of Technology. |
| Ann Dibble Jordan | Consultant; Director, Johnson & Johnson |
| Klaus Kleinfeld | Chairman of the Managing Board, President and CEO of Siemens AG. |
| Andre N. Liveris | President and CEO of Dow Chemical Company |
| Dudley C. Mecum | Managing Director, Capricorn Holdings, LLC. |
| Anne M. Mulcahy | Chairman and CEO, Xerox Corporation. |
| Richard D. Parsons | Chairman and CEO, Time Warner Inc. |
| Charles Prince | - |
| Roberto Hernández Ramírez | Chairman of the Board, Banco Nacional de Mexico. |
| Judith Rodin | President, Rockfeller Foundation. |
| Robert E. Rubin | - |
| Franklin A. Thomas | Consultant, TFF Study Group. |
| Sanford I. Weill | - |
| **Honorary Director** | |
| The Honorable Gerald R. Ford | Former President of the United States. |

The executive officers of Citigroup are: Sanford I. Weill, Ajay Banga, Winfried F.W. Bischoff, David C. Bushnell, Michael A. Carpenter, Robert Druskin, Stanley Fischer, Stephen J. Freiburg, John C. Gerspach, Michael S. Helfer, Sallie Krawcheck, Manuel Medina-Mora, Charles Prince, William R. Rhoodes, Robert E. Rubin, Todd S. Thomson and Stephen R. Volk. The business address of each director and executive officer of Citigroup in such capacities is 399 Park Avenue, New York, New York 10043.

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

Citigroup is in compliance with laws and regulations of the United States relating to corporate governance.

**Committees of the Board of Directors**

The standing committees of Citigroup's board of directors are:

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

*The audit and risk management committee*, which assists the board in fulfilling its oversight responsibility relating to (i) the integrity of Citigroup's financial statements and financial reporting process and Citigroup's systems of internal accounting and financial controls; (ii) the performance of the internal audit function – Audit and Risk Review; (iii) the annual independent integrated audit of Citigroup's consolidated financial statements and internal control over financial reporting, the engagement of the independent registered public accounting firm and the evaluation of the independent registered public accounting firm's qualifications, independence and performance; (iv) policy standards and guidelines for risk management; (v) the compliance by Citigroup with legal and regulatory requirements, including Citigroup's disclosure controls and procedures; and (vi) the fulfilment of the other responsibilities set out in its charter, as adopted by the board.

Subcommittees of the audit and risk management committee over Citigroup's corporate and investment banking businesses, consumer businesses and investment management businesses.

The members of the audit and risk management committee are C. Michael Armstrong, Alain J.P. Belda, George David, John M. Deutch, and Judith Rodin.

*The nomination and governance committee*, which is responsible for identifying individuals qualified to become board members and recommending to the board the director nominees for the next annual meeting of stockholders. It leads the board in its annual review of the board's performance and recommends to the board director candidates for each committee for appointment by the board. The committee takes a leadership role in shaping corporate governance policies and practices, including recommending to the board the Corporate Governance Guidelines applicable to Citigroup and monitoring Citigroup's compliance with these policies and the Guidelines. The committee also reviews Citigroup's Code of Conduct, the Code of Ethics for Financial professionals and other internal policies to monitor that the principles contained in the Codes are being incorporated into Citigroup culture and business practices.

*The personnel and compensation committee*, which is responsible for determining the compensation for the Office of the Chairman, the Chief Executive Officer and the Chief Operating Officer, and approving the compensation structure for senior management, including members of the business planning groups, the most senior managers of corporate staff and other highly paid professionals in accordance with guidelines established by the committee from time to time. Further, the committee approves broadbased and special compensation plans across Citigroup and reviews employee compensation strategies.

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

The committee is also charged with monitoring Citigroup's performance toward meeting its goals on employee diversity.

*The public affairs committee*, which is responsible for reviewing Citigroup's policies and programs that relate to public issues of significance to Citigroup and the public at large and reviewing relationships with external constituencies and issues that impact Citigroup's reputation. The committee also has responsibility for, among other things, reviewing political and charitable contributions made by Citigroup and the Citigroup Foundation, reviewing Citigroup's policies and

practices regarding employee and supplier diversity, reviewing Citigroup's environmental policies and programs, and reviewing Citigroup's policies regarding privacy.

## SUMMARY FINANCIAL INFORMATION RELATING TO CITIGROUP

The following table set out in summary form selected financial information for the Issuer and its consolidated subsidiaries. Such information is derived from the consolidated financial statements of the Issuer contained in Citigroup's Annual Report on Form 10-K for the year ended 31 December 2004 as amended by the Current Report on Form 8-K, and its Quarterly Reports on Forms 10-Q each filed with the Commission.

| | At or for the six months ended 30 June, | | At or for the year ended 31 December, | |
|---|---|---|---|---|
| | 2005 | 2004 | 2004 | 2003 |
| | (millions of U.S. Dollars, except per share amounts) | | | |
| **Income Statement Data:** | | | | |
| Total revenues, net of interest expense…… | 41,365 | 40,787 | 79,635 | 71,594 |
| Income from continuing operations…… | 9,846 | 5,880 | 16,054 | 17,058 |
| Net income……. … | 10,514 | 6,417 | 17,046 | 17,853 |
| Dividends declared per common share……. | 0.880 | 0.80 | 1.60 | 1.100 |
| **Balance Sheet Data:** | | | | |
| Total assets…… … | 1,547,789 | 1,396,568 | 1,484,101 | 1,264,032 |
| Total deposits…… … | 572,574 | 524,400 | 562,081 | 474,015 |
| Long-term debt……. | 211,346 | 189,071 | 207,910 | 162,702 |
| Total stockholders' equity | 113,037 | 98,311 | 109,291 | 98,014 |

(I) Amounts represent Citigroup's historical dividends per common share and have been adjusted to reflect stock splits.

The following table shows the consolidated ratio of income to fixed charges and the consolidated ratio of income to combined fixed charges including preferred stock dividend of the Issuer for the two years ended 31 December 2004 and 2003 and for the six months ended 30 June 2005. The ratios in the following table are unaudited.

| | Six months ended 30 June, | Year ended 31 December, | |
|---|---|---|---|
| | 2005 | 2004 | 2003 |
| Ratio of income to fixed charges (excluding interest on deposits)…… | 2.44 | 2.65 | 3.42 |
| Ratio of income to fixed charges (including interest on deposits) | 1.91 | 2.01 | 2.43 |
| Ratio of income to combined fixed charges including preferred stock dividends (excluding interest on deposits) | 2.43 | 2.63 | 3.39 |
| Ratio of income to combined fixed charges including preferred stock dividends (including interest on deposits)…… | 1.91 | 2.00 | 2.41 |

## BUSINESS OF THE ISSUER

The Trust Deed contains restrictions on the activities in which the Issuer may engage. Pursuant to these restrictions, the business of the Issuer is limited to acquiring and holding Charged Assets and any assets used to secure any Permitted Indebtedness, issuing Notes up to a maximum aggregate principal amount outstanding at any one time as permitted under the Programme, entering into or incurring any Permitted Indebtedness, (where appropriate) borrowing money in certain other forms approved by the Trustee (subject to certain restrictions), entering into Charged Agreements and any agreements relating to any Permitted Indebtedness and performing its obligations and exercising its rights thereunder and entering into other related transactions and Credit Support Documents, in each case, in respect of or in relation to either (a) a Series of Notes or (b) any Permitted Indebtedness.

The assets of the Issuer will consist of, *inter alia*, Charged Assets and/or the benefit of Charged Agreements and Credit Support Documents in respect of each Series of Notes and the issued and paid-up capital of the Issuer and, where appropriate, assets and the benefit of any agreements relating to any Permitted Indebtedness or any other borrowings of the Issuer. **The only assets of the Issuer available to meet claims of Noteholders, Receiptholders and Couponholders (if any) of the relevant Notes are the assets comprised in the relevant collection of assets, rights and other benefits comprising the security for the relevant Notes.**

The Notes are obligations of the Issuer or, if applicable, the Issuer Credit Enhancer, and not of the shareholder(s) of the Issuer, the Share Trustees, the Trustee, the Arranger, the Administrator, any Swap Counterparty, any Swap Guarantor, any Credit Support Provider or any obligor in respect of any Charged Assets. Furthermore, they are not obligations of, or guaranteed in any way by, any of the Dealers.

## TAXATION

*This summary is of a general nature and is included herein solely for information purposes. It is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Notes should consult their own tax advisers with respect to their particular circumstances and the effects of state, local or foreign laws, including Luxembourg tax law to which they may be subject.*

### GRAND DUCHY OF LUXEMBOURG TAXATION

The following information is of a general nature only and is based on the laws presently in force in the Grand Duchy of Luxembourg. It does not purport to be a comprehensive description of all tax implications that might be relevant to an investment decision. Holders of Notes who are in doubt as to their tax position should consult their professional advisers. See also "*EU Savings Directive*" below.

**Withholding tax, income tax**

Under Luxembourg law currently in effect, there is no withholding tax for Luxembourg residents and non-residents on payments of interest (including accrued but unpaid interest) in respect of notes, nor is any Luxembourg withholding tax payable on payments received upon repayment of the principal or upon an exchange of notes except that in certain circumstances a withholding tax may be required to be made upon payments of interest to individuals resident in another EU Member State pursuant to European Council Directive 2003/48/EC (the "**Tax Savings Directive**").

Pursuant to the Tax Savings Directive Member States of the European Union are required to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person to an individual in another Member State, except that Austria, Belgium and Luxembourg instead impose a withholding system for a transitional period unless during such period they elect otherwise. The ending of such transitional period depends on the conclusion of agreements relating to exchange of information with certain other countries. The withholding tax will be imposed if a paying agent, within the meaning of the Tax Savings Directive, situated in Luxembourg, pays interest to or secures the payment of interest for the immediate benefit of the beneficial owner who is an individual in another EU Member State. The withholding tax rate shall be 15% until July 2008, 20% from July 2008 until July 2011 and after that it shall be 35%.

A holder of Notes, who is a resident of the Grand Duchy of Luxembourg for tax purposes or who has a permanent establishment or a fixed place of business in the Grand Duchy of Luxembourg, to which the Notes are attributable, is subject to the Grand Duchy of Luxembourg income tax in respect of the interest paid or accrued on the Notes.

Gains realised by an individual holder of Notes, who acts in the course of the management of his private wealth and who is a resident of the Grand Duchy of Luxembourg for tax purposes, on the sale of Notes are not subject to the Grand Duchy of Luxembourg income tax, unless they are taxed as speculative capital gains. Speculative capital gains realised on the sale of Notes within six months of their acquisition will trigger the taxation at the full income tax rate. An individual holder of Notes, who acts in the course of the management of his private wealth and who is a resident of the Grand Duchy of Luxembourg for tax purposes, has however to include the portion of the gain corresponding to accrued but unpaid interest in his taxable income. Gains realised by a corporate holder of Notes or by an individual holder of Notes, who acts in the course of the management of a professional or business undertaking, who is a resident of the Grand Duchy of Luxembourg for tax purposes or who has a permanent establishment or a fixed place of business in the Grand Duchy of Luxembourg, to which the Notes are attributable, on the sale of Notes are subject to the Grand Duchy of Luxembourg income taxes. Gains realised by a non resident holder of Notes, who does not have a permanent establishment or fixed place of business in the Grand Duchy of Luxembourg to which the Notes are attributable, on the sale of Notes are not subject to the Grand Duchy of Luxembourg income tax.

A Grand Duchy of Luxembourg holder of Notes, that is governed by the law of 31st July, 1929 on pure holding companies, by the laws of 30th March, 1988 and 20th December, 2002 on investment funds, or by

the law of 15th June, 2004 on venture capital investment companies will not be subject to any Grand Duchy of Luxembourg corporate income tax in respect of interest received or accrued on the Notes or gains realised on the sale of the Notes.

**Registration taxes**
The issue, transfer or sale of Notes will not be subject to a Grand Duchy of Luxembourg registration or stamp duty.

**Other taxes**
A holder of Notes, other than a holder of Notes governed by the law of 31st July, 1929 on pure holding companies, by the laws of 30th March, 1988 and 20th December, 2002 on investment funds, or by the law of 15th June, 2004 on venture capital investment companies who is a resident of the Grand Duchy of Luxembourg for tax purposes or who has a permanent establishment or a fixed place of business in the Grand Duchy of Luxembourg, to which the Notes are attributable, has to take into account the Notes for purposes of the Grand Duchy of Luxembourg wealth tax.

Under present Grand Duchy of Luxembourg tax law, in the case where a holder of Notes is a resident for tax purposes of the Grand Duchy of Luxembourg at the time of his death, the Notes are included in his taxable estate, for inheritance tax purposes.

**UNITED KINGDOM TAXATION**

**The following is a summary of the Issuer's understanding of current law and HM Revenue and Customs practice in the United Kingdom relating to the deduction of United Kingdom income tax from payments of interest arising on the Notes. It does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of the Notes. Some aspects do not apply to certain classes of person (such as dealers and persons connected to the Issuer) to whom special rules may apply. Prospective Noteholders who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom should seek their own professional advice.**

Payments of interest on the Notes may be made without withholding or deduction for or on account of United Kingdom income tax unless such interest is regarded as having a United Kingdom source for United Kingdom tax purposes. This will depend on the terms of the relevant Notes and prospective Noteholders should therefore take legal advice on the question of whether any particular Notes carry a right to United Kingdom source interest.

Noteholders who are individuals may wish to note that the HM Revenue and Customs ("**HMRC**") has power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays interest to or receives interest for the benefit of an individual. HMRC also has power under the Taxes Management Act 1970 to obtain information from any person in the United Kingdom who pays amounts payable on the redemption of Notes which are deeply discounted securities for the purposes of the Income Tax (Trading Other Income) Act 2005 to, or receives such amounts for the benefit of, an individual, although HMRC published practice indicates that HMRC will not exercise this power to require information where such amounts are paid or received on or before 5th April, 2006. Such information may include the name and address of the beneficial owner of the amount payable on redemption. Any information so obtained may, in certain circumstances, be exchanged by HMRC with the tax authorities of other jurisdictions.

In the case of interest on Notes which is regarded as having a United Kingdom source, no United Kingdom Tax will be required to be deducted from such interest in the following circumstances:

(i) where the Notes are listed on a "recognised stock exchange", within the meaning of section 841 of the Income and Corporation Taxes Act 1988 (the **Act**). The Luxembourg Stock Exchange is a recognised stock exchange. Under a United Kingdom HMRC interpretation, the Notes will satisfy this requirement if they are listed by the competent authority in Luxembourg and are admitted to

trading by the Luxembourg Stock Exchange. Provided, therefore that the Notes remain so listed, interest on the Notes will be payable without withholding or deduction on account of United Kingdom tax.

(ii) where interest on the Notes is paid to a person who belongs in the United Kingdom for United Kingdom income tax purposes and, at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on the Notes is paid reasonably believes) that the beneficial owner is within the charge to United Kingdom corporation tax as regards the payment of interest; provided that HMRC has not given a direction (in circumstances where it has reasonable grounds to believe that the above exception is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.

(iii) where the maturity of the Notes is less than 365 days (and the Notes are not issued under arrangements the effect of which is to render such Notes part of a borrowing with a total term of a year or more).

In other cases where interest on the Notes has a United Kingdom source, an amount must generally be withheld from payments of interest on the Notes on account of United Kingdom income tax at the lower rate (currently 20%), subject to any direction to the contrary given by HMRC under an applicable double taxation treaty.

**EU SAVINGS DIRECTIVE**

Under the Tax Savings Directive, Member States are required, from 1st July, 2005, to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. 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). A number of non-EU countries and territories, including Switzerland, have agreed to adopt similar measures (a withholding system in the case of Switzerland) with effect from the same date.

**UNITED STATES FEDERAL INCOME TAXATION**

**General**

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

The applicable Final Termsrelating to any Series of Notes offered and sold in the United States or to, or for the account or benefit of, U.S. persons shall set out any additional information regarding the U.S. federal income tax treatment of any such Notes.

The following is a general summary of certain principal U.S. federal income tax consequences that may be relevant with respect to the ownership of the Notes. This summary addresses only the U.S. federal income tax considerations of holders that acquire the Notes at their original issuance and that will hold the Notes as capital assets.

This summary does not purport to address all U.S. federal income tax matters that may be relevant to a particular holder of Notes (a "**Noteholder**"). In particular, this summary does not address tax

considerations applicable to Noteholders that may be subject to special tax rules including, without limitation, the following: (i) financial institutions; (ii) insurance companies; (iii) dealers or traders in securities, currencies or notional principal contracts; (iv) tax-exempt entities; (v) regulated investment companies; (vi) real estate investment trusts; (vii) persons that will hold the Notes as part of a "hedging" or "conversion" transaction or as a position in a "straddle" or as part of a "synthetic security" or other integrated transaction for U.S. federal income tax purposes; (viii) persons that own (or are deemed to own) 10 per cent. or more of the voting shares (or interests treated as equity) of the Issuer; (ix) persons whose "functional currency" is not the U.S. dollar; and (x) partnerships, other pass-through entities, or persons who hold the Notes through partnerships or other pass-through entities. Further, this summary does not address alternative minimum tax consequences or the indirect effects on the holders of equity interests in a Noteholder. This summary also does not describe any tax consequences arising under the laws of any taxing jurisdictions other than the federal income tax laws of the U.S. federal government.

This summary is based on the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), United States Treasury Regulations and judicial and administrative interpretations thereof, in each case as in effect and available on the date of this Base Prospectus. All of the foregoing are subject to change, which change could apply retroactively and could affect the tax consequences described below.

**Prospective investors should consult their own tax advisers with respect to the U.S. federal, state, local and foreign tax consequences of acquiring, owning or disposing of the Notes**

For the purposes of this summary, a "**U.S. Holder**" is a beneficial owner of Notes that is, for U.S. federal income tax purposes:

(a) a citizen or resident of the United States;

(b) a corporation or other entity treated as a corporation for U.S. federal income tax purposes, created or organised in or under the laws of the United States or any state thereof (including the District of Columbia);

(c) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or

(d) a trust if (x) a court within the United States is able to exercise primary supervision over its administration and (y) one or more United States persons have the authority to control all of the substantial decisions of such trust.

As provided in United States Treasury Regulations, certain trusts in existence on 20th August, 1996, and treated as United States persons prior to that date that maintain a valid election to continue to be treated as United States persons also are U.S. Holders. A "**Non-U.S. Holder**" is a beneficial owner of Notes that is not a U.S. Holder. If a partnership holds Notes, the U.S. federal income tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. A partner of a partnership holding Notes should consult its tax adviser.

**Taxation of U.S. Holders**

Although the Notes will be issued in the form of debt, certain Notes may be characterised as equity of the Issuer for U.S. federal income tax purposes. Prospective investors should consider the tax consequences of an investment in the Notes under either possible characterisation (each of which is summarised below) and should consult their tax advisers regarding the treatment of the Notes for U.S. federal income tax purposes.

***Tax Considerations if Notes Characterised as Debt for U.S. Federal Income Tax Purposes.***

*Payments of Interest*

Interest on a Note, whether payable in U.S. dollars or a currency other than U.S. dollars (a "**foreign currency**"), other than interest on a "Discount Note" that is not "qualified stated interest" (each as defined below under "*Original Issue Discount—General*"), will be taxable to a U.S. Holder as ordinary interest

income at the time it is received or accrued, depending on the U.S. Holder's method of accounting for U.S. federal income tax purposes.

In the case of a U.S. Holder utilising the cash method of accounting for U.S. federal income tax purposes and that receives interest paid in a foreign currency, the amount of interest income in respect of any interest payment will be determined by translating such payment into U.S. dollars at the spot exchange rate in effect on the date of such interest payment is received, regardless of whether the payment is in fact converted into U.S. dollars. No exchange gain or loss will be realised with respect to the receipt of such interest payment, other than exchange gain or loss that is attributable to the actual disposition of the foreign currency received.

If interest on a Note is payable in a foreign currency, an accrual basis U.S. Holder may determine the amount of the interest income to be recognised in accordance with either of two methods. Under the first accrual method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period or, with respect to an accrual period that spans two taxable years, the part of the period within the taxable year. Under the second accrual method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year. If the last day of the accrual period is within five business days of the date the interest payment is actually received, an electing accrual basis U.S. Holder may instead translate that interest expense at the exchange rate in effect on the day of actual receipt. Any election to use the second accrual method will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder and will be irrevocable without the consent of the U.S. Internal Revenue Services (the "**IRS**").

A U.S. Holder utilising either of the foregoing two accrual methods will recognise ordinary income or loss with respect to accrued interest income on the date of receipt of the interest payment (including a payment attributable to accrued but unpaid interest upon the sale or retirement of a Note). The amount of ordinary income or loss will equal the difference between the U.S. dollar value of the interest payment received (determined on the date the payment is received) in respect of the accrual period and the U.S. dollar value of interest income that has accrued during that accrual period (as determined under the accrual method utilised by the U.S. Holder).

Foreign currency received as interest on the Notes will have a tax basis equal to its U.S. dollar value at the time the interest payment is received. Gain or loss, if any, realised by a U.S. Holder on a sale or other disposition of that foreign currency will be ordinary income or loss and will generally be income from sources within the United States for foreign tax credit limitation purposes.

Interest on the Notes received by a U.S. Holder will be treated as foreign source income for the purposes of calculating that holder's foreign tax credit limitation. The limitation on foreign taxes eligible for the U.S. foreign tax credit is calculated separately with respect to specific classes of income. The rules regarding the calculation of foreign tax credits and the timing thereof are complex. U.S. Holders should consult their own tax advisers as to the availability of a foreign tax credit under their own particular situation.

*Original Issue Discount*

*General*. A Note, other than a Note with a term of one year or less (a "**Short-Term Note**"), will be treated as issued at an original issue discount ("**OID**" and a Note issued with OID, a "**Discount Note**") for U.S. federal income tax purposes if the excess of the sum of all payments provided under the Note, other than "qualified stated interest payments" (as defined below), over the "Issue Price" of the Note is more than a "de minimis amount" (as defined below). "**Qualified stated interest**" is generally interest paid on a Note that is unconditionally payable at least annually at a single fixed rate. The "**Issue Price**" of the Notes under an applicable Final Terms will be the first price at which a substantial amount of such Notes are sold to persons other than bond houses, brokers, or similar persons or organisations acting in the capacity of underwriters, placement agents, or wholesalers. Special rules for "Variable Rates Notes" are described below under "Original Issue Discount—Variable Rate Notes").

In general, if the excess of the sum of all payments provided under a Note other than qualified stated interest payments (the Note's "**stated redemption price at maturity**") over its Issue Price is less than ¼ of one per cent. of the Note's stated redemption price at maturity multiplied by the number of complete years to its maturity (the "**de minimis amount**"), then such excess, if any, constitutes "de minimis OID" and the Note is not a Discount Note. Unless the election described below under "*Election to Treat All Interest as OID*" is made, a U.S. Holder of a Note with de minimis OID must include such de minimis OID in income as stated principal payments on the Note are made. The includible amount with respect to each such payment will equal the product of the total amount of the Note's de minimis OID and a fraction, the numerator of which is the amount of the principal payment made and the denominator of which is the stated principal amount of the Note.

A U.S. Holder will be required to include OID on a Discount Note in income for U.S. federal income tax purposes as it accrues calculated on a constant-yield method (described below) before the actual receipt of cash attributable to that income, regardless of the U.S. Holder's method of accounting for U.S. federal income tax purposes. Under this method, U.S. Holders generally will be required to include in income increasingly greater amounts of OID over the life of the Discount Notes.

The amount of OID includible in income by a U.S. Holder of a Discount Note is the sum of the daily portions of OID with respect to the Note for each day during the taxable year or portion of the taxable year on which the U.S. Holder holds that Note ("**accrued OID**"). The daily portion is determined by allocating to each day in any "accrual period" a *pro rata* portion of the OID allocable to that accrual period. Accrual periods with respect to a Note may be of any length selected by the U.S. Holder and may vary in length over the term of the Note as long as (i) no accrual period is longer than one year and (ii) each scheduled payment of interest or principal on the Note occurs on either the final or first day of an accrual period.

The amount of OID allocable to an accrual period equals the excess of (a) the product of the Note's "adjusted issue price" at the beginning of the accrual period and the Note's yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of the payments of qualified stated interest on the Note allocable to the accrual period. The "**adjusted issue price**" of a Note at the beginning of any accrual period is the Issue Price of the Note increased by (x) the amount of accrued OID for each prior accrual period and decreased by (y) the amount of any payments previously made on the Note that were not qualified stated interest payments.

For the purposes of determining the amount of OID allocable to an accrual period, if an interval between payments of qualified stated interest on the Note contains more than one accrual period, the amount of qualified stated interest payable at the end of the interval (including any qualified stated interest that is payable on the first day of the accrual period immediately following the interval) is allocated *pro rata* on the basis of relative lengths to each accrual period in the interval, and the adjusted issue price at the beginning of each accrual period in the interval must be increased by the amount of any qualified stated interest that has accrued prior to the first day of the accrual period but that is not payable until the end of the interval.

The amount of OID allocable to an initial short accrual period may be computed using any reasonable method if all other accrual periods other than a final short accrual period are of equal length. The amount of OID allocable to the final accrual period is the difference between (x) the amount payable at the maturity of the Note (other than any payment of qualified stated interest) and (y) the Note's adjusted issue price as of the beginning of the final accrual period.

OID for any accrual period on a Note that is denominated in, or determined by reference to, a foreign currency will be determined in that foreign currency and then translated into U.S. dollars in the same manner as interest payments accrued by an accrual basis U.S. Holder, as described under "*Payments of Interest*" above. Upon receipt of an amount attributable to OID in these circumstances, a U.S. Holder may recognise ordinary income or loss.

OID on a Discount Note will be treated as foreign source income for the purposes of calculating a U.S. Holder's foreign tax credit limitation. The limitation on foreign taxes eligible for the United States foreign tax credit is calculated separately with respect to specific classes of income. The rules regarding the calculation of foreign tax credits and the timing thereof are complex. U.S. Holders should consult their own tax advisers as to the availability of a foreign tax credit under their own particular situation.

*Acquisition Premium*. A U.S. Holder that purchases a Note for an amount less than or equal to the sum of all amounts payable on the Note after the purchase date other than payments of qualified stated interest but in excess of its adjusted issue price (as determined above under "*Original Issue Discount—General*") (any such excess being "**acquisition premium**") and that does not make the election described below under "*Election to Treat All Interest as OID*" shall reduce the daily portions of OID by a fraction, the numerator of which is the excess of the U.S. Holder's adjusted basis in the Note immediately after its purchase over the adjusted issue price of the Note, and the denominator of which is the excess of the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, over the Note's adjusted issue price.

*Market Discount*. A Note, other than a short-term Note, will be treated as purchased at a market discount (a "**Market Discount Note**") if the Note's stated redemption price at maturity or, in the case of a Discount Note, the Note's "revised issue price", exceeds the amount for which the U.S. Holder purchased the Note by at least ¼ of one per cent. of such Note's stated redemption price at maturity or revised issue price, respectively, multiplied by the number of complete years to the Note's maturity. If such excess is not sufficient to cause the Note to be a Market Discount Note, then such excess constitutes "de minimis market discount" and such Note is not subject to the rules discussed in the following paragraphs. For these purposes, the "**revised issue price**" of a Note generally equals its issue price, increased by the amount of any OID that has accrued on the Note.

Any gain recognised on the maturity or disposition of a Market Discount Note will be treated as ordinary income to the extent that such gain does not exceed the accrued market discount on such Note. Alternatively, a U.S. Holder of a Market Discount Note may elect to include market discount in income currently over the life of the Note. Such an election shall apply to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year to which the election applies. This election may not be revoked without the consent of the IRS.

Market discount on a Market Discount Note will accrue on a straight-line basis unless the U.S. Holder elects to accrue such market discount on a constant-yield method. Such an election shall apply only to the Note with respect to which it is made and may not be revoked. A U.S. Holder of a Market Discount Note that does not elect to include market discount in income currently generally will be required to defer deductions for interest on borrowings allocable to such Note in an amount not exceeding the accrued market discount on such Note until the maturity or disposition of such Note.

*Election to Treat All Interest as OID*. A U.S. Holder may elect to include in gross income all interest that accrues on a Note using the constant-yield method described above under the heading "*Original Issue Discount—General*", with the modifications described below. For the purposes of this election, interest includes stated interest, OID, de minimis OID, market discount, de minimis market discount and unstated interest, as adjusted by any amortisable bond premium or acquisition premium.

In applying the constant-yield method to a Note with respect to which this election has been made, the issue price of the Note will equal its cost to the electing U.S. Holder, the issue date of the Note will be the date of its acquisition by the electing U.S. Holder, and no payments on the Note will be treated as payments of qualified stated interest. This election will generally apply only to the Note with respect to which it is made and may not be revoked without the consent of the IRS. If this election is made with respect to a Note with amortisable bond premium, then the electing U.S. Holder will be deemed to have elected to apply amortisable bond premium against interest with respect to all debt instruments with amortisable bond premium (other than debt instruments the interest on which is excludible from gross income) held by the electing U.S. Holder as of the beginning of the taxable year in which the Note with

respect to which the election is made is acquired or thereafter acquired. The deemed election with respect to amortisable bond premium may not be revoked without the consent of the IRS.

If the election to apply the constant-yield method to all interest on a Note is made with respect to a Market Discount Note, the electing U.S. Holder will be treated as having made the election discussed above under "*Original Issue Discount—Market Discount*" to include market discount in income currently over the life of all debt instruments held or thereafter acquired by such U.S. Holder.

*Variable Rate Notes*. A "**Variable Rate Note**" is a Note that:

(a) has an Issue price that does not exceed the total non-contingent principal payments by more than the lesser of (i) the product of (x) the total non-contingent principal payments, (y) the number of complete years to maturity from the issue date and (z) 0.015, or (ii) 15 per cent. of the total non-contingent principal payments; and

(b) does not provide for stated interest other than stated interest compounded or paid at least annually at (i) one or more "qualified floating rates", (ii) a single fixed rate and one or more qualified floating rates, (iii) a single "objective rate" or (iv) a single fixed rate and a single objective rate that is a "qualified inverse floating rate".

A qualified floating rate or objective rate in effect at anytime during the term of the instrument must be set at a "current value" of that rate. A "**current value**" of a rate is the value of the rate on any day that is no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

A variable rate is a "**qualified floating rate**" if (i) variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Note is denominated or (ii) it is equal to the product of such a rate and either (a) a fixed multiple that is greater than 0.65 but not more than 1.35, or (b) a fixed multiple greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate. If a Note provides for two or more qualified floating rates that (i) are within 0.25 percentage points of each other on the issue date or (ii) can reasonably be expected to have approximately the same values throughout the term of the Note, the qualified floating rates together constitute a single qualified floating rate. A rate is not a qualified floating rate, however, if the rate is subject to certain restrictions (including caps, floors, governors, or other similar restrictions) unless such restrictions are fixed throughout the term of the Note or are not reasonably expected to significantly affect the yield on the Note.

An "**objective rate**" is a rate, other than a qualified floating rate, that is determined using a single fixed formula and that is based on objective financial or economic information that is not within the control of or unique to the circumstances of the Issuer or a related party (such as dividends, profits or the value of the Issuer's stock). A variable rate is not an objective rate, however, if it is reasonably expected that the average value of the rate during the first half of the Note's term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Note's term. An objective rate is a "**qualified inverse floating rate**" if (i) the rate is equal to a fixed rate minus a qualified floating rate, and (ii) the variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate.

If interest on a Note is stated at a fixed rate for an initial period of one year or less followed by either a qualified floating rate or an objective rate for a subsequent period and (i) the fixed rate and the qualified floating rate or objective rate have values on the issue date of the Note that do not differ by more than 0.25 percentage points or (ii) the value of the qualified floating rate or objective rate is intended to approximate the fixed rate, the fixed rate and the qualified floating rate or the objective rate constitute a single qualified floating rate or objective rate.

In general, if a Variable Rate Note provides for stated interest at a single qualified floating rate or objective rate, all stated interest on the Note is qualified stated interest and the amount of OID, if any, is determined

under the rules applicable to fixed rate debt instruments by using, in the case of a qualified floating rate or qualified inverse floating rate, the value as of the issue date of the qualified floating rate or qualified inverse floating rate, or, in the case of any other objective rate, a fixed rate that reflects the yield reasonably expected for the Note.

If a Variable Rate Note does not provide for stated interest at a single qualified floating rate or a single objective rate and also does not provide for interest payable at a fixed rate (other than at a single fixed rate for an initial period), the amount of interest and OID accruals on the Note are generally determined by (i) determining a fixed rate substitute for each variable rate provided under the Variable Rate Note (generally, the value of each variable rate as of the issue date or, in the case of an objective rate that is not a qualified inverse floating rate, a rate that reflects the reasonably expected yield on the Note), (ii) constructing the equivalent fixed rate debt instrument (using the fixed rate substitutes described above), (iii) determining the amount of qualified stated interest and OID with respect to the equivalent fixed rate debt instrument, and (iv) making the appropriate adjustments for actual variable rates during the applicable accrual period.

If a Variable Rate Note provides for stated interest either at one or more qualified floating rates or at a qualified inverse floating rate, and in addition provides for stated interest at a single fixed rate (other than at a single fixed rate for an initial period), the amount of interest and OID accruals are determined as in the immediately preceding paragraph with the modification that the Variable Rate Note is treated, for the purposes of the first three steps of the determination, as if it provided for a qualified floating rate (or a qualified inverse floating rate, as the case may be) rather than the fixed rate. The qualified floating rate (or qualified inverse floating rate) replacing the fixed rate must be such that the fair market value of the Variable Rate Note as of the issue date would be approximately the same as the fair market value of an otherwise identical debt instrument that provides for the qualified floating rate (or qualified inverse floating rate) rather than the fixed rate.

**Prospective purchasers should consult their own tax advisers regarding the applicability and consequences of the variable rate debt instrument rules to any of the Notes issued under the Programme.**

*Notes Subject to Redemption.* Certain of the Notes (i) may be redeemable at the option of the Issuer prior to their maturity (a "**call option**") and/or (ii) may be repayable at the option of the holder prior to their stated maturity (a "**put option**"). Notes containing such features may be subject to rules that are different from the general rules discussed above. Investors intending to purchase Notes with such features should consult their own tax advisers, since the OID consequences will depend, in part, on the particular terms and features of the purchased Notes.

*Short-Term Notes*. Short-Term Notes will be treated as having been issued with OID. In general, an individual or other cash method U.S. Holder is not required to accrue such OID unless the U.S. Holder elects to do so. If such an election is not made, any gain recognised by the U.S. Holder on the sale, exchange or maturity of the Short-Term Note will be ordinary income to the extent of the OID accrued on a straight-line basis, or upon election under the constant yield method (based on daily compounding), through the date of sale or maturity, and a portion of the deductions otherwise allowable to the U.S. Holder for interest on borrowings allocable to the Short-Term Note will be deferred until a corresponding amount of income is realised. U.S. Holders who report income for U.S. federal income tax purposes under the accrual method, are required to accrue OID on a Short-Term Note on a straight-line basis unless an election is made to accrue the OID under a constant yield method (based on daily compounding).

*Defaults, Delinquencies and Shortfalls with Respect to a Note*

A U.S. Holder may be required to accrue interest and OID with respect to a Note without giving effect to any anticipated reductions or delays in distributions on the Note. Although a U.S. Holder eventually will recognise a loss or a reduction in income attributable to an actual default or shortfall on a Note, the law is unclear with respect to the timing and character of such a loss or reduction in income. As a result, the amount of taxable income reported in any period by a U.S. Holder could exceed the amount of economic income actually realised by the U.S. Holder in such period. U.S. Holders of Notes should consult their

own tax advisers concerning the treatment of any default, delinquency or shortfall in their specific circumstances.

*Notes Purchased at a Premium*

A U.S. Holder that purchases a Note for an amount in excess of its principal amount may elect to treat such excess as "**amortisable bond premium**". If such election is made, the amount required to be included in the U.S. Holder's income each year with respect to interest on the Note will be reduced by the amount of amortisable bond premium allocable (based on the Note's yield to maturity) to such year. In the case of a Note that is denominated in, or determined by reference to, a foreign currency, amortisable bond premium will be computed in units of foreign currency, and amortisable bond premium will reduce interest income in units of foreign currency. At the time amortisable bond premium offsets interest income, a U.S. Holder realises exchange gain or loss (taxable as ordinary income or loss) equal to the difference between exchange rates at that time and at the time of the acquisition of the Notes. Any election to amortise bond premium shall apply to all bonds (other than bonds the interest in which is excludible from gross income) held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder and is irrevocable without the consent of the IRS.

*Sale, Exchange or Retirement of the Notes*

A U.S. Holder's tax basis in a Note will generally equal its "U.S. dollar cost", increased by the amount of any OID or market discount included in the U.S. Holder's income with respect to the Note and the amount, if any, of income attributable to de minimis OID and de minimis market discount included in the U.S. Holder's income with respect to the Note (each as determined above), and reduced by the amount of any payments with respect to the Note that are not qualified stated interest payments and the amount of any amortisable bond premium applied to reduce interest on the Note. The "**U.S. dollar cost**" of a Note purchased with a foreign currency will generally be the U.S. dollar value of the purchase price on the date of purchase or, in the case of Notes traded on an established securities market (as defined in the applicable U.S. Treasury Regulations) that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the purchase.

A U.S. Holder will generally recognise gain or loss on the sale, exchange or retirement of a Note equal to the difference between the amount realised on the sale, exchange or retirement and the tax basis of the Note. The amount realised on the sale, exchange or retirement of a Note for an amount in foreign currency will be the U.S. dollar value of that amount on (1) the date the payment is received in the case of a cash basis U.S. Holder, (2) the date of disposition in the case of an accrual basis U.S. Holder, or (3) in the case of a Note traded on an established securities market (as defined in the applicable U.S. Treasury Regulations) that are sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date of the sale.

Gain or loss recognised by a U.S. Holder on the sale, exchange or retirement of a Note that is attributable to changes in currency exchange rates will be ordinary income or loss and will consist of OID exchange gain or loss and principal exchange gain or loss. OID exchange gain or loss will equal the difference between the U.S. dollar value of the amount received on the sale, exchange or retirement of a Note that is attributable to accrued but unpaid OID as determined by using the exchange rate on the date of the sale, exchange or retirement and the U.S. dollar value of accrued but unpaid OID as determined by the U.S. Holder under the rules described above under "*Original Issue Discount—General*". Principal exchange gain or loss will equal the difference between the U.S. dollar value of the U.S. Holder's purchase price of the Note in foreign currency determined on the date of the sale, exchange or retirement, and the U.S. dollar value of the U.S. Holder's purchase price of the Note in foreign currency determined on the date the U.S. Holder acquired the Note. The foregoing foreign currency gain or loss will be recognised only to the extent of the total gain or loss realised by the U.S. Holder on the sale, exchange or retirement of the Note, and will generally be treated as from sources within the United States for U.S. foreign tax credit limitation purposes.

Any gain or loss recognised by a U.S. Holder in excess of foreign currency gain recognised on the sale, exchange or retirement of a Note would generally be U.S. source capital gain or loss (except to the extent such amounts are attributable to market discount, accrued but unpaid interest, or subject to the general rules governing contingent payment obligations).

If a U.S. Holder's basis in a Note includes accrued but unpaid OID and the U.S. Holder recognises a loss on the transaction with respect to such amounts that exceeds certain specified thresholds, the U.S. Holder may be required to specifically disclose certain information with respect to the transaction on its tax return under recently issued tax disclosure regulations. U.S. Holders should consult their own tax advisers as to the applicability of these disclosure regulations.

**Prospective investors should consult their own tax advisers with respect to the treatment of capital gains (which may be taxed at lower rates than ordinary income for taxpayers who are individuals, trusts or estates that held the Notes for more than one year) and capital losses (the deductibility of which is subject to limitations).**

A U.S. Holder will have a tax basis in any foreign currency received on the sale, exchange or retirement of a Note equal to the U.S. dollar value of the foreign currency at the time of the sale, exchange or retirement. Gain or loss, if any, realised by a U.S. Holder on a sale or other disposition of that foreign currency will be ordinary income or loss and will generally be income from sources within the United States for foreign tax credit limitation purposes.

*Contingent Payment Note.* If a Note is treated as a contingent payment debt instrument (a "**CPDI**"), the U.S. Treasury Regulations governing the treatment of a CPDI ("**CPDI Regulations**") would cause the timing and character of income, gain or loss reported on a CPDI to substantially differ from the timing and character of income, gain or loss reported on a non-contingent payment debt instrument under general principles of current U.S. federal income tax law. The CPDI Regulations generally require a U.S. Holder of such instrument to apply the "non-contingent" bond method, which, as described below, generally requires a U.S. Holder to include future contingent and noncontingent interest payments in income as such interest accrues based upon a projected payment schedule. Moreover, in general, under the CPDI Regulations, any gain recognized by a U.S. Holder on the sale, exchange, or retirement of a CPDI will be treated as ordinary income and all or a portion of any loss realized could be treated as ordinary loss as opposed to capital loss (depending upon the circumstances).

Under the noncontingent bond method, for each accrual period prior to and including the maturity date of the Note, the amount of interest that accrues, as OID, equals the product of (i) the adjusted issue price and (ii) the "comparable yield" (adjusted for the length of the accrual period). This amount is ratably allocated to each day in the accrual period and is includible as ordinary interest income by a U.S. Holder for each day in the accrual period on which the U.S. Holder holds the Note. The adjusted issue price for purposes of the noncontingent bond method is equal to the Note's Issue Price, increased by the interest previously accrued on the Note and decreased by the amount of any Projected Payments (as defined below) previously made on the Note. The "***comparable yield***" is the annual yield that the Issuer would pay, as of the issue date, on a fixed rate debt instrument with no contingent payment but with terms and conditions otherwise comparable to those of the Note. Amounts treated as interest under the foregoing contingent payment obligation rules are treated as OID for all U.S. federal income tax purposes.

Also under the noncontingent bond method of the CPDI Regulations, the Issuer would be required, solely for U.S. federal income tax purposes, to provide a schedule (the "**Schedule**") of the projected amounts of payments (the "**Projected Payments**") on the Note. The comparable yield and projected payment schedule are used to determine accruals of OID FOR TAX PURPOSES ONLY and are not assurances or predictions by the Issuer with respect to the actual yield of, or payment to be made in respect of, a Note. The comparable yield and the projected payment schedule do not necessarily represent the Issuer's expectations regarding such yield, and the amount and timing of such payment. The Schedule must produce the comparable yield. If during any taxable year the sum of any actual payments (including the fair market value of any property received in that year) with respect to the Note for that taxable year (including, in the case of the taxable year which includes the maturity date of the Note, the amount of cash

received at maturity) exceeds the total amount of Projected Payments for that taxable year, the difference will produce a "***net positive adjustment***", which will be treated as additional interest for the taxable year. If the actual amount received in a taxable year is less than the amount of Projected Payments for that taxable year, the difference will produce a "***net negative adjustment***", which will (i) reduce the U.S. Holder's interest income for that taxable year and (ii) to the extent of any excess after application of (i), give rise to an ordinary loss to the extent of the U.S. Holder's interest income on the Note during the prior taxable years (reduced to the extent such interest was offset by prior net negative adjustments). As a result of the classification of a Note as a contingent debt instrument subject to the noncontingent bond method, any gain or loss realized on the sale or exchange of the Note may be treated as ordinary income or loss, in whole or in part.

**Prospective purchasers should consult their own tax advisers regarding the applicability and consequences of the CPDI rules to any of the Notes issued under the Programme.**

***Tax Considerations if Notes Characterised as Equity for U.S. Federal Income Tax Purposes***

Subject to the PFIC rules discussed below, the gross amount of any distribution by the Issuer of cash or property (including any amounts withheld in respect of any applicable withholding tax, but not including certain distributions, if any, of equity interests distributed *pro rata* to all shareholders of the Issuer) with respect to an equity interest of the Issuer will be taxable to a U.S. Holder as a dividend to the extent of the current and accumulated earnings and profits of the Issuer (computed based on U.S. federal income tax principles). The U.S. Holder will not be eligible for any dividends received deduction in respect of the dividend otherwise allowable to corporations. Distributions in excess of earnings and profits will be non-taxable to the U.S. Holder to the extent of, and will be applied against and reduce, the U.S. Holder's adjusted tax basis in the equity interests. Distributions in excess of earnings and profits and such adjusted tax basis will be taxable to the U.S. Holder as capital gain from the sale or exchange of property. The Issuer does not currently intend to maintain calculations of its earnings and profits under U.S. federal income tax principles. If the Issuer does not report to a U.S. Holder the portion of a distribution that exceeds earnings and profits for U.S. federal income tax purposes, the distribution will generally be taxable as a dividend even if that distribution would otherwise be treated as a non-taxable return of capital or as capital gain under the rules described above. The amount of any distribution of property other than cash will be the fair market value of that property on the date of distribution.

Certain dividends received by individual U.S. Holders after December 31, 2002, will be subject to a maximum income tax rate of 15 per cent. This reduced income tax rate is only applicable to dividends paid by "qualified corporations" and only with respect to shares held by qualified U.S. Holder (i.e., an individual) for a minimum holding period (generally, 61 days during the 121-day period beginning 60 days before the ex-dividend date). The Issuer is not considered a qualified corporation. Accordingly, dividends paid by the Issuer may not be eligible for a reduced income tax rate.

The amount of any distributions paid in a foreign currency, including the amount of any withholding tax thereon, will be included in the gross income of a U.S. Holder in an amount equal to the U.S. dollar value of the foreign currency calculated by reference to the exchange rate in effect on the date of receipt, regardless of whether the foreign currency is converted into U.S. dollars. If the foreign currency is converted into U.S. dollars on the date of receipt, a U.S. Holder generally should not be required to recognise foreign currency gain or loss in respect of the distribution. If the foreign currency received in the distribution is not converted into U.S. dollars on the date of receipt, a U.S. Holder will have a basis in the foreign currency equal to its U.S. dollar value on the date of receipt. Any gain or loss on a subsequent conversion or other disposition of the foreign currency will be treated as ordinary income or loss and generally will be treated as U.S. source income or loss for foreign tax credit limitation purposes.

Dividends received by a U.S. Holder with respect to an equity interest in a Issuer will be treated as foreign source income for the purposes of calculating that holder's foreign tax credit limitation. Subject to certain conditions and limitations, foreign country income tax withheld on dividends may be deducted from taxable income or credited against a U.S. Holder's U.S. federal income tax liability. The limitation on foreign taxes eligible for the U.S. foreign tax credit is calculated separately with respect to specific classes

of income. For this purpose, dividends distributed by the Issuer generally would constitute "passive income," or, in the case of certain U.S. Holders, "financial services income." In certain circumstances, a U.S. Holder may be unable to claim foreign tax credits for foreign taxes imposed on a dividend. The rules regarding the calculation of foreign tax credits and the timing thereof are complex. U.S. Holders should consult their own tax advisers as to the availability of a foreign tax credit under their own particular situation.

In the case where the Notes are treated as an equity interest in the Issuer for U.S. federal income tax purposes, a U.S. Holder generally will recognise capital gain or loss on the sale or exchange (including a redemption) of the Notes equal to the difference between the amount realised on that sale or exchange (or its U.S. dollar equivalent, determined at the spot rate on the date of sale (or in the case of cash basis and electing accrual basis taxpayers, the settlement date), if the amount is determined in a foreign currency) and the U.S. Holder's adjusted tax basis in the Notes. Such gain or loss will be capital gain or loss and will generally be treated as from sources within the United States. **U.S. Holders should consult their own tax advisers with respect to the treatment of capital gains (which may be taxed at lower rates than ordinary income for taxpayers who are individuals, trusts or estates that hold the Notes for more than one year) and capital losses (the deductibility of which is subject to limitations)**.

If a U.S. Holder receives foreign currency upon a sale or exchange, gain or loss, if any, recognised on the subsequent sale, conversion or disposition of such foreign currency will be ordinary income or loss, and will generally be income or loss from sources within the United States for foreign tax credit limitation purposes. However, if such foreign currency is converted into U.S. dollars on the date received by the U.S. Holder, the U.S. Holder generally should not be required to recognise any gain or loss on such conversion. The redemption of the Notes will be treated as a sale of the redeemed Notes by the U.S. Holder (which is taxable as described in this paragraph) or, in certain circumstances, as a distribution to the U.S. Holder (which is taxable as described in preceding paragraphs).

*Status of the Issuer as a PFIC*. The Issuer will be treated as a Passive Foreign Investment Company ("**PFIC**") for U.S. federal income tax purposes. U.S. Holders of equity interests in the Issuer ("**PFIC stock**"), other than such U.S. Holders that make a timely "qualified electing fund" election or a mark to market election (each as described below), will be subject to special rules applicable to PFIC stock.

A U.S. Holder of PFIC stock will be required to allocate to each day in its holding period with respect to the PFIC stock a pro rata portion of any distributions received on the PFIC stock which are treated as an "excess distribution" (generally, any distribution received by the U.S. Holder on the PFIC stock in a taxable year that are greater than 125% of the average annual distributions received by the U.S. Holder in the three preceding taxable years or, if shorter, the U.S. Holder's holding period for the PFIC stock. Any amount of an excess distribution (which term includes gain on the sale of stock) treated as allocable to a prior taxable year is subject to U.S. federal income tax at the highest applicable rate of the year in question, plus an interest charge on the amount of tax deemed to be deferred. For the foregoing purposes, a U.S. Holder who uses PFIC stock as security for a loan will be treated as having disposed of such PFIC stock. A U.S. Holder of PFIC stock will generally be subject to similar rules with respect to distributions to the Issuer by, and dispositions by the Issuer of the stock of, any of its direct or indirect subsidiaries that are also PFICs.

*QEF Election*. A U.S. Holder of an equity interest in the Issuer may avoid the consequences described above by timely making a qualified electing fund election (the "**QEF election**"). A U.S. Holder that makes this election will be required in each taxable year to include (a) as long-term capital gain its *pro rata* share of the Issuer's net capital gain (i.e., the excess of net long-term capital gain over net short-term capital loss for the Issuer's taxable year ending with or within the U.S. Holder's taxable year) and (b) as ordinary income its *pro rata* share of the Issuer's ordinary earnings (i.e., the excess of current earnings and profits for such taxable year of the Issuer over such net capital gain), regardless of whether the Issuer distributes such amounts to the U.S. Holder. For this purpose, a U.S. Holder's *pro rata* share of the Issuer's ordinary income and net capital gain is the amount which would have been distributed with respect to the U.S. Holder's equity interest if, on each day during the taxable year of the Issuer, the Issuer had distributed to each Holder of an equity interest a *pro rata* share of that day's ratable share of the Issuer's ordinary

earnings and net capital gain for such year. In this regard, the Issuer's income, gain or loss, as determined for U.S. federal income tax purposes, could impact the U.S. Holder's recognition of income, gain or loss for U.S. federal income tax purposes.

A U.S. Holder will not be eligible for the dividends received deduction in respect of such income or gain. In addition, any losses of the Issuer in a taxable year will not be available to the U.S. Holder and may not be carried back or forward in computing the Issuer's ordinary earnings and net capital gain in other taxable years. If the Issuer distributes the income or gain that was previously included in the U.S. Holder's gross income, such distributions will be non-taxable to the U.S. Holder. For the purposes of determining gain or loss on the disposition (including redemption or retirement) of PFIC stock, a U.S. Holder's initial tax basis in the PFIC stock (i.e., the U.S. Holder's cost for the PFIC stock) will be increased by the amount so included in gross income with respect to the PFIC stock and decreased by the amount of any non-taxable distributions on the PFIC stock. In general, a U.S. Holder making a timely QEF election will recognise, on the sale or disposition (including redemption and retirement) of PFIC stock, capital gain or loss equal to the difference, if any, between the amount realised upon such sale or disposition and its adjusted tax basis in such stock. Such capital gain or loss will be long-term if the U.S. Holder held the stock for more than one year on the date of disposition.

The QEF election is effective only if certain required information is made available by the Issuer. There can be no assurance that such information will be made available or presented by the Issuer that would be necessary in order for a U.S. Holder to make a QEF election with respect to PFIC stock of the Issuer. Although the Issuer has not finally determined whether it will provide such information, the Issuer currently does not intend to do so.

Each U.S. Holder of a Note treated as equity in the Issuer for U.S. federal income tax purposes must make an annual return on IRS Form 8621, reporting distributions received and gains realised with respect to each PFIC in which it holds a direct or indirect interest.

**Prospective purchasers should consult their own tax advisers regarding whether an investment in a Note will be treated as an investment in PFIC stock and the consequences of an investment in a PFIC.**

*Information Reporting Requirements*. Under U.S. federal income tax law and regulations, certain categories of U.S. persons must file information returns with respect to their investment in the equity interests of a foreign corporation. A U.S. person that purchases for cash Notes treated as equity in the Issuer for U.S. federal income tax purposes will be required to file the Form 926 or similar form with the IRS if (i) such person owned, directly or by attribution, immediately after the transfer, at least 10 per cent. by voting power or value of the Issuer or (ii) if the transfer, when aggregated with all transfers made by such person (or any related person) within the preceding 12 month period, exceeds U.S.$100,000. In the event a U.S. Holder fails to file any such required form, the U.S. Holder could be required to pay a penalty equal to 10 per cent. of the gross amount paid for such Notes up to a maximum penalty of U.S.$100,000. **U.S. Holders should consult their own tax advisers regarding any U.S. federal income tax information reporting requirements that are attributable to such U.S. Holder's ownership of the Notes.**

**Taxation of Non-U.S. Holders**

Subject to the backup withholding tax discussion below, a Non-U.S. Holder generally should not be subject to U.S. federal income or withholding tax on any payments on the Notes and gain from the sale, redemption or other disposition of the Notes unless (i) that payment and/or gain is effectively connected with the conduct by that Non-U.S. Holder of a trade or business in the United States; (ii) in the case of any gain realised by an individual Non-U.S. Holder, that holder is present in the United States for 183 days or more in the taxable year of the sale or other disposition and certain other conditions are met; or (iii) the Non-U.S. Holder is subject to tax pursuant to provisions of the Code applicable to certain expatriates. Non-U.S. Holders should consult their own tax advisers regarding the U.S. federal income and other tax consequences of owning Notes.

**Information Reporting and Backup Withholding**

Backup withholding and information reporting requirements may apply to certain payments of principal and interest on a Note, and of proceeds of the sale of a Note, made to U.S. Holders that are beneficial owners of Notes. The Issuer, its agent, a broker, or any paying agent, as the case may be, may be required to withhold tax from any payment that is subject to backup withholding, if the U.S. Holder fails (i) to furnish the U.S. Holder's taxpayer identification number, (ii) to certify that such U.S. Holder is not subject to backup withholding or (iii) to otherwise comply with the applicable requirements of the backup withholding rules. Certain U.S. Holders (including, among others, corporations) are not subject to the backup withholding and information reporting requirements. Non-U.S. Holders who hold their Notes through a U.S. broker or agent or through the U.S. office of a non-U.S. broker or agent may be required to comply with applicable certification procedures to establish that they are not U.S. Holders in order to avoid the application of such information reporting requirements and backup withholding. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules generally may be claimed as a credit against such holder's U.S. federal income tax liability provided that the required information is furnished to the IRS. **Noteholders should consult their own tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.**

**IRS Disclosure Reporting Requirements**

Recently promulgated U.S. Treasury Regulations (the "**Disclosure Regulations**") meant to require the reporting of certain tax shelter transactions ("**Reportable Transactions**") could be interpreted to cover transactions generally not regarded as tax shelters. Under the Disclosure Regulations it may be possible that certain transactions with respect to the Notes may be characterised as Reportable Transactions requiring a Noteholder who is required to disclose such transaction, such as a sale, exchange, retirement or other taxable disposition of a Note that results in a loss that exceeds certain thresholds and other specified conditions are met. Prospective investors in the Notes should consult with their own tax advisers to determine the tax return obligations, if any, with respect to an investment in the Notes, including any requirement to file IRS Form 8886 (Reportable Transaction Statement).

**THE ABOVE SUMMARY DOES NOT DESCRIBE OTHER TAX CONSEQUENCES THAT WILL ARISE FROM PURCHASING, HOLDING AND DISPOSING OF NOTES BECAUSE THE PRECISE TERMS OF NOTES WILL VARY FROM ISSUE TO ISSUE. PERSONS WHO ARE UNSURE OF THEIR TAX POSITION ARE ADVISED TO CONSULT THEIR PROFESSIONAL ADVISERS.**

**MOREOVER, THE U.S. FEDERAL INCOME TAX DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY AND MAY NOT BE APPLICABLE DEPENDING UPON A NOTEHOLDER'S PARTICULAR SITUATION. INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISERS WITH RESPECT TO THE TAX CONSEQUENCES TO THEM OF THE OWNERSHIP AND DISPOSITION OF A NOTE, INCLUDING THE TAX CONSEQUENCES UNDER STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND THE POSSIBLE EFFECTS OF CHANGES IN FEDERAL OR OTHER TAX LAWS.**

## BOOK-ENTRY CLEARANCE PROCEDURES RELATING TO UNRESTRICTED GLOBAL NOTES AND RESTRICTED GLOBAL NOTES

***The information set out below has been obtained from sources which the Issuer believes to be reliable, but prospective investors should make their own enquiries as to such procedures. In particular, such information is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream, Luxembourg (together, the "Clearing Systems") currently in effect. Investors wishing to use the facilities of any of the Clearing Systems are therefore advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Trustee, the Sponsor/Arranger, any Agent or any Dealer which is a party to the Agency Agreement (or any affiliate of any of the above, or any person by whom any of the above is controlled for the purposes of the Securities Act), will have any responsibility for the performance by the Clearing Systems or their respective Participants (as defined below) or accountholders of their respective obligations under the rules procedures governing their operations or for the sufficiency for any purpose of the arrangements described below.***

**Euroclear, Clearstream, Luxembourg and DTC**
Custodial and depositary links have been established between Euroclear and Clearstream, Luxembourg and DTC to facilitate the initial issue of the Notes and cross-market transfers of the Notes associated with secondary market trading. See "*Settlement and Transfer of Notes*" below.

**Euroclear and Clearstream, Luxembourg**
Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions through electronic book-entry transfer between their respective accountholders. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions which clear through or maintain a custodial relationship with an accountholder of either system. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective customers may settle trades with each other. Their customers are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Investors may hold their interests in Global Notes directly through Euroclear or Clearstream, Luxembourg if they are accountholders or indirectly through organisations which are accountholders therein.

**DTC**
***DTC has advised the Issuer as follows***:

DTC is a limited purpose trust company organised under the New York Banking Law, a "banking organisation" within the meaning of the New York Banking Law, a member of the U.S. Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the U.S. Securities Exchange Act of 1934, as amended, (the "**Exchange Act**"). DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions between participants through electronic computerised book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to DTC is available to others, such as banks, securities brokers, dealers and trust companies, that clear through or maintain a custodial relationship with a DTC direct participant, either directly or indirectly.

Investors may hold their interests in a Restricted Global Note directly through DTC if they are participants ("**Direct Participants**") in the DTC system, or indirectly through organisations which are participants in such system ("**Indirect Participants**" and together with Direct Participants, "**Participants**").

DTC has advised the Issuer that it will take any action permitted to be taken by a holder of Registered Notes (including, without limitation, the presentation of Restricted Global Notes for exchange as described under "*Form of the Notes—Registered Notes*" above) only at the direction of one or more Participants in whose accounts with DTC interests in a Restricted Global Note are credited and only in respect of such portion of the aggregate principal amount of the relevant Restricted Global Note as to which such Participant or Participants has or have given such direction. However, in the circumstances described under "*Form of the Notes—Registered Notes*" above, DTC will surrender the relevant Restricted Global Note (which will bear the legend applicable to transfers pursuant to Rule 144A).

**Registered Notes**

***Euroclear and Clearstream, Luxembourg***. If it is indicated in the applicable Final Terms that Registered Notes of any Series are to be cleared through Euroclear and Clearstream, Luxembourg, the Issuer will make applications to Euroclear and Clearstream, Luxembourg for acceptance in their respective book-entry systems of the Notes to be represented by an Unrestricted Global Note to be held in such clearing systems. Each such Unrestricted Global Note will have an ISIN and a Common Code and will be registered in the name of a nominee for, and deposited with, a common depository on behalf of Euroclear and Clearstream, Luxembourg.

***DTC***. If it is indicated in the Final Terms that Registered Notes of any Series are to be cleared through DTC, the Issuer will make application to DTC for acceptance in its book-entry settlement system of the Notes to be represented by a Restricted Global Note to be held in such clearing system. Each such Restricted Global Note will have a CUSIP number and will be deposited with a custodian for, and registered in the name of, a nominee of DTC. The custodian with whom a Restricted Global Note is deposited (the "**DTC Custodian**") and DTC will electronically record the principal amount of the Notes held within the DTC system.

***Unrestricted Global Notes***. Before expiry of the Distribution Compliance Period applicable to each Tranche of Notes, investors may hold their interest in any Unrestricted Global Note only through Euroclear or Clearstream, Luxembourg. As provided in the applicable Final Terms, a beneficial interest in an Unrestricted Global Note may only be transferred after such expiry within the United States or to or for the account or benefit of a U.S. person by the transferee taking delivery of such beneficial interest in the form of an Individual Certificate or a beneficial interest in a Restricted Global Note (as set out in the applicable Final Terms) and (in the case of an Individual Certificate) following receipt by the Registrar of a Transfer Certificate and an Investment Letter.

***Restricted Global Notes***. In the event that a beneficial interest in a Restricted Global Note is transferred to a non-U.S. person who wishes to take delivery of such beneficial interest through an Unrestricted Global Note, whether before, on or after the expiration of such Distribution Compliance Period, such interest may only be transferred upon receipt by the Registrar and the Issuer of both a Transfer Certificate (executed by the transferor) and a Regulation S Certificate (executed by the transferor and the proposed transferee), both in the applicable form provided in the Agency Agreement, to the effect that such transfer is being made in accordance with Regulation S under the Securities Act.

***Definitive Notes***. Notes in definitive form will not be eligible for clearing or settlement through DTC, Euroclear or Clearstream, Luxembourg.

**Payments and Relationship of Participants with Clearing Systems**

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or DTC as the holder of a Note represented by an Unrestricted Global Note or a Restricted Global Note must look solely to Euroclear, Clearstream, Luxembourg or DTC (as the case may be) for his share of each payment made by the Issuer to the holder of such Unrestricted Global Note or Restricted Global Note (save in case of payments other than in U.S. dollars outside DTC, as referred to below) and in relation to all other rights arising under the Unrestricted Global Note or Restricted Global Note, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or DTC (as the case may be). The Issuer expects that, upon receipt of any payment in respect of Notes represented by an Unrestricted Global Note or Restricted Global Note, the common depository by whom such Note is held, or nominee in whose

name it is registered, will (save as provided below in respect of Restricted Global Notes) immediately credit the relevant Participants' or accountholders' accounts in the relevant clearing system with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant Unrestricted Global Note or Restricted Global Note as shown on the records of the relevant clearing system or its nominee. The Issuer also expects that payments by Direct Participants or accountholders in any Clearing System to owners of beneficial interests in any Unrestricted Global Note or Restricted Global Note held through such Direct Participants or accountholders in any clearing system will be governed by standing instructions and customary practices. Save as aforesaid, such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Unrestricted Global Note or Restricted Global Note and the obligations of the Issuer will be discharged by payment to the bearer or holder, as the case may be, of such Unrestricted Global Note or Restricted Global Note in respect of each amount so paid. None of the Issuer, the Trustee or any Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in any Unrestricted Global Note or Restricted Global Note or for maintaining, supervising or reviewing any records relating to such ownership interests.

Payments of principal and interest in respect of Restricted Global Notes which are denominated in a currency other than U.S. dollars will be made in accordance with the following provisions:

(a) in the case of those DTC Participants entitled to receive the relevant payment who have made an irrevocable election to DTC, in the case of interest payments, on or before the third DTC Business Day after the Record Date for the relevant payment of interest and, in the case of principal payments, at least 12 DTC Business Days before the relevant payment date of principal, to receive such payment in the relevant currency, by wire transfer in immediately available funds to the bank account designated by such Noteholder in such election notice in such currency; and

(b) in the case of those DTC Participants entitled to receive the relevant payment who have made no such election, by conversion of such amounts into U.S. dollars by the Exchange Agent and delivery thereof by the Exchange Agent, after converting amounts in such currency into U.S. dollars, in same day funds to DTC for payment through its settlement system to those DTC Participants entitled to receive the relevant payment. The Agency Agreement sets out the manner in which such conversions are to be made.

"**DTC Business Day**" means a day on which DTC is open for business.

**Settlement and Transfer of Notes**

Subject to the rules and procedures of each applicable Clearing System, purchases of Notes evidenced by an Unrestricted Global Note or a Restricted Global Note held within a Clearing System must be made by or through Direct Participants or accountholders, as the case may be, which will receive a credit for such Notes on the Clearing System's records. The ownership interest of each actual purchaser of each such Note (the "**Beneficial Owner**") will in turn be recorded on the records of the relevant Direct or Indirect Participant or accountholder. Beneficial Owners will not receive written confirmation from any Clearing System of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the relevant Direct or Indirect Participant or accountholder through which such Beneficial Owner entered into the transaction. Transfers of ownership interests in Notes evidenced by an Unrestricted Global Note or a Restricted Global Note held within the Clearing System will be effected by entries made on the books of Participants or accountholders, as the case may be, acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in such Notes, unless, and until an interest in any Global Note held within a Clearing System is exchanged for Notes in definitive form.

No Clearing System has knowledge of the actual Beneficial Owners of the Notes evidenced by an Unrestricted Global Note or a Restricted Global Note held within such Clearing Systems and their records will reflect only identity of the Direct Participants or accountholders, as the case may be, to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Participants or accountholders, as the case may be, will remain responsible for keeping account of their holdings on behalf

of their customers. Conveyance of notices and other communications by the Clearing Systems to Direct Participants or accountholders, by Direct Participants to Indirect Participants, and by Participants or accountholders to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Noteholders holding interests in Notes evidenced by an Unrestricted Global Note through Euroclear or Clearstream, Luxembourg accounts will follow the settlement procedures applicable to conventional Eurobonds. Interests in such Notes will be credited to the securities custody accounts of Euroclear and Clearstream, Luxembourg accountholders on the business day following the Issue Date (backdated to the Issue Date) against payment for value on the Issue Date. Noteholders holding an interest in Notes evidenced by a Restricted Global Note will follow the settlement practices applicable to U.S. corporate debt obligations. The securities custody accounts of investors will be credited with their holdings against payment in same day funds on the Issue Date.

Transfers of Registered Notes represented by Restricted Global Notes within DTC will be in accordance with the usual rules and operating procedures of DTC. Interests in a Restricted Global Note will trade in DTC's Same Day Funds Settlements Systems and secondary market trading activity in such Notes will therefore settle in same day funds.

Transfers between accountholders in Euroclear and Clearstream, Luxembourg will be effected in the ordinary way in accordance with their respective rules and operating procedures.

The laws of some states in the United States may require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a Restricted Global Note to such persons may be limited. Because DTC can only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, the ability of a person having an interest in a Restricted Global Note to pledge such interest to persons or entities that do not participate in DTC, or otherwise take actions in respect of such interest, may be affected by a lack of a physical certificate in respect of such interest.

***Intra-Market Transfer***. On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Clearstream, Luxembourg and Euroclear and transfers of Notes of such Series between Participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

***Cross-Market Transfer***. Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear and DTC Participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream and Euroclear, on the other, transfers of interests the relevant Unrestricted Global Notes or Restricted Global Notes will be effected through the DTC Custodian and the Registrar receiving instructions (and where appropriate certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. Transfers will be subject to the transfer restrictions described under "*Subscription, Sale and Transfer Restrictions*" below and will be effected on the later of (a) three business days after trade date for the disposal of the interest in the relevant Unrestricted Global Note or Restricted Global Note resulting in such transfer and (b) two business days after receipt by the Registrar of the necessary certification or information to effect such transfer. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC Participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

Although DTC, Clearstream, Luxembourg and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of beneficial interests in Unrestricted Global Notes or Restricted Global Notes among Participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear, they are under no obligation to perform or to continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Trustee or any Agent will have any responsibility for the performance by DTC, Clearstream, Luxembourg or Euroclear or their respective Participants or accountholders of their respective obligations under the rules and procedures governing their operations.

## SUBSCRIPTION, SALE AND TRANSFER RESTRICTIONS

The Dealer has, in an Amended and Restated Dealer Agreement dated on or about th November, 2005 between, *inter alios*, the Dealer and Allegro Investment Corporation S.A. (as further supplemented, amended and/or restated from time to time, together the "**Dealer Agreement**"), agreed a basis upon which they or any of them may from time to time agree to purchase or, as the case may be, to solicit offers to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*", "*Summary of the Programme and the Terms and Conditions of the Notes*" and "*Terms and Conditions of the Notes*" above. In the Dealer Agreement, the relevant Dealer has agreed to reimburse the Issuer for certain of their expenses (if any) in connection with the establishment and any future update of the Programme and the issue of Notes by the Issuer under the Programme. The relevant Dealer is entitled to be released and discharged from their obligations in relation to any agreement to issue and purchase or to solicit offers to purchase (as the case may be) Notes under the Dealer Agreement in certain circumstances prior to the Issue Date of such Notes. The Issuer also may issue Notes to any Dealer as principal, either at a discount from their principal amount to be agreed upon at the time of issue or at 100 per cent. of their principal amount, for resale to one or more investors and other purchasers at varying prices, to be determined by such Dealer at the time of resale, which may be greater or less than the issue price for such Notes paid by such Dealer. In certain transactions, the issue price may include an amount related to a swap entered into by the Issuer and an affiliate of such Dealer.

**United States of America**
The Issuer has not been and will not be registered under the Investment Company Act. The Issuer is not required to register as an investment company by virtue of Section 3(c)(7) of the Investment Company Act which, in general, excludes from the definition of an investment company any issuer whose outstanding securities are owned exclusively by persons who are "qualified purchasers" (as defined in Section 2(a)(51) of the Investment Company Act and the rules and regulations thereunder) and which has not made and does not propose to make a public offering of its securities.

In addition, the Notes have not been and will not be registered under the Securities Act. Consequently, the Notes may not be offered, sold, resold, delivered or transferred within the United States or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S) except in accordance with the Securities Act or an exemption therefrom and under circumstances which will not require the Issuer to register under the Investment Company Act.

Offers and sales in the United States of Notes issued by the Issuer may only be made to Section 3(c)(7)Eligible Investors in private transactions exempt from the registration requirements of the Securities Act. Resales in the United States may only be made to Section 3(c)(7) Eligible Investors in transactions pursuant to, and meeting the requirements of, Rule 144A.

"**Section 3(c)(7) Eligible Investors**" are defined for the purposes hereof as persons whom the seller reasonably believes to be QIBs, but excluding therefrom: (i) QIBs which are broker-dealers which own and invest on a discretionary basis less than U.S.$25,000,000 in securities of issuers not affiliated to such QIB, (ii) a partnership, common trust fund, special trust, pension fund, retirement plan or other entity in which the partners, beneficiaries or participants, as the case may be, may designate the particular investments to be made or the allocation thereof, (iii) an entity that was formed, re-formed, or recapitalised for the specific purpose of investing in the Notes, (iv) any investment company exempted from the Investment Company Act under Section 3(c)(1) or 3(c)(7) thereof and formed before 30th April, 1996, which has not received consent from its beneficial owners with respect to the treatment of such entity as a qualified purchaser in the manner required by Section 2(a)(51)(C) of the Investment Company Act and rules thereunder and (v) any entity that will have invested more than 40 per cent. of its assets in securities of the Issuer subsequent to any purchases of Notes of the Issuer. Any sales or transfers of Notes in violation of the foregoing shall be prohibited and treated by the Issuer or, as the case may be, the Registrar as void *ab initio* and will not be honoured by the Issuer and the Issuer shall have the right at any time, at the expense and risk of the holder of the Notes held by or on behalf of a U.S. person who is not a Section 3(c)(7) Eligible Investor at the time it purchases such Notes, (i) to redeem such Notes, in whole or in part,

to permit the Issuer to avoid registration under the Investment Company Act or (ii) to require such holder to sell such Notes to a Section 3(c)(7) Eligible Investor or to a non-U.S. person outside the United States.

Accordingly, upon the initial purchase of a Registered Note represented by an Individual Certificate, and upon any transfer of such Note to a subsequent purchaser and upon the transfer of an interest in an Unrestricted Global Note to or for the account or benefit of a U.S. person which interest is exchanged (in accordance with provisions included in the applicable Final Terms) for an Individual Certificate, (A) the purchaser (except in the case of any purchase of Notes by the Dealer or one of its affiliates that qualifies as a Section 3(c)(7) Eligible Investor) will be required to execute and deliver an Investment Letter to the Registrar and the Issuer for the benefit of the Issuer and for any agent or seller of such Note to the effect that, among other things, such purchaser (1) represents that it has received a copy of the Base Prospectus (as supplemented by any supplement) and any other information relating to the Notes as it deems necessary to make its investment decision (2) represents that (a) it is purchasing the Note for its own account or for the account of one or more accounts maintained by it or over which it exercises sole investment discretion, and each of the purchaser or such account is purchasing the Notes or interest therein in minimum authorised denominations, (b) it and any such account are (or are for the benefit of) a Section 3(c)(7) Eligible Investor and (c) it has, and any accounts for which it is acting have, such knowledge and experience in financial and business matters so as to be able to evaluate the merits and risks of an investment in the Notes and sufficient net worth and/or annual income to hold the Notes for an indefinite period of time and to bear the risk of losing its entire investment, (3) acknowledges that the Notes have not been, and will not be, registered under the Securities Act and may not be offered, sold, resold or delivered in the United States except pursuant to an exemption from such Act in accordance with the terms herewith and that the Registrar is not required to register any purported transfers of Notes which would, in the opinion of the Registrar, cause the Issuer to be in violation of the Securities Act or the Investment Company Act and (4) agrees that such Note or interest therein may be offered, sold, resold, pledged or otherwise transferred or delivered only in minimum authorised denominations (a) to a non-U.S. person, or (b) to a person who the seller reasonably believes to be a QIB that qualifies as a Section 3(c)(7) Eligible Investor pursuant to an exemption from registration under the Securities Act that will not require the Issuer to register under the Investment Company Act and (c) that it may, on any proposed resale of the Notes, be required to furnish to the Issuer such certifications, legal opinions and other information as it may reasonably require to confirm that the proposed transfer complies with the foregoing restrictions; and (B) the seller will be required to execute and deliver a Transfer Certificate.

In addition, unless otherwise specified in the applicable Final Terms, each purchaser or holder of a Registered Note or Bearer Note shall be deemed to have represented by such purchase and/or holding that it is not a benefit plan investor, is not using the assets of a benefit plan investor to acquire the Note, and shall not at any time hold such Note for or on behalf of a benefit plan investor. For the purposes hereof, "**benefit plan investor**" means (a) an employee benefit plan (as defined in Section 3(3) of ERISA), whether or not subject to ERISA, and specifically including pension plans maintained outside of the U.S., (b) a plan described in Section 4975(e)(1) of the Internal Revenue Code, or (c) any entity whose underlying assets include plan assets by reason of a plan's investment in the entity under U.S. Department of Labor Regulations § 2510.3-101 (29 C.F.R. § 2510.3-101).

Beneficial interests in Bearer Notes and Registered Notes may only be offered, sold or transferred in accordance with the transfer restrictions set out in the legend on such Notes.

Bearer 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. Terms used in this paragraph have the meanings given to them by the Internal Revenue Code and regulations thereunder.

This Base Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States to non-U.S. persons, for the private placement of the Notes in the United States and for the listing of the Notes on the Luxembourg Stock Exchange. The Issuer reserves, and the relevant Dealer will reserve, the right to reject any offer to purchase, in whole or in part, for any reason or

to sell less than the principal amount of Notes which may be offered pursuant to Rule 144A or another exemption from registration under the Securities Act.

Any Notes that are offered, sold or transferred in the United States or to or for the account or benefit of a U.S. person (as defined in Regulation S) will either be issued in the form of Individual Certificates, registered in the name of the registered holder thereof, or be represented by a Restricted Global Note which will be deposited with a custodian for, and registered in the name of a nominee of, DTC.

Each Individual Certificate representing Notes issued by the Issuer will bear a legend to the following effect:

> "THE NOTES REPRESENTED BY THIS REGISTERED CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, (THE "**SECURITIES ACT**") AND, PRIOR TO THE DATE WHICH IS TWO YEARS AFTER THE ORIGINAL ISSUE DATE HEREOF, MAY BE TRANSFERRED ONLY PURSUANT TO THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SUCH ACT AS SET FORTH BELOW.
>
> SUBSEQUENT TO THE DATE WHICH IS TWO YEARS AFTER THE ORIGINAL ISSUE DATE HEREOF, THE NOTES REPRESENTED BY THIS REGISTERED CERTIFICATE MAY ALSO BE TRANSFERRED IN ACCORDANCE WITH RULE 144 UNDER THE SECURITIES ACT PROVIDED SUCH TRANSFER IS IN CIRCUMSTANCES DESIGNED TO PRECLUDE THE ISSUER HEREOF FROM HAVING TO REGISTER AS AN "INVESTMENT COMPANY" UNDER THE INVESTMENT COMPANY ACT (AS DEFINED AND DESCRIBED BELOW) BY RELIANCE ON THE EXEMPTION THERETO IN SECTION 3(c)(7) OF SUCH ACT.
>
> BENEFICIAL INTERESTS IN THE NOTES REPRESENTED BY THIS REGISTERED CERTIFICATE MUST BE IN THE MINIMUM DENOMINATION OF U.S.$100,000.
>
> THE ISSUER OF THE NOTES REPRESENTED BY THIS REGISTERED CERTIFICATE HAS NOT BEEN AND WILL NOT BE REGISTERED AS AN "INVESTMENT COMPANY" UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED, (THE "**INVESTMENT COMPANY ACT**"). THE REGISTERED OWNER HEREOF, BY PURCHASING THE NOTES IN RESPECT OF WHICH THIS REGISTERED CERTIFICATE IS ISSUED (1) REPRESENTS FOR THE BENEFIT OF THE ISSUER AND FOR ANY AGENT OR SELLER WITH RESPECT TO THE NOTES THAT IT IS THE SOLE BENEFICIAL OWNER OF THE NOTES REPRESENTED HEREBY OR IS PURCHASING SUCH NOTES FOR ONE OR MORE ACCOUNTS MAINTAINED BY IT OR OVER WHICH IT EXERCISES SOLE INVESTMENT DISCRETION AND THAT IT AND ANY SUCH ACCOUNT ARE (OR ARE HOLDING SUCH NOTES FOR THE BENEFIT OF) SECTION 3(c)(7) ELIGIBLE INVESTORS (AS DEFINED BELOW), (2) ACKNOWLEDGES THAT THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT AND MAY NOT BE OFFERED, SOLD, RESOLD OR DELIVERED IN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM SUCH ACT IN ACCORDANCE WITH THE TERMS HEREOF, AND (3) AGREES, FOR THE BENEFIT OF THE ISSUER, THAT SUCH NOTES MAY ONLY BE OFFERED, SOLD, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED OR DELIVERED (A) TO A NON-U.S. PERSON OR (B) TO A PERSON WHO THE SELLER REASONABLY BELIEVES TO BE A QIB (AS DEFINED BELOW) THAT QUALIFIES AS A SECTION 3(c)(7) ELIGIBLE INVESTOR WHO IS AWARE THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A OR PURSUANT TO ANOTHER EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT. FURTHER OFFERS AND SALES, BY PERSONS OTHER THAN THE DEALER OR ONE OF ITS AFFILIATES, OF THE NOTES REPRESENTED BY THIS REGISTERED CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS, AS SET

FORTH IN A LETTER EXECUTED BY OR ON BEHALF OF THE REGISTERED OWNER HEREOF.

FOR THE PURPOSES HEREOF, "**SECTION 3(c)(7) ELIGIBLE INVESTORS**" ARE DEFINED AS PERSONS WHO THE SELLER REASONABLY BELIEVES TO BE QUALIFIED INSTITUTIONAL BUYERS (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) ("**QIBs**"), BUT EXCLUDING THEREFROM (I) QIBs WHICH ARE BROKER-DEALERS WHICH OWN AND INVEST ON A DISCRETIONARY BASIS LESS THAN U.S.$25,000,000 IN SECURITIES OF ISSUERS NOT AFFILIATED TO SUCH QIB, (II) PARTNERSHIPS, COMMON TRUST FUNDS, SPECIAL TRUSTS, PENSION FUNDS, RETIREMENT PLANS OR OTHER ENTITIES IN WHICH THE PARTNERS, BENEFICIARIES OR PARTICIPANTS, AS THE CASE MAY BE, MAY DESIGNATE THE PARTICULAR INVESTMENTS TO BE MADE OR THE ALLOCATION THEREOF, (III) ENTITIES THAT WERE FORMED, RE-FORMED OR RECAPITALISED FOR THE SPECIFIC PURPOSE OF INVESTING IN THE NOTES, (IV) ANY INVESTMENT COMPANY EXCEPTED FROM THE INVESTMENT COMPANY ACT UNDER SECTION 3(c)(1) OR 3(c)(7) THEREOF AND FORMED BEFORE 30TH APRIL, 1996, WHICH HAS NOT RECEIVED CONSENT FROM ITS BENEFICIAL OWNERS WITH RESPECT TO THE TREATMENT OF SUCH ENTITY AS A QUALIFIED PURCHASER (AS DEFINED IN SECTION 2(a)(51) OF THE INVESTMENT COMPANY ACT) IN THE MANNER REQUIRED BY SECTION 2(a)(51)(C) OF THE INVESTMENT COMPANY ACT AND THE RULES THEREUNDER, AND (V) ANY ENTITY THAT WILL HAVE INVESTED MORE THAN 40 PER CENT. OF ITS ASSETS IN SECURITIES OF THE ISSUER SUBSEQUENT TO ANY PURCHASE OF NOTES OF THE ISSUER.

UNLESS OTHERWISE SPECIFIED IN THE APPLICABLE FINAL TERMS, EACH PURCHASER OR HOLDER OF THE NOTES REPRESENTED BY THIS REGISTERED CERTIFICATE SHALL BE DEEMED TO HAVE REPRESENTED BY SUCH PURCHASE AND/OR HOLDING THAT IT IS NOT A BENEFIT PLAN INVESTOR, IS NOT USING THE ASSETS OF A BENEFIT PLAN INVESTOR TO ACQUIRE SUCH NOTES, AND SHALL NOT AT ANY TIME HOLD SUCH NOTES FOR OR ON BEHALF OF A BENEFIT PLAN INVESTOR. THE TERM "**BENEFIT PLAN INVESTOR**" MEANS (I) AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED, ("**ERISA**")), WHETHER OR NOT SUBJECT TO ERISA, AND SPECIFICALLY INCLUDING PENSION PLANS MAINTAINED OUTSIDE OF THE U.S., (II) A PLAN DESCRIBED IN SECTION 4975(e)(1) OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED, OR (III) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY UNDER U.S. DEPARTMENT OF LABOR REGULATIONS § 2510.3-101 (29 C.F.R. § 2510.3-101).

IF THIS REGISTERED CERTIFICATE IS HELD IN VIOLATION OF THE APPLICABLE TRANSFER RESTRICTIONS, THE ISSUER SHALL HAVE THE RIGHT AT ANY TIME, AT THE EXPENSE AND RISK OF THE HOLDER OF THIS REGISTERED CERTIFICATE HELD BY OR ON BEHALF OF A U.S. PERSON WHO IS NOT A SECTION 3(c)(7) ELIGIBLE INVESTOR AT THE TIME IT PURCHASES SUCH NOTE, TO (I) REDEEM SUCH NOTES, IN WHOLE OR IN PART, TO PERMIT THE ISSUER TO AVOID REGISTRATION UNDER THE INVESTMENT COMPANY ACT OR (II) REQUIRE SUCH HOLDERS TO SELL ITS HOLDING TO A SECTION 3(c)(7) ELIGIBLE INVESTOR OR TO A NON-U.S. PERSON OUTSIDE THE UNITED STATES, TO PERMIT THE ISSUER TO AVOID REGISTRATION UNDER THE INVESTMENT COMPANY ACT, AS FURTHER PROVIDED FOR IN THE TERMS AND CONDITIONS REFERRED TO BELOW. ANY TRANSFER OF THE NOTES REPRESENTED BY THIS REGISTERED CERTIFICATE TO A U.S. PERSON WHO IS NOT A SECTION 3(c)(7) ELIGIBLE INVESTOR AT THE TIME OF SUCH TRANSFER SHALL BE DEEMED TO BE VOID *AB INITIO* AND OF NO LEGAL EFFECT WHATSOEVER, ANY SUCH TRANSFEREE SHALL BE DEEMED NOT TO BE

THE HOLDER OF SUCH NOTES FOR ANY PURPOSE, INCLUDING BUT NOT LIMITED TO THE RECEIPT OF INTEREST ON SUCH NOTES, AND SUCH TRANSFEREE SHALL BE DEEMED TO HAVE NO INTEREST WHATSOEVER IN SUCH NOTES.

IF THIS REGISTERED CERTIFICATE IS HELD BY OR ON BEHALF OF A BENEFIT PLAN INVESTOR IN VIOLATION OF THIS LEGEND, IT MAY BE REDEEMED AT THE OPTION OF THE ISSUER AND AT THE EXPENSE AND RISK OF THE HOLDER, IN WHOLE OR IN PART, OR THE ISSUER MAY REQUIRE THE HOLDER OF THIS REGISTERED CERTIFICATE HELD BY OR ON BEHALF OF A BENEFIT PLAN INVESTOR IN VIOLATION OF THIS LEGEND, AT THE EXPENSE AND RISK OF THE HOLDER, TO SELL ITS HOLDING TO A SECTION 3(c)(7) ELIGIBLE INVESTOR OR A NON-U.S. PERSON WHO IN EACH CASE IS NOT A BENEFIT PLAN INVESTOR. ANY TRANSFER OF THE NOTES REPRESENTED BY THIS REGISTERED CERTIFICATE TO A BENEFIT PLAN INVESTOR IN VIOLATION OF THIS LEGEND SHALL BE DEEMED TO BE VOID *AB INITIO* AND OF NO LEGAL EFFECT WHATSOEVER, ANY SUCH TRANSFEREE SHALL BE DEEMED NOT TO BE THE HOLDER OF SUCH NOTES FOR ANY PURPOSE, INCLUDING BUT NOT LIMITED TO THE RECEIPT OF INTEREST ON SUCH NOTES, AND SUCH TRANSFEREE SHALL BE DEEMED TO HAVE NO INTEREST WHATSOEVER IN SUCH NOTES.

PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLERS OF THE NOTES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A.

EACH HOLDER OF THIS REGISTERED CERTIFICATE ACKNOWLEDGES THAT IT IS PURCHASING THE NOTES REPRESENTED BY THIS REGISTERED CERTIFICATE FOR A BONA FIDE BUSINESS PURPOSE AND ITS INVESTMENT IN SUCH NOTES IS CONSISTENT WITH ITS OVERALL INVESTMENT STRATEGY.

EACH HOLDER OF THIS REGISTERED CERTIFICATE AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS REGISTERED CERTIFICATE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND."

Each Restricted Global Note representing Notes issued by the Issuer will bear a legend to the following effect:

"THE NOTES REPRESENTED BY THIS GLOBAL NOTE HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, (THE "**SECURITIES ACT**") AND, PRIOR TO THE DATE WHICH IS TWO YEARS AFTER THE ORIGINAL ISSUE DATE HEREOF, MAY BE TRANSFERRED ONLY PURSUANT TO THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SUCH ACT AS SET FORTH BELOW.

SUBSEQUENT TO THE DATE WHICH IS TWO YEARS AFTER THE ORIGINAL ISSUE DATE HEREOF, THE NOTES REPRESENTED BY THIS GLOBAL NOTE MAY ALSO BE TRANSFERRED IN ACCORDANCE WITH RULE 144 UNDER THE SECURITIES ACT PROVIDED SUCH TRANSFER IS IN CIRCUMSTANCES DESIGNED TO PRECLUDE THE ISSUER HEREOF FROM HAVING TO REGISTER AS AN "INVESTMENT COMPANY" UNDER THE INVESTMENT COMPANY ACT (AS DEFINED AND DESCRIBED BELOW) BY RELIANCE ON THE EXEMPTION THERETO IN SECTION 3(c)(7) OF SUCH ACT.

BENEFICIAL INTERESTS IN THE NOTES MUST BE IN THE MINIMUM DENOMINATION OF U.S.$100,000.

THE ISSUER OF THE NOTES REPRESENTED BY THIS GLOBAL NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED AS AN "INVESTMENT COMPANY" UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED, (THE "**INVESTMENT**

**COMPANY ACT**"). THE HOLDER HEREOF, BY PURCHASING THE NOTES IN RESPECT OF WHICH THIS GLOBAL NOTE IS ISSUED (OR ANY BENEFICIAL INTEREST OR PARTICIPATION HEREIN) ON ITS OWN BEHALF AND ON BEHALF OF ANY ACCOUNT FOR WHICH IT IS PURCHASING THIS GLOBAL NOTE OR ANY BENEFICIAL INTEREST OR PARTICIPATION HEREIN (1) REPRESENTS FOR THE BENEFIT OF THE ISSUER AND FOR ANY AGENT OR SELLER WITH RESPECT TO SUCH NOTES THAT IT IS THE SOLE BENEFICIAL OWNER OF THE NOTES REPRESENTED HEREBY OR IS PURCHASING SUCH NOTES FOR ONE OR MORE ACCOUNTS MAINTAINED BY IT OR OVER WHICH IT EXERCISES SOLE INVESTMENT DISCRETION AND THAT IT AND ANY SUCH ACCOUNT ARE (OR ARE HOLDING SUCH NOTES FOR THE BENEFIT OF) SECTION 3(c)(7) ELIGIBLE INVESTORS (AS DEFINED BELOW), (2) ACKNOWLEDGES THAT SUCH NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT AND MAY NOT BE OFFERED, SOLD, RESOLD OR DELIVERED IN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM SUCH ACT IN ACCORDANCE WITH THE TERMS HEREOF, (3) AGREES TO NOTIFY ANY SUBSEQUENT TRANSFEREE OF THE TRANSFER RESTRICTIONS SET OUT HEREIN AND THAT IT WILL BE A CONDITION TO SUCH TRANSFER THAT THE TRANSFEREE WILL BE DEEMED TO MAKE THE REPRESENTATIONS SET OUT HEREIN, AND (4) AGREES, FOR THE BENEFIT OF THE ISSUER, THAT SUCH NOTES MAY ONLY BE OFFERED, SOLD, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED OR DELIVERED (A) TO A NON-U.S. PERSON OR (B) TO A PERSON WHO THE SELLER REASONABLY BELIEVES TO BE A QIB (AS DEFINED BELOW) THAT QUALIFIES AS A SECTION 3(c)(7) ELIGIBLE INVESTOR THAT IS AWARE THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A OR PURSUANT TO ANOTHER EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT.

FOR THE PURPOSES HEREOF, "**SECTION 3(c)(7) ELIGIBLE INVESTORS**" ARE DEFINED AS PERSONS WHO THE SELLER REASONABLY BELIEVES TO BE QUALIFIED INSTITUTIONAL BUYERS (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) ("**QIBs**"), BUT EXCLUDING THEREFROM (I) QIBs WHICH ARE BROKER-DEALERS WHICH OWN AND INVEST ON A DISCRETIONARY BASIS LESS THAN U.S.$25,000,000 IN SECURITIES OF ISSUERS NOT AFFILIATED TO SUCH QIB, (II) PARTNERSHIPS, COMMON TRUST FUNDS, SPECIAL TRUSTS, PENSION FUNDS, RETIREMENT PLANS OR OTHER ENTITIES IN WHICH THE PARTNERS, BENEFICIARIES OR PARTICIPANTS, AS THE CASE MAY BE, MAY DESIGNATE THE PARTICULAR INVESTMENTS TO BE MADE OR THE ALLOCATION THEREOF, (III) ENTITIES THAT WERE FORMED, RE-FORMED OR RECAPITALISED FOR THE SPECIFIC PURPOSE OF INVESTING IN THE NOTES, (IV) ANY INVESTMENT COMPANY EXCEPTED FROM THE INVESTMENT COMPANY ACT UNDER SECTION 3(c)(1) OR 3(c)(7) THEREOF AND FORMED BEFORE 30TH APRIL, 1996, WHICH HAS NOT RECEIVED CONSENT FROM ITS BENEFICIAL OWNERS WITH RESPECT TO THE TREATMENT OF SUCH ENTITY AS A QUALIFIED PURCHASER (AS DEFINED IN SECTION 2(a)(51) OF THE INVESTMENT COMPANY ACT) IN THE MANNER REQUIRED BY SECTION 2(a)(51)(C) OF THE INVESTMENT COMPANY ACT AND THE RULES THEREUNDER, AND (V) ANY ENTITY THAT WILL HAVE INVESTED MORE THAN 40 PER CENT. OF ITS ASSETS IN SECURITIES OF THE ISSUER SUBSEQUENT TO ANY PURCHASE OF NOTES OF THE ISSUER.

UNLESS OTHERWISE SPECIFIED IN THE APPLICABLE FINAL TERMS, EACH PURCHASER OR HOLDER OF THE NOTES REPRESENTED BY THIS GLOBAL NOTE SHALL BE DEEMED TO HAVE REPRESENTED BY SUCH PURCHASE AND/OR HOLDING THAT IT IS NOT A BENEFIT PLAN INVESTOR, IS NOT USING THE ASSETS OF A BENEFIT PLAN INVESTOR TO ACQUIRE SUCH NOTES, AND SHALL NOT AT ANY TIME HOLD SUCH NOTES FOR OR ON BEHALF OF A BENEFIT PLAN INVESTOR. THE TERM "**BENEFIT PLAN INVESTOR**" MEANS (I) AN EMPLOYEE BENEFIT PLAN

(AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED, ("**ERISA**")), WHETHER OR NOT SUBJECT TO ERISA, AND SPECIFICALLY INCLUDING PENSION PLANS MAINTAINED OUTSIDE OF THE U.S., (II) A PLAN DESCRIBED IN SECTION 4975(e)(1) OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED OR (III) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY UNDER U.S. DEPARTMENT OF LABOR REGULATIONS § 2510.3-101 (29 C.F.R. § 2510.3-101).

IF ANY INTEREST IN THIS GLOBAL NOTE IS HELD IN VIOLATION OF THE APPLICABLE TRANSFER RESTRICTIONS, THE ISSUER SHALL HAVE THE RIGHT AT ANY TIME, AT THE EXPENSE AND RISK OF THE HOLDER OF ANY NOTES HELD BY OR ON BEHALF OF A U.S. PERSON WHO IS NOT A SECTION 3(c)(7) ELIGIBLE INVESTOR AT THE TIME IT PURCHASES SUCH NOTES TO (I) REDEEM SUCH NOTES, IN WHOLE OR IN PART, TO PERMIT THE ISSUER TO AVOID REGISTRATION UNDER THE INVESTMENT COMPANY ACT OR (II) REQUIRE SUCH HOLDER TO SELL SUCH NOTES TO A SECTION 3(c)(7) ELIGIBLE INVESTOR OR TO A NON-U.S. PERSON OUTSIDE THE UNITED STATES TO PERMIT THE ISSUER TO AVOID REGISTRATION UNDER THE INVESTMENT COMPANY ACT, AS FURTHER PROVIDED FOR IN THE TERMS AND CONDITIONS REFERRED TO BELOW. ANY TRANSFER OF THE NOTES REPRESENTED BY THIS GLOBAL NOTE TO A U.S. PERSON WHO IS NOT A SECTION 3(c)(7) ELIGIBLE INVESTOR AT THE TIME OF SUCH TRANSFER SHALL BE DEEMED TO BE VOID *AB INITIO* AND OF NO LEGAL EFFECT WHATSOEVER, ANY SUCH TRANSFEREE SHALL BE DEEMED NOT TO BE THE HOLDER OF SUCH NOTES FOR ANY PURPOSE, INCLUDING BUT NOT LIMITED TO THE RECEIPT OF INTEREST ON SUCH NOTES, AND SUCH TRANSFEREE SHALL BE DEEMED TO HAVE NO INTEREST WHATSOEVER IN SUCH NOTES.

ANY INTEREST IN THIS GLOBAL NOTE HELD BY OR ON BEHALF OF A BENEFIT PLAN INVESTOR IN VIOLATION OF THIS LEGEND MAY BE REDEEMED AT THE OPTION OF THE ISSUER AND AT THE EXPENSE AND RISK OF THE HOLDER OF SUCH INTEREST, IN WHOLE OR IN PART, OR THE ISSUER MAY REQUIRE THE HOLDER OF ANY INTEREST IN THIS GLOBAL NOTE HELD BY OR ON BEHALF OF A BENEFIT PLAN INVESTOR IN VIOLATION OF THIS LEGEND, AT THE EXPENSE AND RISK OF THE HOLDER OF SUCH INTEREST, TO SELL ITS HOLDING TO A SECTION 3(c)(7) ELIGIBLE INVESTOR OR A NON-U.S. PERSON WHO IN EACH CASE IS NOT A BENEFIT PLAN INVESTOR. ANY TRANSFER OF ANY INTEREST IN THIS GLOBAL NOTE TO A BENEFIT PLAN INVESTOR IN VIOLATION OF THIS LEGEND SHALL BE DEEMED TO BE VOID *AB INITIO* AND OF NO LEGAL EFFECT WHATSOEVER, ANY SUCH TRANSFEREE SHALL BE DEEMED NOT TO BE THE HOLDER OF THE RELEVANT NOTES FOR ANY PURPOSE, INCLUDING BUT NOT LIMITED TO THE RECEIPT OF INTEREST ON SUCH NOTES, AND SUCH TRANSFEREE SHALL BE DEEMED TO HAVE NO INTEREST WHATSOEVER IN SUCH NOTES.

PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLERS OF THE NOTES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A.

EACH HOLDER OF THIS GLOBAL NOTE OR AN INTEREST HEREIN ACKNOWLEDGES THAT IT IS PURCHASING THE NOTES REPRESENTED BY THIS GLOBAL NOTE OR SUCH INTEREST FOR A BONA FIDE BUSINESS PURPOSE AND ITS INVESTMENT IN SUCH NOTES OR INTEREST IS CONSISTENT WITH ITS OVERALL INVESTMENT STRATEGY.

EACH HOLDER OF THIS GLOBAL NOTE OR AN INTEREST HEREIN AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE OR AN INTEREST HEREIN IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND."

Any Bearer Notes that are offered, sold or transferred outside the United States and not to, or for the account or benefit of, a U.S. person pursuant to Regulation S under the Securities Act will be issued in the form of either (i) a Temporary Global Note, (ii) a Permanent Global Note which, will be delivered on or prior to the original date of issue of the Notes to a common depositary for Euroclear and Clearstream, Luxembourg. Any Registered Notes that are offered, sold or transferred outside of the United States and not to, or for the account or benefit of, a U.S. person pursuant to Regulation S under the Securities Act will be issued in the form of an Unrestricted Global Note which will be registered in the name of a nominee for, and shall be deposited upon issuance with a common depositary on behalf of, Euroclear and Clearstream, Luxembourg.

The Temporary Global Note will bear a legend to the following effect if the Notes have an initial maturity of 365 days or more:

"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.

NO U.S. PERSON (AS DEFINED IN REGULATION S OF THE UNITED STATES SECURITIES ACT OF 1933) MAY BENEFICIALLY OWN ANY PORTION OF THIS OBLIGATION AND, AS PROVIDED HEREIN, NO SUCH PERSON SHALL BE ENTITLED TO PAYMENT OF PRINCIPAL OR INTEREST ON OR IN RESPECT OF THIS OBLIGATION"

The Temporary Global Note will bear a legend to the following effect if the Notes have a maturity of not more than one year from their date of issue:

"THIS NOTE RELATES TO NOTES WITH A MATURITY OF NOT MORE THAN ONE YEAR FROM THE DATE OF ISSUE. BY ACCEPTING THIS OBLIGATION THE HOLDER REPRESENTS AND WARRANTS THAT IT IS NOT A UNITED STATES PERSON (OTHER THAN AN EXEMPT RECIPIENT DESCRIBED IN SECTION 6049(b)(4) OF THE INTERNAL REVENUE CODE AND REGULATIONS THEREUNDER) AND THAT IT IS NOT ACTING FOR OR ON BEHALF OF A UNITED STATES PERSON (OTHER THAN AN EXEMPT RECIPIENT DESCRIBED IN SECTION 6049(b)(4) OF THE INTERNAL REVENUE CODE AND REGULATIONS THEREUNDER).

NO U.S. PERSON (AS DEFINED IN REGULATION S OF THE UNITED STATES SECURITIES ACT OF 1933) MAY BENEFICIALLY OWN ANY PORTION OF THIS OBLIGATION AND, AS PROVIDED HEREIN, NO SUCH PERSON SHALL BE ENTITLED TO PAYMENT OF PRINCIPAL OR INTEREST ON OR IN RESPECT OF THIS OBLIGATION"

The Permanent Global Note will bear a legend to the following effect if the Notes have an initial maturity of 365 days or more:

"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.

NO U.S. PERSON (AS DEFINED IN REGULATION S OF THE UNITED STATES SECURITIES ACT OF 1933) MAY BENEFICIALLY OWN ANY PORTION OF THIS

OBLIGATION AND, AS PROVIDED HEREIN, NO SUCH PERSON SHALL BE ENTITLED TO PAYMENT OF PRINCIPAL OR INTEREST ON OR IN RESPECT OF THIS OBLIGATION."

The Permanent Global Note will bear a legend to the following effect if the Notes have a maturity of not more than one year from their date of issue:

"THIS NOTE RELATES TO NOTES WITH A MATURITY OF NOT MORE THAN ONE YEAR FROM THE DATE OF ISSUE. BY ACCEPTING THIS OBLIGATION THE HOLDER REPRESENTS AND WARRANTS THAT IT IS NOT A UNITED STATES PERSON (OTHER THAN AN EXEMPT RECIPIENT DESCRIBED IN SECTION 6049(b)(4) OF THE INTERNAL REVENUE CODE AND REGULATIONS THEREUNDER) AND THAT IT IS NOT ACTING FOR OR ON BEHALF OF A UNITED STATES PERSON (OTHER THAN AN EXEMPT RECIPIENT DESCRIBED IN SECTION 6049(b)(4) OF THE INTERNAL REVENUE CODE AND REGULATIONS THEREUNDER).

NO U.S. PERSON (AS DEFINED IN REGULATION S OF THE UNITED STATES SECURITIES ACT OF 1933) MAY BENEFICIALLY OWN ANY PORTION OF THIS OBLIGATION AND, AS PROVIDED HEREIN, NO SUCH PERSON SHALL BE ENTITLED TO PAYMENT OF PRINCIPAL OR INTEREST ON OR IN RESPECT OF THIS OBLIGATION."

Each Unrestricted Global Note representing Notes issued by the Issuer will bear a legend to the following effect:

"THE NOTES REPRESENTED BY THIS GLOBAL NOTE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, (THE "**SECURITIES ACT**"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE OFFER, SALE, PLEDGE OR TRANSFER OF THE NOTES REPRESENTED BY THIS GLOBAL NOTE IS SUBJECT TO CERTAIN CONDITIONS AND RESTRICTIONS. BY PURCHASING OR OTHERWISE ACQUIRING THE NOTES REPRESENTED BY THIS GLOBAL NOTE, THE HOLDER THEREOF ACKNOWLEDGES THAT THE NOTES REPRESENTED BY THIS GLOBAL NOTE ARE "RESTRICTED SECURITIES" THAT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT AND THAT THE ISSUER HAS NOT REGISTERED AND WILL NOT REGISTER UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED, (THE "**INVESTMENT COMPANY ACT**"). THE HOLDER AGREES FOR THE BENEFIT OF THE ISSUER THAT, IF IT SHOULD DECIDE TO DISPOSE OF THE NOTES REPRESENTED BY THIS GLOBAL NOTE PRIOR TO THE DATE WHICH IS 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF THE NOTES ("**DISTRIBUTION COMPLIANCE PERIOD**") REPRESENTED BY THIS GLOBAL NOTE, THE NOTES REPRESENTED BY THIS GLOBAL NOTE MAY NOT BE OFFERED OR SOLD TO, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON. FOLLOWING THE EXPIRY OF THE DISTRIBUTION COMPLIANCE PERIOD, THE NOTES REPRESENTED BY THIS GLOBAL NOTE MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND THE INVESTMENT COMPANY ACT (1) TO PERSONS WHOM THE SELLER REASONABLY BELIEVES TO BE QUALIFIED INSTITUTIONAL BUYERS ("**QIBs**"), AS DEFINED IN RULE 144A ("**RULE 144A**") UNDER THE SECURITIES ACT THAT QUALIFY AS SECTION 3(c)(7) ELIGIBLE INVESTORS (AS DEFINED BELOW), OR (2) OTHERWISE TO NON-U.S. PERSONS IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT; PROVIDED THAT, IN THE CASE OF A TRANSFER PURSUANT TO CLAUSE (1), A PROSPECTIVE PURCHASER OR TRANSFEREE OF THE NOTES (OTHER THAN THE DEALER OR ONE OF ITS AFFILIATES) WILL BE REQUIRED (I) TO EXECUTE AND DELIVER TO THE ISSUER AND THE REGISTRAR AN INVESTMENT LETTER (THE FORM OF WHICH IS

ATTACHED TO THE AGENCY AGREEMENT AND CAN BE OBTAINED FROM THE REGISTRAR) AND (II) TO EXCHANGE THE PORTION OF THIS GLOBAL NOTE TO BE SO TRANSFERRED FOR AN INTEREST IN A RESTRICTED GLOBAL NOTE OR AN INDIVIDUAL CERTIFICATE IN DEFINITIVE REGISTERED FORM (AS SET OUT IN THE APPLICABLE FINAL TERMS) TO BE REGISTERED IN THE NAME OF THE TRANSFEREE.

"**SECTION 3(c)(7) ELIGIBLE INVESTORS**", AS USED HEREIN, MEANS PERSONS WHO THE SELLER REASONABLY BELIEVES TO BE QIBs, BUT EXCLUDING THEREFROM (I) QIBs WHICH ARE BROKER-DEALERS WHICH OWN AND INVEST ON A DISCRETIONARY BASIS LESS THAN U.S.$25,000,000 IN SECURITIES OF ISSUERS NOT AFFILIATED TO SUCH QIB, (II) PARTNERSHIPS, COMMON TRUST FUNDS, SPECIAL TRUSTS, PENSION FUNDS, RETIREMENT PLANS OR OTHER ENTITIES IN WHICH THE PARTNERS, BENEFICIARIES OR PARTICIPANTS, AS THE CASE MAY BE, DESIGNATE THE PARTICULAR INVESTMENTS TO BE MADE OR THE ALLOCATION THEREOF, (III) ENTITIES THAT WERE FORMED, RE-FORMED OR RECAPITALISED FOR THE SPECIFIC PURPOSE OF INVESTING IN THE NOTES, (IV) ANY INVESTMENT COMPANY EXCEPTED FROM THE INVESTMENT COMPANY ACT UNDER SECTION 3(c)(1) or 3(c)(7) THEREOF AND FORMED BEFORE 30TH APRIL, 1996, WHICH HAS NOT RECEIVED CONSENT FROM ITS BENEFICIAL OWNERS WITH RESPECT TO THE TREATMENT OF SUCH ENTITY AS A QUALIFIED PURCHASER (AS DEFINED IN SECTION 2(a)(51) OF THE INVESTMENT COMPANY ACT) IN THE MANNER REQUIRED BY SECTION 2(a)(51)(C) OF THE INVESTMENT COMPANY ACT AND THE RULES THEREUNDER, AND (V) ANY ENTITY THAT WILL HAVE INVESTED MORE THAN 40 PER CENT. OF ITS ASSETS IN SECURITIES OF THE ISSUER SUBSEQUENT TO ANY PURCHASE OF NOTES OF THE ISSUER.

UNLESS OTHERWISE SPECIFIED IN THE APPLICABLE FINAL TERMS, EACH PURCHASER OR HOLDER OF THE NOTES REPRESENTED BY THIS GLOBAL NOTE SHALL BE DEEMED TO HAVE REPRESENTED BY SUCH PURCHASE AND/OR HOLDING THAT IT IS NOT A BENEFIT PLAN INVESTOR, IS NOT USING THE ASSETS OF A BENEFIT PLAN INVESTOR TO ACQUIRE SUCH NOTES, AND SHALL NOT AT ANY TIME HOLD SUCH NOTES FOR OR ON BEHALF OF A BENEFIT PLAN INVESTOR. THE TERM "**BENEFIT PLAN INVESTOR**" MEANS (I) AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED, ("**ERISA**")), WHETHER OR NOT SUBJECT TO ERISA, AND SPECIFICALLY INCLUDING PENSION PLANS MAINTAINED OUTSIDE OF THE U.S., (II) A PLAN DESCRIBED IN SECTION 4975(e)(1) OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED, OR (III) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY UNDER U.S. DEPARTMENT OF LABOR REGULATIONS § 2510.3-101 (29 C.F.R. § 2510.3-101).

IF ANY INTEREST IN THIS GLOBAL NOTE IS HELD IN VIOLATION OF THE APPLICABLE TRANSFER RESTRICTIONS, THE ISSUER SHALL HAVE THE RIGHT AT ANY TIME, AT THE EXPENSE AND RISK OF THE HOLDER OF ANY NOTES HELD BY OR ON BEHALF OF A U.S. PERSON WHO IS NOT A SECTION 3(c)(7) ELIGIBLE INVESTOR AT THE TIME IT PURCHASES SUCH NOTES TO (I) REDEEM SUCH NOTES, IN WHOLE OR IN PART, TO PERMIT THE ISSUER TO AVOID REGISTRATION UNDER THE INVESTMENT COMPANY ACT OR (II) REQUIRE SUCH HOLDER TO SELL SUCH NOTES TO A SECTION 3(c)(7) ELIGIBLE INVESTOR OR TO A NON-U.S. PERSON OUTSIDE THE UNITED STATES TO PERMIT THE ISSUER TO AVOID REGISTRATION UNDER THE INVESTMENT COMPANY ACT, AS FURTHER PROVIDED FOR IN THE TERMS AND CONDITIONS REFERRED TO BELOW. ANY TRANSFER OF THE NOTES REPRESENTED BY THIS GLOBAL NOTE TO A U.S. PERSON WHO IS NOT A SECTION 3(c)(7) ELIGIBLE INVESTOR AT THE TIME OF SUCH TRANSFER SHALL BE DEEMED

TO BE VOID *AB INITIO* AND OF NO LEGAL EFFECT WHATSOEVER, ANY SUCH TRANSFEREE SHALL BE DEEMED NOT TO BE THE HOLDER OF SUCH NOTES FOR ANY PURPOSE, INCLUDING BUT NOT LIMITED TO THE RECEIPT OF INTEREST ON SUCH NOTES, AND SUCH TRANSFEREE SHALL BE DEEMED TO HAVE NO INTEREST WHATSOEVER IN SUCH NOTES.

ANY INTEREST IN THIS GLOBAL NOTE HELD BY OR ON BEHALF OF A BENEFIT PLAN INVESTOR IN VIOLATION OF THIS LEGEND MAY BE REDEEMED AT THE OPTION OF THE ISSUER AND AT THE EXPENSE AND RISK OF THE HOLDER OF SUCH INTEREST, IN WHOLE OR IN PART, OR THE ISSUER MAY REQUIRE THE HOLDER OF ANY INTEREST IN THIS GLOBAL NOTE HELD BY OR ON BEHALF OF A BENEFIT PLAN INVESTOR IN VIOLATION OF THIS LEGEND, AT THE EXPENSE AND RISK OF THE HOLDER OF SUCH INTEREST, TO SELL ITS HOLDING TO A SECTION 3(c)(7) ELIGIBLE INVESTOR OR A NON-U.S. PERSON WHO IN EACH CASE IS NOT A BENEFIT PLAN INVESTOR. ANY TRANSFER OF ANY INTEREST IN THIS GLOBAL NOTE TO A BENEFIT PLAN INVESTOR IN VIOLATION OF THIS LEGEND SHALL BE DEEMED TO BE VOID *AB INITIO* AND OF NO LEGAL EFFECT WHATSOEVER, ANY SUCH TRANSFEREE SHALL BE DEEMED NOT TO BE THE HOLDER OF THE RELEVANT NOTES FOR ANY PURPOSE, INCLUDING BUT NOT LIMITED TO THE RECEIPT OF INTEREST ON SUCH NOTES, AND SUCH TRANSFEREE SHALL BE DEEMED TO HAVE NO INTEREST WHATSOEVER IN SUCH NOTES.

EACH HOLDER OF THIS GLOBAL NOTE OR AN INTEREST HEREIN ACKNOWLEDGES THAT IT IS PURCHASING THE NOTES REPRESENTED BY THIS GLOBAL NOTE OR SUCH INTEREST FOR A BONA FIDE BUSINESS PURPOSE AND ITS INVESTMENT IN SUCH NOTES OR INTEREST IS CONSISTENT WITH ITS OVERALL INVESTMENT STRATEGY.

THE HOLDER ACKNOWLEDGES THAT THE PURPOSE OF THE FOREGOING LIMITATION IS, IN PART, TO ENSURE THAT THE ISSUER IS NOT REQUIRED TO REGISTER UNDER THE INVESTMENT COMPANY ACT.

EACH HOLDER OF THIS NOTE OR AN INTEREST HEREIN AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE OR AN INTEREST HEREIN IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

AS USED HEREIN, THE TERMS "**OFFSHORE TRANSACTION**" AND "**U.S. PERSON**" HAVE THE MEANINGS GIVEN TO THEM BY RULE 902 OF REGULATIONS UNDER THE SECURITIES ACT. THE TRUST DEED RELATING TO THE NOTES CONTAINS A PROVISION REQUIRING THE ISSUER TO REFUSE TO REGISTER ANY TRANSFER OF THIS NOTE IN VIOLATION OF THE FOREGOING."

**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 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 in accordance with the Prospectus Directive or, where appropriate, published in another Member State and notified to the competent authority in that Relevant Member State, all in accordance with Article 18 of 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 turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or

(d) 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.

**United Kingdom**
The Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

(i) in relation to any Notes having a maturity of less than one year from the date of their issue, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 ("**FSMA**") by the Issuer;

(ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; 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.

**General**
The Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus or any supplement hereto or any Final Terms and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and the Issuer shall not have any responsibility therefor.

Neither the Issuer nor the Dealer represent that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Series of Notes, the relevant Dealer(s) will be required to comply with such other additional restrictions as the Issuer and relevant Dealer(s) shall agree and as shall be set out in the applicable Final Terms.

## NOTICE TO INVESTORS

*Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Notes.*

The Notes have not been registered under the United States Securities Act of 1933, as amended, (the "**Securities Act**") and the Issuer has not registered as an investment company under the United States Investment Company Act of 1940, as amended, (the "**Investment Company Act**"). In order to qualify for the exemption provided by Section 3(c)(7) ("**Section 3(c)(7)**") under the Investment Company Act and the exemptions provided by Rule 144A ("**Rule 144A**") under the Securities Act, offers, sales and resales of the Notes may not be made within the United States or to, or for the account of U.S. persons (as defined in Regulation S ("**Regulation S**") under the Securities Act) except in minimum denominations of U.S.$100,000 to Section 3(c)(7) Eligible Investors. Accordingly, (i) the Notes are being offered and sold only to Section 3(c)(7) Eligible Investors in compliance with Rule 144A and Section 3(c)(7) or (ii) the Notes are being offered and sold only outside the United States to persons other than U.S. persons in reliance upon Regulation S.

If you purchase and accept Notes you will be deemed to have acknowledged, represented to and agreed with the Issuer that:

(1) (a) You are, and each account for which you are purchasing is, a Section 3(c)(7) Eligible Investor; you and each account for which you are purchasing will hold at least the minimum denomination of Notes; and you will provide notice of this Notice to Investors to any subsequent transferees; or

(b) you are an institution that is outside the United States and is not a U.S. person (and are not purchasing for the account or benefit of a U.S. person) within the meaning of Regulation S.

(2) The Issuer has not been registered under the Investment Company Act and the Notes have not been registered under the Securities Act or any other applicable securities law, are being offered for resale in transactions not requiring registration under the Securities Act in reliance on Rule 144A, and may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act or any other applicable securities law, pursuant to an exemption therefrom or in a transaction not subject thereto and in each case in compliance with the conditions for transfer set forth in paragraph (4) below and you agree not to offer, sell or otherwise transfer the Notes in the United States or to a U.S. person except to a Section 3(c)(7) Eligible Investor in a transaction meeting the requirements of Rule 144A.

(3) Unless otherwise specified in the applicable Final Terms or consented to in writing by the Issuer, the Notes may not be offered, sold or transferred to any person unless the proposed holder or transferee is not a benefit plan investor, is not using the assets of a benefit plan investor to acquire such Notes and shall not at any time hold such Notes for a benefit plan investor. For purposes hereof, "**benefit plan investor**" means (a) an employee benefit plan (as defined in Section 3(3) of ERISA), whether or not subject to ERISA, and specifically including pension plans maintained outside of the U.S., (b) a plan described in Section 4975(e)(1) of the Internal Revenue Code, or (c) any entity whose underlying assets include plan assets by reason of a plan's investment in the entity under U.S. Department of Labor Regulations § 2510.3-101 (29 C.F.R. § 2510.3-101).

(4) You are purchasing the Notes for your own account or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act, subject to any requirement of law that the disposition of your property or the property of such investor account or accounts be at all times within your or their control and subject to your or their ability to resell such Notes pursuant to Rule 144A or Regulation S. You agree on your own behalf

and on behalf of any investor account for which you are purchasing the Notes and each subsequent holder of such Notes by its acceptance thereof will agree, to offer, sell or otherwise transfer such Notes deliverable upon exchange thereof only pursuant to the representations, restrictions and agreements described in the legends on the relevant Global Note or Note in definitive form.

(5) You and any future purchaser acknowledge that each Individual Certificate, Restricted Global Note, Temporary Global Note, Permanent Global Note and Unrestricted Global Note will contain a legend substantially in the relevant form set out in the section "*Subscription, Sale and Transfer Restrictions*" above.

## GENERAL INFORMATION

**1. Authorisation**

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes to be issued by it. The establishment of the Programme was duly authorised by resolutions of the Board of Directors of the Issuer held on 23rd May, 2001. The update of the Programme has been duly authorised by resolutions passed at a meeting of the Board of Directors of the Issuer held on 7th November, 2005. The issue of each series of Notes will be authorised by resolutions of the Board of Directors of the Issuer.

**2. Significant or Material Change**

Save as disclosed in this Base Prospectus, there has been no significant change in the financial or trading position or prospects of the Issuer since 31st December, 2004 and there has been no material adverse change in the financial position or prospects of the Issuer since 31st December, 2004.

**3. Litigation**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have or have in such period had a significant effect on the financial position or profitability of the Initial Issuer.

**4. Financial Statements**

In accordance with article 75 of the Luxembourg Companies Act 1915, as amended, the Issuer is obliged to publish its accounts on an annual basis following the requisite holding of the annual meeting of its shareholders. The annual accounts for the period 22nd May, 2001 to 31st December, 2001 were published on 14th October, 2002. The annual accounts for the year ending 31st December, 2002 were published on 26th September, 2003. The annual accounts for the year ending 31st December, 2003 were published on 18th May, 2004. The annual accounts for the year ending 31st December, 2004 were published on 11th May, 2005.

The annual accounts of the Issuer are obtainable free of charge from the Specified Office of the Paying Agents in London and the Grand Duchy of Luxembourg, as described at the end of this Base Prospectus.

Other than annual accounts, the Issuer is not currently required to produce, and has no intention of producing, any other financial statements. However, any future financial statements that are prepared by the Issuer will be obtainable free of charge from the Specified Office of the Paying Agents in London and the Grand Duchy of Luxembourg, as described at the end of this Base Prospectus.

The Trust Deed requires the Issuer to provide to the Trustee on an annual basis a certificate to the effect that as at a date not more than seven days before such certificate there did not exist any Event of Default or any other matter which is required to be brought to the Trustee's attention.

**5. Listing of Notes**

Application has been made to the CSSF for the approval of this Base Prospectus so that Notes issued under the Programme may be admitted to trading on the Luxembourg Stock Exchange's regulated market and listed on the Luxembourg Stock Exchange. The Luxembourg Stock Exchange has allocated to the Programme the number 12582 for listing purposes.

## 6. Documents on Display

Copies of the following documents (in English) will, when published, be available for inspection free of charge during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the registered office of the Issuer and the specified office of each of the Paying Agents for the time being in London and the Grand Duchy of Luxembourg:

(i) the constitutional documents of the Issuer;

(ii) the published annual audited financial statements of the Issuer (if any) in respect of the financial years ended 31st December, 2003 and 31st December, 2004, in each case together with the audit reports prepared in connection therewith. The Issuer is not required, and does not intend, to prepare unaudited or interim financial statements;

(iii) the Master Trust Deed (which includes the forms of the Global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talons and details of the terms and conditions on which the Trustee as representative of the Noteholders has been appointed), the Agency Agreement, the Custodial Services Agreement and the Dealer Agreement;

(iv) any supplements to the documents referred to in (iii) above, including any which relate to a particular issue of Notes and the Charged Agreements and the Credit Support Documents and the Notes Guarantees relating to a particular issue of Notes (save that such documents relating to an unlisted issue of Notes will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Trustee or to the relevant Paying Agent, as the case may be, as to the identity of such holder);

(v) a copy of this Base Prospectus;

(vi) as soon as published, any future prospectuses, supplements and Final Terms to this Base Prospectus and any other documents incorporated herein or therein by reference; and

(vii) in the case of each issue of listed Notes subscribed pursuant to a subscription agreement (or equivalent document), the subscription agreement (or equivalent document).

## 7. U.S. Tax Legend

Each Note which has an original maturity of 365 days or more and all Receipts, Coupons and Talons relating to such Notes will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code of 1986, as amended."

## 8. Restricted Notes

So long as any of the Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer will, unless it becomes subject to and complies with the reporting requirements of Section 13 or 15(d) of the Exchange Act or the information furnishing requirements of Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of Notes that are restricted securities, or to any prospective purchaser of Notes that are restricted securities designated by a holder or beneficial owner, upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act.

## 9. Clearing Systems

The Notes (other than those in definitive form, including those evidenced by Individual Certificates) may be accepted for clearance through Euroclear, Clearstream, Luxembourg or DTC (in each case as specified in the applicable Final Terms). The appropriate common code and ISIN for each Tranche allocated by Euroclear, Clearstream, Luxembourg, or the CUSIP allocated by DTC, will be specified in the applicable Final Terms will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is 3 Boulevard du Roi Albert II, B.1210 Brussels, Belgium.

The address of Clearstream, Luxembourg is 42 Avenue J.F. Kennedy, L-1855 Luxembourg.

The address of DTC is 55 Water Street, 49th Floor, New York, NY 10041-0099, USA.

## 10. Conditions for Determining Price

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

## 11. Post-Issuance Information

The Issuer does not intend to provide any post-issuance information in relation to any series of Notes or the performance of any Charged Assets or Charged Agreements.

**REGISTERED OFFICE OF THE ISSUER**

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**THE GRAND DUCHY OF LUXEMBOURG PAYING AGENT**

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**REGISTRAR**

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**TRANSFER AGENTS**

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**TRUSTEE**

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**LEGAL ADVISERS**

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