

## PROSPECTUS



**LLOYDS TSB BANK plc**

*(acting through its London office)*

*(incorporated in England with limited liability under the Companies Act 1862  
and the Companies Act 1985 with registered number 2065)*

### **Certificate and Warrant Programme**

Under the terms of its Certificate and Warrant Programme (the “**Programme**”), Lloyds TSB Bank plc (the “**Bank**”, “**Lloyds TSB Bank**” or the “**Issuer**”) may from time to time issue either (i) redeemable certificates (“**Redeemable Certificates**”) or (ii) exercisable certificates (“**Exercisable Certificates**”) or warrants which have an exercise period or date (such warrants and Exercisable Certificates together, “**Warrants**” and Redeemable Certificates and Warrants together, “**Securities**”) which may or may not relate to an underlying asset or a basket of underlying assets.

Securities will be issued on the terms set out under “*Terms and Conditions of the Securities*” (the “**Conditions**” and each a “**Condition**”) and on such additional terms as set out in a final terms document (the “**Final Terms**”).

Each issue of Warrants will entitle the holder (the “**Warrantholder**”) on the exercise date to receive either a cash amount (if any) or physical delivery of the underlying assets (if any) against payment of a specified sum, subject as set out herein and in the applicable Final Terms.

Each issue of Redeemable Certificates will entitle the holder (the “**Redeemable Certificateholder**”) on the redemption date to receive either a cash amount (if any) or, subject to delivery of an Asset Transfer Notice (as defined herein), physical delivery of the underlying assets (if any), subject as set out herein and in the applicable Final Terms.

Securities issued under the Programme will be rated or unrated. Where an issue of Securities is to be rated, such rating will not necessarily be the same as the rating assigned to Securities already issued. Whether or not a rating in relation to any Securities will be treated as having been issued by a credit rating agency established in the European Union and registered under Regulation (EC) No 1060/2009 on credit rating agencies will be disclosed in the relevant Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

**Prospective purchasers of Securities should ensure that they understand the nature of the relevant Securities and the extent of their exposure to risks and that they consider the suitability of the relevant Securities as an investment in the light of their own circumstances and financial condition. Securities may involve a high degree of risk and prospective purchasers should recognise that Securities, other than Securities having a minimum expiration or redemption value, may expire worthless. Potential purchasers should be prepared to sustain a total loss of their investment. It is the responsibility of potential purchasers to ensure they have sufficient knowledge, experience and professional advice to make their own legal, financial, tax, accounting and other business evaluation of the merits and risks of investing in Securities and are not relying on the advice of the Issuer or any Dealer. See “*Risk Factors*” and “*Taxation*” below.**

Any person (an “**Investor**”) intending to acquire or acquiring any Securities from any person (an “**Offeror**”) should be aware that, in the context of an offer to the public as defined in section 102B of the Financial Services and Markets Act 2000 (“**FSMA**”), the Issuer may only be responsible to the Investor for this Prospectus (defined below) under section 90 of FSMA if the Issuer has authorised the Offeror to make the offer to the Investor. Each Investor should therefore enquire whether the Offeror is so authorised by the Issuer. If the Offeror is not authorised by the Issuer, the Investor should check with the Offeror whether anyone is responsible for the Prospectus for the purposes of section 90 of FSMA in the context of the offer to the public, and, if so, who that person is. If the Investor is in any doubt about whether it can rely on the Prospectus and/or who is responsible for its contents it should take legal advice. **Where information relating to the terms of the relevant offer required pursuant to the Prospectus Directive (defined below) is not contained in this Prospectus or the relevant Final Terms, it will be the responsibility of the relevant Offeror at the time of such offer to provide the Investor with such information.** This does not affect any responsibility which the Issuer may otherwise have under applicable laws.

The Issuer will not be liable for, or otherwise obliged to pay, any tax, duty or other payment which may arise as a result of the ownership, transfer, exercise (in the case of Warrants), redemption (in the case of Redeemable Certificates) or enforcement of any Security by any person and all payments and/or deliveries made by the Issuer shall be made subject to any such tax, duty, withholding or other payment.

Application has been made to the Financial Services Authority in its capacity as competent authority (the “**UK Listing Authority**”) under FSMA for Securities issued under the Programme during the period of 12 months from the date of this Prospectus to be admitted to the Official List of the UK Listing Authority (the “**Official List**”) and to the London Stock Exchange plc (the “**London Stock Exchange**”) for such Securities to be admitted to trading on its Regulated Market (the “**Market**”). The Market is a regulated market for the purposes of Directive 2004/39/EC (the Markets in Financial Instruments Directive). The Programme provides that Securities may be listed and/or admitted to trading on such other or additional stock exchange(s) as may be agreed between the Issuer and the relevant Dealer(s). The Issuer may also issue unlisted Securities.

The Final Terms for an issue of Securities which are to be admitted to trading on a regulated market or offers which do not fall within Article 3.2 of the Prospectus Directive will be delivered to the UK Listing Authority and made available, free of charge, to the public at the registered office of the Issuer and at the offices of the relevant Dealer(s), if any, and Certificate and Warrant Agents.

Unless otherwise specified in the applicable Final Terms, Securities will be represented by a global security deposited with a common depository on behalf of Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”) and Euroclear Bank S.A./N.V. (“**Euroclear**”) on the date of issue of the relevant Securities. The Issuer may issue Securities which are clearable through clearing systems other than or in addition to Clearstream, Luxembourg and Euroclear as set out in the applicable Final Terms. Investors may also hold interests in the Securities through Euroclear UK & Ireland Limited (formerly known as CRESTCo Limited) (“**CREST**”) through the issuance of dematerialised depository interests (“**CREST Depository Interests**” or “**CDIs**”) issued, held, settled and transferred through CREST, representing interests in the relevant Securities underlying the CDIs (the “**Underlying Securities**”). CREST Depository Interests are independent securities constituted under English law and transferred through CREST and will be issued by CREST Depository Limited (the “**CREST Depository**”) pursuant to the global deed poll dated 25 June 2001 (as subsequently modified, supplemented and/or restated) (the “**CREST Deed Poll**”).

*Arranger*

**Lloyds TSB Bank Plc**

*Dealer*

**Lloyds TSB Bank Plc**

The date of this Prospectus is 6 June 2011.

**This Prospectus comprises a base prospectus for the purposes of Directive 2003/71/EC (the “Prospectus Directive”) and for the purpose of giving information with regard to the Bank and the Bank and its subsidiary and associated undertakings (the “Lloyds TSB Bank Group”) which is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Bank.**

**The Bank (the “Responsible Person”) accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Bank (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.**

**The previous paragraph should be read in conjunction with paragraph 7 on the first page of this Prospectus.**

**The applicable Final Terms will (if applicable) specify the nature of the responsibility taken by the Bank for the information relating to the underlying reference equities (or basket of equities), index (or basket of indices), currency (or basket of currencies), a commodity or commodity index (or basket of either) or other basis of reference (if any) (each a “Reference Item”) to which relevant Securities relate and which is contained in such Final Terms. However, unless otherwise expressly stated in the applicable Final Terms, any information contained therein relating to any Reference Item will only consist of extracts from, or summaries of, information contained in financial and other information released publicly by the issuer, owner or sponsor as the case may be, of any such Reference Item. Unless otherwise expressly stated in the applicable Final Terms, the Bank accepts responsibility for accurately reproducing such extracts or summaries (insofar as it is applicable) and, so far as the Bank is aware and is able to ascertain from information published by the issuer, owner or sponsor, as the case may be, of such Reference Item, no facts have been omitted which would render the reproduced information inaccurate or misleading.**

**The Securities and, in certain cases, the underlying assets or Asset Amount (as defined) have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the Securities Act). Securities may not at any time be offered, sold or delivered in the United States or to U.S. persons (as defined in Regulation S under the Securities Act), nor may any U.S. persons at any time trade or maintain a position in such Securities.**

**This Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see “Documents Incorporated by Reference”). No person is or has been authorised to give any information or to make any representation other than as contained in this Prospectus in its entirety in connection with the offering of the Securities and, if given or made, such information or representation must not be relied upon as having been authorised by the Bank or the Dealer or the Arranger (each as defined in “Summary of the Programme”). Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Bank or Lloyds TSB Bank Group (as defined) since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. Neither this Prospectus nor any other information supplied in connection with the Programme or any Securities (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation or constituting an invitation or offer by the Bank or the Dealer that any recipient of this Prospectus or any other information supplied in connection with the Programme or any Securities should purchase any Securities. Each prospective investor contemplating purchasing any Securities should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Bank. Neither this Prospectus nor any other information supplied in connection with the Programme or the issue of any Securities constitutes an offer of, or an invitation by or on behalf of, the Bank or the Dealer to any person to subscribe for or purchase, any Securities.**

**Warrants create options which are either exercisable by the relevant holder or which will be automatically exercised as provided herein. There is no obligation upon the Bank to pay any amount or deliver any asset to any holder of a Warrant unless the relevant holder duly exercises such Warrant or such Warrant is automatically exercised and, in each case, unless, in the case of Cash Settled Securities (as defined), Automatic Exercise: No delivery of Exercise Notice is specified as applying in the applicable Final Terms, an Exercise Notice (as defined) is duly delivered. Warrants will be exercised or will be exercisable in the manner set forth herein and in the applicable Final Terms (as defined). In order to receive payment of any amount or delivery of any asset due under a Security, the Warrantholder will unless, in the case of Cash Settled Securities, Automatic Exercise: No delivery of Exercise Notice is specified as applying in the applicable Final Terms, be required to deliver an**

Exercise Notice which includes, *inter alia*, a certification (in accordance with the provisions outlined in “*Terms and Conditions of the Securities*” below) that such Warrantholder is not a U.S. person or a person who has purchased such Warrant for resale to U.S. persons, that it is not exercising such Warrant within the United States or on behalf of a U.S. person and that no cash, securities or other property have been or will be delivered within the United States or to, or for the account or benefit of, a U.S. person in connection with the exercise thereof.

Redeemable Certificates shall be redeemed on the redemption date by payment of the Cash Settlement Amount (as defined) (in the case of Cash Settled Securities) and/or by delivery of the Asset Amount (in the case of Physical Delivery Securities (as defined)). In order to receive the Asset Amount, the holder of a Redeemable Certificate will be required to deliver an Asset Transfer Notice which includes, *inter alia*, a certification (in accordance with the provisions outlined in “*Terms and Conditions of the Securities*”) that such holder of a Redeemable Certificate is not a U.S. person or a person who has purchased such Redeemable Certificate for resale to U.S. persons, that it is not redeeming such Redeemable Certificate within the United States or on behalf of a U.S. person and that no cash, securities or other property have been or will be delivered within the United States or to, or for the account or benefit of, a U.S. person in connection with the redemption thereof.

The Bank may issue Securities to Lloyds TSB Bank plc in its capacity as dealer and/or any additional or other dealer of an issue of Securities from time to time (together the “Dealers” and each a “Dealer”). Securities not initially sold by a Dealer will be held by such Dealer or an affiliate or affiliates of such Dealer and may be retained or sold by such Dealer or such affiliate or affiliates from time to time in such amounts and at such prices as such Dealer or such affiliate or affiliates may determine. There is no obligation upon any Dealer to sell all of the Securities of any issue. No representation or warranty or other assurance is given as to the number of Securities of a Series (as defined under “*Terms and Conditions of the Securities*”) issued or outstanding at any time.

In relation to any issue of Securities, the Issuer may appoint a Dealer to offer such Securities in such country or countries and on such terms as may be specified in the applicable Final Terms. Each Dealer and its address in relation to any issue of Securities and all other relevant terms relating to the offer of such Securities will be set forth in the applicable Final Terms.

To the fullest extent permitted by law, no Dealer accepts any responsibility for the contents of this Prospectus or for any other statement made or purported to be made by a Dealer or on its behalf in connection with the Issuer or the issue and offering of the Securities. Each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Prospectus or any such statement.

Subject as provided in the applicable Final Terms, the only persons authorised to use this Prospectus in connection with an offer of Securities are the persons named in the applicable Final Terms as the relevant Dealer, as the case may be.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Securities shall at any time imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme or any Securities is correct as of any time subsequent to the date indicated in the document containing the same. No Dealer undertakes to review the financial condition or affairs of the Issuer during the life of the Programme. Investors should review, *inter alia*, the documents incorporated herein by reference when deciding whether or not to purchase any Securities.

The distribution of this Prospectus and the offering of Securities may be restricted by law in certain jurisdictions. Persons into whose possession this Prospectus comes are required by the Issuer and any Dealer to inform themselves about, and to observe, any such restrictions. For a description of certain further restrictions on offers and sales of the Securities and on the distribution of this Prospectus, see “*Offering and Sale*” beginning on page 201.

In connection with any issue of Securities or otherwise, the Issuer and/or any of its Affiliates (as defined under “*Terms and Conditions of the Securities*”) may acquire and/or maintain positions in the underlying asset(s) relating to such Securities but neither the Issuer nor any of its Affiliates will have any obligation to acquire or maintain any such position.

**In this Prospectus, references to U.S.\$ and U.S. dollars are to United States dollars, references to “EUR”, “€” and “Euro” are to euro and references to “Sterling” and “£” are to pounds sterling.**

## Certain Definitions

In this Prospectus, reference to:

- (i) **“Acquisition”** is to the acquisition by Lloyds TSB Group plc of 100 per cent. of the ordinary share capital of HBOS plc on 16 January 2009. Upon completion of the Acquisition, Lloyds TSB Group plc changed its name to Lloyds Banking Group plc. Accordingly, where in this Prospectus information is presented for dates prior to 16 January 2009, unless otherwise indicated, such information relates to Lloyds Banking Group prior to the Acquisition;
- (ii) **“BOS”** is to Bank of Scotland plc;
- (iii) **“Company”** is to Lloyds Banking Group plc;
- (iv) **“FSA”** is to the United Kingdom Financial Services Authority;
- (v) **“FSMA”** is to the Financial Services and Markets Act 2000;
- (vi) **“Group Reorganisation”** is to the transfer by Lloyds Banking Group plc of its holding in HBOS plc to Lloyds TSB Bank plc on 1 January 2010;
- (vii) **“HBOS”** or **“HBOS Group”** is to HBOS plc and its subsidiary and associated undertakings;
- (viii) **“Issuer”** is to the Bank;
- (ix) **“Lloyds Banking Group”**, **“Lloyds”** or the **“Group”** is to the Company and its subsidiary and associated undertakings;
- (x) **“Lloyds TSB Bank”** or **“Bank”** is to Lloyds TSB Bank plc;
- (xi) **“Lloyds TSB Bank Group”** is to the Bank and its subsidiary and associated undertakings; and
- (xii) **“Lloyds TSB Group”** is to the Company and its subsidiary and associated undertakings but excluding the HBOS Group.
- (xiii) **“RNS”** is to the Regulatory News Services, a news service provided by the London Stock Exchange.
- (xiv) **“UK”** is to the United Kingdom.

## TABLE OF CONTENTS

	<b>Page</b>
Forward Looking Statements.....	7
Documents Incorporated by Reference .....	8
Presentation of Financial Information .....	10
Summary of the Programme.....	11
Risk Factors .....	18
Form of Final Terms.....	47
Terms and Conditions of the Securities.....	77
Use of Proceeds .....	174
Lloyds Banking Group .....	175
CREST Depository Interests .....	193
Taxation.....	195
Offering and Sale.....	199
General Information .....	203

## FORWARD LOOKING STATEMENTS

Certain statements included herein may constitute forward looking statements with respect to the business, strategy and plans of the Bank, Lloyds TSB Bank Group or Lloyds Banking Group and their current goals and expectations relating to their future financial condition and performance. Statements that are not historical facts, including statements about the Bank's, Lloyds TSB Bank Group's or Lloyds Banking Group's or their respective directors' and/or management's beliefs and expectations, are forward looking statements. Words such as 'believes', 'anticipates', 'estimates', 'expects', 'intends', 'aims', 'potential', 'will', 'would', 'could', 'considered', 'likely', 'estimate' and variations of these words and similar future or conditional expressions are intended to identify forward looking statements but are not the exclusive means of identifying such statements. By their nature, forward looking statements involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future.

Examples of such forward looking statements include, but are not limited to, projections or expectations of the Bank's or Lloyds Banking Group's future financial position including profit attributable to shareholders, provisions, economic profit, dividends, capital structure, expenditures or any other financial items or ratios; statements of plans, objectives or goals of the Bank or Lloyds Banking Group or their respective management including in respect of the integration of HBOS and the achievement of certain synergy targets; statements about the future business and economic environments in the United Kingdom ("UK") and elsewhere including future trends in interest rates, foreign exchange rates, credit and equity market levels and demographic developments and any impact on the Bank, Lloyds TSB Bank Group or Lloyds Banking Group; statements about strategic goals, competition, regulation, disposals and consolidation or technological developments in the financial services industry; and statements of assumptions underlying such statements.

Factors that could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward looking statements made by the Bank or Lloyds Banking Group or on the Bank's or Lloyds Banking Group's behalf include, but are not limited to, the risks identified herein under "*Risk Factors*", as well as general economic conditions in the UK and internationally; inflation, deflation, interest rates, policies of the Bank of England and other G-8 central banks and interest rate, exchange rate, market and monetary fluctuations; changing demographic developments including mortality and changing customer behaviour including consumer spending, saving and borrowing habits, borrower credit quality, technological changes, natural and other disasters, adverse weather and similar contingencies outside the Bank's and Lloyds Banking Group's control; the ability to access sufficient funding to meet the Bank's and Lloyds Banking Group's liquidity needs; inadequate or failed internal or external processes, people and systems; terrorist acts and other acts of war or hostility and responses to those acts, geopolitical, pandemic or other such events; changes in laws, regulations, taxation, government policies, including those relating to share ownership, or accounting standards or practices, and similar contingencies outside the Bank's and Lloyds Banking Group's control; the ability to derive cost savings and other benefits as well as the ability to integrate successfully the Acquisition; requirements or limitations imposed on the Group as a result of HM Treasury's investment in the Group; the ability to complete satisfactorily the disposal of certain assets as part of the Group's EU State Aid Obligations; exposure to regulatory scrutiny, legal proceedings or complaints; changes in competition and pricing environments; the inability to hedge certain risks economically; the adequacy of loss reserves and the extent of any future impairment charges or write-downs caused by depressed asset valuations; the actions of competitors; the ability to secure new customers and develop more business from existing customers; the degree of borrower credit quality; the ability to achieve value-creating mergers and/or acquisitions at the appropriate time and prices and the success of the Bank or Lloyds Banking Group in managing the risks of the foregoing.

The Bank or Lloyds Banking Group may also make or disclose written and/or oral forward looking statements in reports filed with or furnished to the U.S. Securities and Exchange Commission, the Bank's and Lloyds Banking Group's annual reviews, half year announcements, proxy statements, offering circulars, prospectuses, press releases and other written materials and in oral statements made by the directors, officers or employees of the Bank or Lloyds Banking Group to third parties, including financial analysts. Except as required by law, the forward looking statements contained in this Prospectus are made as of the date hereof, and the Bank expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward looking statements contained in this Prospectus to reflect any change in the Bank or Lloyds Banking Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.



## DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the following documents:

### *Lloyds Banking Group plc financial statements:*

- (i) The audited consolidated financial statements of the Company for the financial year ended 31 December 2010, together with the audit report thereon, as set out on pages 146 to 270 and 144 to 145, respectively, of the Company's Annual Report and Accounts 2010 (the "**Company's 2010 Annual Report**"); and
- (ii) The audited consolidated annual financial statements of the Company for the financial year ended 31 December 2009, together with the audit report thereon, as set out on pages 127 to 248 and 126, respectively, of the Company's Annual Report and Accounts 2009.

### *Lloyds TSB Bank plc financial statements:*

- (i) The Bank's Annual Report and Accounts 2010 including the audited consolidated annual financial statements of the Bank for the financial year ended 31 December 2010, together with the audit report thereon, as set out on pages 12 to 129 and 10 to 11, respectively (the "**Bank's 2010 Annual Report**"); and
- (ii) The Bank's Annual Report and Accounts 2009, including the audited consolidated annual financial statements of the Bank for the financial year ended 31 December 2009, together with the audit report thereon, as set out on pages 10 to 106 and 9, respectively.

### *HBOS plc financial statements:*

HBOS plc's Annual Report and Accounts 2009, including the audited consolidated annual financial statements of HBOS plc for the financial year ended 31 December 2009, together with the audit report thereon, as set out on pages 12 to 116 and 10 to 11, respectively.

### *Other documents incorporated by reference:*

- (i) The following sections of the Company's 2010 Annual Report:
  - (a) the section entitled "*State funding and state aid*" as set out on pages 66 and 67 thereof;
  - (b) the portion of the risk governance section as set out on pages 67 to 73 under the headings "*Risk Governance (audited)*" and "*Principal Risks and Uncertainties*" together with Table 1.3 as set out on page 74 thereof;
  - (c) the section entitled "*Financial soundness*" as set out on pages 93 to 102 thereof; and
  - (d) the section entitled "*Corporate Governance*" as set out on pages 114 to 123 thereof.
- (ii) The announcement made by the Company via the RNS on 9 March 2011 entitled "*Lloyds Banking Group Announces Board and Management Team Changes*";
- (iii) The announcement made by the Company via the RNS on 1 March 2011 entitled "*Lloyds Banking Group moves ahead with Project Verde*", save for the last eight words of the first paragraph thereof; and
- (iv) The following sections of the Q1 2011 interim management statement of the Company (the "**Q1 2011 Interim Management Statement**") for the three months ended 31 March 2011 published on 5 May 2011:
  - (a) the sections entitled "*Significant further progress in reducing the Group's risk profile*" and "*Provision for Payment Protection Insurance contact and redress*" as set out on page 1 thereof;
  - (b) the sections entitled "*Q1 2011 performance – summary*" as set out on page 4 thereof, save for the final paragraph thereof;
  - (c) the section entitled "*Significant further progress in reducing the Group's risk profile*" as set out on page 4 thereof;

- (d) the section entitled “*Statutory results*” as set out on page 5 thereof;
- (e) the sections entitled “*Capital resources*” and “*Strong capital ratios*” as set out on page 13 thereof;
- (f) the section entitled “*Liquidity and funding*” on page 14 thereof, save for the fourth line of the table set out therein;
- (g) the section entitled “*A strengthened liquidity and funding position*” on page 14 thereof;
- (h) the sections entitled “*Integration costs*”, “*Volatility arising in insurance businesses*” and “*Taxation*” on page 15 thereof; and
- (i) the unaudited statutory consolidated income statement and the unaudited summary consolidated balance sheet of the Company as set out on pages 16 and 17 thereof,

all of which have been previously published and filed with the FSA and which shall be deemed to be incorporated in, and form part of, this Prospectus, save that any statement contained 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 herein 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. Any documents or information themselves incorporated by reference in, or cross-referred to in, the documents incorporated by reference in this Prospectus shall not form part of this Prospectus unless also separately incorporated by reference above.

The Bank will provide, without charge, to each person to whom a copy of this Prospectus has been delivered, upon the oral or written request of such person, a copy of any or all of the documents which are incorporated in whole or in part by reference herein. Written or oral requests for such documents should be directed to the Bank at its principal office set out at the end of this Prospectus.

The Bank will, in the event of any significant new factor, material mistake or inaccuracy relating to information included or incorporated by reference in this Prospectus which is capable of affecting the assessment of any Securities, prepare a supplement to this Prospectus (a “**Supplementary Prospectus**”) or publish a new prospectus for use in connection with any subsequent issue of Securities. The Bank has undertaken to the Dealers in the Dealer Agreement (as defined in “*Offering and Sale*”) that it will comply with section 87G of the FSMA.

## PRESENTATION OF FINANCIAL INFORMATION

In this Prospectus, references to the “**consolidated financial statements**” or “**financial statements**” are to Lloyds Banking Group’s consolidated financial statements included in the Company’s 2010 Annual Report unless indicated otherwise.

The consolidated financial statements of the Company, the Bank and HBOS incorporated by reference within the Prospectus have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) adopted by the European Union (“**EU**”).

## SUMMARY OF THE PROGRAMME

**This summary must be read as an introduction to this Prospectus and any decision to invest in the Securities 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 (an “EEA State”), no civil liability will attach to the Responsible Person in any such Member State solely on the basis of this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. Where a claim relating to the information contained in this Prospectus is brought before a court in an EEA State, the plaintiff may, under the national legislation of the EEA State where the claim is brought, be required to bear the costs of translating this Prospectus before the legal proceedings are initiated.**

Terms and expressions defined in the Conditions and the form of Final Terms shall have the same meaning in this Summary.

### Information relating to the Issuer

Issuer: Lloyds TSB Bank plc

Business: Lloyds TSB Bank plc (the “**Bank**” or “**Lloyds TSB Bank**”) was incorporated in England and Wales on 20 April 1865 (Registration number 2065). The Bank’s registered office is at 25 Gresham Street, London EC2V 7HN, telephone number 020 7626 1500. The Bank is a wholly owned subsidiary of Lloyds Banking Group plc (the “**Company**”). The Company and its subsidiary and associated undertakings are referred to as the “**Lloyds Banking Group**” or “**Lloyds**” or the “**Group**”.

The businesses of the Lloyds Banking Group are in or owned by the Bank. Lloyds Banking Group is a leading UK-based financial services group, providing a wide range of banking and financial services in the UK and a limited number of locations overseas to personal and corporate customers. Its main business activities are retail, commercial and corporate banking, general insurance, and life, pensions and investment provision.

Risk Factors:

### Risks Relating to the Group

- Relating to the shareholding of The Commissioners of Her Majesty’s Treasury.
- Arising from certain undertakings provided to Her Majesty’s Treasury in relation to the operation of the Group’s business.
- Associated with state aid obligations.
- Arising from general and sector specific economic conditions in the UK and other markets and further adverse economic developments, including credit rating downgrades of sovereigns.
- Of material negative changes to the estimated fair values of financial assets of the Group.
- Of failing to realise benefits from, and incurring unanticipated costs associated with, the Acquisition.
- Relating to borrower and counterparty credit quality.
- Relating to concentrations of credit and market risk.

- Concerning the Group's access to liquidity and sources of funding.
- Relating to the Group's insurance businesses and employee pension schemes.
- Associated with reform of the structure and regulation of the UK banking system.
- Relating to adverse regulatory developments or changes in UK Government or EU policy.
- Associated with the Banking Act 2009.
- Relating to competition and related issues, including the Independent Commission on Banking.
- Associated with changes in taxation rates, accounting policy, law or interpretation of the law.
- That the Group could fail to attract or retain senior management or other key employees.
- Of assumptions and estimates on which the Group's financial statements are based being wrong.

#### **Risks relating to Securities**

Securities may involve a high degree of risk.

There are certain material factors for the purpose of assessing the market risks associated with investing in any issue of Securities, which include, without limitation, the fact that: Securities are unsecured obligations of the Bank; there may be a time lag between valuation and settlement in relation to a Security; there may be potential conflicts of interest; market disruptions or other events may occur in respect of the particular Reference Item(s) (if any) to which the amounts payable and/or deliverable in respect of the relevant Securities may relate, as specified in the applicable Final Terms; there may be taxation risks; there may be a substitution of the Bank; there may be illiquidity of the Securities in the secondary market; there may be the risk that performance of the Bank's obligations under the Securities may become illegal; there may be exchange rate risks and exchange controls; and the market value of the Securities may be affected by the creditworthiness of the Bank or the Group and a number of additional factors.

In addition, prospective investors in Reference Item Linked Securities (as defined under "*Risks related to the Reference Item*" in "*Risk Factors*") should understand the risks of transactions involving such Securities and should reach an investment decision only after careful consideration, with their advisers, of the suitability of such Securities in light of their particular financial circumstances, the information set forth herein and the information regarding such Securities and the particular Reference Item(s) to which the value of, or payments in respect of, the relevant Securities may relate, as specified in the applicable Final Terms.

Investors who hold through the clearing system operated by Euroclear UK and Ireland Limited (“CREST”) through the issuance of CREST Depository Interests (“CDIs”) (“CDI Holders”) hold or have an interest in a separate legal instrument, will have only indirect interests in the Underlying Securities and will be subject to external provisions.

Where the applicable Final Terms specify one or more Reference Items, the relevant Securities will represent an investment linked to the performance of such Reference Item(s) and prospective investors should note that the return (if any) on their investment in the Securities will depend upon the performance of the relevant Reference Item(s).

PROSPECTIVE INVESTORS MUST REVIEW THE APPLICABLE FINAL TERMS TO DETERMINE THE RELEVANT REFERENCE ITEM(S) (IF ANY) AND TO SEE HOW THE CASH SETTLEMENT AMOUNT OR ASSET AMOUNT, AND ANY PERIODIC PAYMENTS, ARE DETERMINED AND WHEN ANY SUCH AMOUNTS ARE PAYABLE AND/OR DELIVERABLE BEFORE MAKING ANY DECISION TO PURCHASE ANY REFERENCE ITEM LINKED SECURITIES.

#### **Information relating to the Programme**

Description:	Certificate and Warrant Programme
Arranger:	Lloyds TSB Bank plc
Principal Certificate and Warrant Agent:	Citibank N.A., London Branch
Calculation Agent:	Citibank N.A., London Branch or such other calculation agent specified in the applicable Final Terms.
Currencies:	Sterling, Euro, U.S. dollars, or any other currenc(y)(ies), subject to any applicable legal or regulatory restrictions and/or central bank requirements.
Type of Securities:	<p>The Issuer may from time to time issue Redeemable Certificates or Warrants (together “<b>Securities</b>”) of any kind, including but not limited to Index Securities, Equity Securities, Currency Securities, Commodity Securities, Credit Securities and General Securities.</p> <p>Warrants may either be European Style Warrants or American Style Warrants or as specified in the applicable Final Terms.</p>
Settlement:	<p>The Securities may be cash settled or physically settled.</p> <p>The Cash Settlement Amount in respect of Cash Settled Securities which are Reference Item Linked Securities will be calculated by reference to a single index (including a commodity index), equity, currency, commodity or basket of any such type of reference item (or a combination of any of them).</p> <p>The Asset Amount in respect of Physical Delivery Securities will be a specified amount of reference items, as applicable, subject, in</p>

the case of Warrants, to payment of the relevant Exercise Price and, in all cases, any other sums payable.

Fixed Rate Securities:

Fixed interest will be payable in arrear on the date(s) in each year specified in the relevant Final Terms at the rate specified in the relevant Final Terms.

Floating Rate Securities:

Floating Rate Securities will bear interest as follows (and/or as specified in the relevant Final Terms):

- 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 2006 ISDA Definitions (as amended and supplemented) published by the International Swaps and Derivatives Association, Inc; or
- by reference to LIBOR, EURIBOR or such other benchmark as may be specified in the relevant Final Terms as adjusted for any applicable margin.

Index Securities:

The Issuer may from time to time issue Index Interest Securities or Index Redemption Securities (together, “**Index Securities**”).

Payments of interest in respect of Index Interest Securities will be calculated by reference to a single index or basket of indices and/or such formula as specified in the relevant Final Terms.

Payments of principal in respect of Index Redemption Securities will be calculated by reference to a single index or basket of indices.

If an Index Adjustment Event occurs, the Securities may be subject to adjustment or the Bank may redeem the Securities.

Equity Securities:

The Issuer may from time to time issue Equity Interest Securities or Equity Redemption Securities (together, “**Equity Securities**”).

Payments of interest in respect of Equity Interest Securities will be calculated by reference to a single equity security or basket of equity securities on such terms as specified in the relevant Final Terms.

Payments of principal in respect of Equity Redemption Securities will be calculated by reference to a single equity security or basket of equity securities.

If any of Potential Adjustment Events, De-listing, Merger Event, Nationalisation, Insolvency and/or Tender Offer are specified as applying in the relevant Final Terms, the Securities will be subject to adjustment or may be redeemed in the event of certain corporate events occurring in respect of the Equity Issuer(s) specified in the relevant Final Terms.

Currency Securities:

The Issuer may from time to time issue Currency Interest Securities or Currency Redemption Securities (together, “**Currency Securities**”).

Payments of interest in respect of Currency Interest Securities will be calculated by reference to a single currency, a basket of currencies and/or such formula as specified in the relevant Final Terms.

Payments of principal in respect of Currency Redemption Securities will be calculated by reference to a single currency, a basket of currencies and/or such formula as specified in the relevant Final Terms.

If a disruption occurs to obtaining the applicable exchange rate(s) of a currency, the Securities may be subject to adjustment or if Rebasing is applicable and there is a disruption to obtaining the applicable foreign exchange rate(s), the Securities may be subject to adjustment or the Bank may redeem the Securities.

Commodity Securities:

The Issuer may from time to time issue Commodity Interest Securities or Commodity Redemption Securities (together, “**Commodity Securities**”).

Payments of interest in respect of Commodity Interest Securities will be calculated by reference to a single commodity, a single commodity index or basket of commodities and/or indices and/or such formula as specified in the relevant Final Terms.

Payments of principal in respect of Commodity Redemption Securities will be calculated by reference to a single commodity, a single commodity index or basket of commodities and/or indices and/or such formula as specified in the relevant Final Terms.

If a disruption occurs to the pricing of a commodity or a disruption occurs to a Commodity Index, the Securities may be subject to adjustment or the Bank may redeem the Securities.

Credit Securities:

Securities with respect to which payment of principal and/or interest is linked to the credit of a specified entity or entities will be issued on such terms as specified in the relevant Final Terms.

Other provisions relating to Floating Rate Securities, Equity Interest Securities, Index Interest Securities, Currency Interest Securities and Commodity Interest Securities:

Floating Rate Securities, Equity Interest Securities, Index Interest Securities, Currency Interest Securities and Commodity Interest Securities may also have a maximum interest rate and/or a minimum interest rate.

Additional Disruption Event:

Upon the occurrence of an Additional Disruption Event, if so specified in the relevant Final Terms, the Securities will be subject to adjustment or may be redeemed.

Issue Price:

Securities will be issued at such price specified in the applicable Final Terms (if any).

Redeemable Certificates:

Redeemable Certificates will be redeemed on the relevant Redemption Date either by payment of the Cash Settlement Amount or by delivery of the Asset Amount as set out in the applicable Final Terms.



Warrants:  
Exercise Rights:

European Style Warrants are only exercisable on the Exercise Date.

European Style Warrants where Automatic Exercise is not specified in the applicable Final Terms, with respect to which no Exercise Notice has been delivered in the manner set out in Condition 6 at or prior to the relevant Clearing System Cut-off Time, on the Actual Exercise Date, shall become void.

European Style Warrants where Automatic Exercise is specified in the applicable Final Terms, with respect to which no Exercise Notice has been delivered in the manner set out in Condition 6 at or prior to the relevant Clearing System Cut-off Time, shall be automatically exercised on the Actual Exercise Date.

American Style Warrants are exercisable on any Business Day during the Exercise Period.

American Style Warrants where Automatic Exercise is not specified in the applicable Final Terms, with respect to which no Exercise Notice has been delivered in the manner set out in Condition 6 at or prior to the relevant Clearing System Cut-off Time, on the Expiration Date, shall become void.

American Style Warrants where Automatic Exercise is specified in the applicable Final Terms, with respect to which no Exercise Notice has been delivered in the manner set out in Condition 6 at or prior to the relevant Clearing System Cut-off Time, on the Expiration Date, shall be automatically exercised on the Expiration Date.

In relation to European Style Warrants or American Style Warrants where Automatic Exercise is specified in the applicable Final Terms, such Final Terms will also specify whether either (i) Automatic Exercise: Exercise Notice by Cut-off Date applies and, if it does, an Exercise Notice will need to be delivered in the manner set out in Condition 6 by the Cut-off Date in order to receive the Cash Settlement Amount or the Asset Amount, as the case may be; or (ii) in relation to Cash Settled Securities only, Automatic Exercise: No delivery of Exercise Notice applies and, if it does, no Exercise Notice will need to be delivered.

Form of Securities:

Unless otherwise specified in the applicable Final Terms, each issue of Securities will be represented by a Global Security.

In respect of CDIs, to the extent applicable, CDI Holders will hold CDIs constituted and issued by the CREST Depository and representing indirect interests in the Securities. The CDIs will be issued and settled through CREST. Neither the Securities nor any rights thereto will be issued, held, transferred or settled within the CREST system otherwise than through the issue, holding, transfer and settlement of CDIs.

CDIs Holders will not be entitled to deal directly in the Securities and accordingly all dealings in the Securities will be effected through CREST in relation to the holding of CDIs.

Clearing Systems:	Unless otherwise specified in the applicable Final Terms, Clearstream, Luxembourg and Euroclear. The Issuer may, if so specified in the applicable Final Terms, issue Securities which are clearable through clearing systems other than or in addition to Clearstream, Luxembourg and Euroclear. With respect to CDIs, to the extent applicable, CREST.
Expenses and Taxes:	<p>A holder of Securities must pay or discharge all Expenses relating to such Securities.</p> <p>The Issuer shall not be liable for, or otherwise be obliged to pay, any tax, duty or other payment which may arise as a result of the ownership, transfer, exercise (in the case of Warrants), redemption (in the case of Redeemable Certificates) or enforcement of any Security by any person and all payments and/or deliveries made by the Issuer shall be made subject to any such tax, duty, withholding or other payment.</p>
Status:	The Securities constitute unsecured and unsubordinated obligations of the Issuer.
Listing and admission to trading:	<p>Application may be made to admit any Securities issued to the Official List and to admit them to trading on the Market.</p> <p>Securities may be listed or admitted to trading, as the case may be, on other or additional stock exchanges or markets as specified in the applicable Final Terms. Securities which are neither listed nor admitted to trading on any market may also be issued.</p>
Ratings:	Securities issued under the Programme will be rated or unrated. Where an issue of Securities is to be rated, such rating will not necessarily be the same as the rating assigned to Securities already issued. Whether or not a rating in relation to any Securities will be treated as having been issued by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009 on credit rating agencies will be disclosed in the relevant Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Governing Law:	English.
Selling Restrictions:	See “ <i>Offering and Sale</i> ” below.

## RISK FACTORS

*The Bank believes that the following factors may affect its ability to fulfil its obligations under Securities issued under the Programme. All of these factors are contingencies which may or may not occur and the Bank is not in a position to express a view on the likelihood of any such contingency occurring.*

*Factors which the Bank believes may be material for the purpose of assessing the market risks associated with Securities issued under the Programme are also described below.*

*The Bank believes that the factors described below represent the principal risks inherent in investing in Securities issued under the Programme, but the inability of the Bank to pay interest, principal or other amounts on or in connection with any Securities may occur for other reasons and the Bank does not represent that the statements below regarding the risks of holding any Securities are exhaustive. Prospective investors should consider carefully the risks and uncertainties described below, together with all other information contained in this Prospectus and the information incorporated by reference herein before making any investment decision.*

*Terms defined in the Conditions and the form of Final Terms shall have the same meaning in these Risk Factors.*

### RISK FACTORS RELATED TO THE GROUP

#### Government Related Risks

***The Commissioners of Her Majesty's Treasury ("HM Treasury") is the largest shareholder of the Company. Through its shareholding in, and other relationships with, the Company, HM Treasury is in a position to exert significant influence over the Group and its business.***

HM Treasury holds approximately 40.6 per cent. of the ordinary share capital of the Company. In the longer term, it is possible that the shareholding of HM Treasury may be diluted upon any further equity capital raising or potential conversion of the Company's enhanced capital notes (the "**Enhanced Capital Notes**" or "**ECNs**") into ordinary shares pursuant to their terms, although, in such case, it is expected that HM Treasury would remain a significant shareholder in the Company. In the longer term, it is also possible that the Group may seek to raise further capital or to obtain other support from the UK Government, which could result in an increase in HM Treasury's shareholding in the Company.

No formal relationship agreement has been concluded between the Group and the UK Government in respect of its shareholding in the Company and no express measures are in place to limit the level of influence which may be exercised by HM Treasury. However, the relationship falls within the scope of the revised framework document between HM Treasury and UK Financial Investments Limited ("**UKFI**") published on 1 October 2010, which states that UKFI will manage the UK financial institutions in which HM Treasury holds an interest 'on a commercial basis and will not intervene in day-to-day management decisions of the Investee Companies (as defined herein) (including with respect to individual lending or remuneration decisions)'. The framework document also makes it clear that such UK financial institutions will continue to be separate economic units with independent powers of decision. Nevertheless, there is a risk that HM Treasury might seek to exert influence over the Group in relation to matters including, for example, commercial and consumer lending policies and management of the Group's assets and/or business. There is also a risk of the existing framework document between HM Treasury and UKFI being replaced or amended, leading to interference in the operations of the Group, although there has been no indication that the UK Government intends to change the existing operating arrangements.

There is also a risk that, through the interest of HM Treasury in the Company, the UK Government and HM Treasury may attempt to influence the Group in other ways that would have a material adverse effect on the Group's business, including, for example, through the election of directors, the appointment of senior management at the Company, staff remuneration policies, lending policies and commitments and management of the Group's business (in particular, the management of the Group's assets such as its existing retail and corporate loan portfolios, significant corporate transactions and the issue of new ordinary shares). Moreover, HM Treasury also has interests in other UK financial institutions, as well as an interest in the general health of the UK banking industry and the wider UK economy. The pursuit of those interests may not always be aligned with the commercial interests of the Group.

***The Group is subject to European state aid obligations following the approval of its restructuring plan. The implementation of this restructuring plan may have consequences that are materially adverse to the interests of the***

***Group. Moreover, should the Group require additional state aid in the future, further restructuring measures could be required and these may be materially adverse to the interests of the Group.***

On 18 November 2009 the European Commission approved a restructuring plan (the “**Restructuring Plan**”) that the Group was required to submit as a result of HM Treasury’s investment in the Company in the context of the placing and open offer in November 2008. The principal elements of the plan address competition distortions from the state aid that the Group has received, including HM Treasury’s subsequent participation in the Company’s placing and compensatory open offer in June 2009 and the rights issue in November 2009 (the “**Rights Issue**”), as well as measures to ensure the Group’s future as a stable bank and to address any commercial benefit received by the Group following its announcement in March 2009 of its then intention to participate in the Government Asset Protection Scheme (“**GAPS**”). The approval also covered the Group’s participation in HM Treasury’s credit guarantee scheme (the “**Credit Guarantee Scheme**”) from October 2008 up to June 2010. In the deed of withdrawal from GAPS in November 2009 (the “**GAPS Withdrawal Deed**”) the Company agreed with HM Treasury to comply with the terms of the European Commission’s decision.

The Group is subject to a variety of risks as a result of implementing the Restructuring Plan. There can be no assurance that the price that the Group receives for any assets disposed of in accordance with the Restructuring Plan will be at a level which the Group considers adequate or which it could obtain if the Group was not disposing of such assets in accordance with the Restructuring Plan. In particular, should the Group fail to complete the disposal of the retail banking business that it is required to divest by the end of November 2013, a divestiture trustee will be appointed to conduct the sale, with a mandate to complete the disposal with no minimum price (including at a negative price). As a direct consequence of implementing the Restructuring Plan, the Group will lose existing customers, deposits and other assets (and may also lose additional customers, deposits and other assets indirectly through damage to the rest of the Group’s business as a result of implementing the Restructuring Plan). It may also lose the potential for realising additional associated revenues and margins that it otherwise might have achieved in the absence of such disposals. Moreover implementation may result in disruption to the retained businesses, impacting customers and necessitating potentially significant separation costs. Implementation may also have a negative impact on the Group’s competitive position, including through the emergence of new competitors.

Should the Group require further state aid that was not covered in the European Commission’s approval decision of 18 November 2009, the Group may have to commit to further restructuring measures, which could be materially adverse to the interests of the Group.

For more detail on the principal elements of the restructuring plan and associated timescales see “Business review – Risk management – State funding and state aid” in the Company’s 2010 Annual Report as set out on pages 66 to 67 therein which is incorporated by reference into this Prospectus.

***The Group has agreed to undertakings with HM Treasury in relation to the operation of its business. The Group has also agreed to certain other commitments in the GAPS Withdrawal Deed, and subsequently. These undertakings and commitments could have a material adverse effect on the Group’s results of operations, financial condition and prospects and limit operational flexibilities.***

In connection with HM Treasury’s participation in the placing and open offers in November 2008 and June 2009, the Group’s participation in the Credit Guarantee Scheme and its then proposed participation in GAPS, the Group provided undertakings aimed at ensuring that the acquisition by HM Treasury of the Group’s shares and the participation of the Group in the UK Government funding scheme was consistent with the then current European state aid clearance. These undertakings included (i) supporting UK Government policy in relation to mortgage lending and lending to businesses through to the end of February 2011; (ii) regulating the remuneration of management and other employees; and (iii) regulating the rate of growth of the Group’s balance sheet.

The formal lending commitments described above have now expired. In February 2011, the Group (together with Barclays, HSBC, RBS and Santander) announced, as a part of the ‘Project Merlin’ agreement with HM Treasury, its capacity and willingness to increase its gross business lending (including to small and medium-sized enterprises) during the 2011 calendar year. At the same time, the Group (together with Barclays, HSBC and RBS) announced its intentions in relation to a number of other areas, including its continuing support for the recommendations of the BBA Business Finance Taskforce, certain aspects of remuneration policy and its support for the proposed Business Growth Fund and Big Society Bank.

The 'Project Merlin' agreement is not a formal contract between the Group and HM Treasury. However, there is a risk that current or future requirements introduced by HM Treasury could have a materially adverse effect on the operations of the Group.

## **Business and Economic Risks**

***The Group's businesses are subject to inherent risks arising from general and sector-specific economic conditions in the UK and other markets in which it operates. Adverse developments, particularly in the UK, could cause the Group's earnings and profitability to decline.***

The Group's businesses are subject to inherent risks arising from general and sector-specific economic conditions in the markets in which it operates, particularly the United Kingdom, in which the Group's earnings are predominantly generated. Any significant deterioration in the UK and/or other economies in which the Group operates could have a material adverse impact on the future results of operations of the Group. Additionally, the profitability of the Group's businesses could be affected by increased insurance and other claims arising from market factors such as increased unemployment, which may continue even following the return to economic growth in certain parts of the markets in which the Group operates. Significantly higher unemployment in the UK and elsewhere, reduced corporate profitability, reduced personal non-salary income levels, increased personal and corporate insolvency rates, increased tenant defaults and/or increased interest rates may reduce borrowers' ability to repay loans and may cause prices of residential or commercial real estate or other asset prices to fall further, thereby reducing the collateral value on many of the Group's loans. These, in turn, would cause increased impairments. The Group has significant exposures, particularly by way of loans, in a number of overseas jurisdictions, notably the Republic of Ireland, Spain, Australia and the United States, and is therefore subject to a variety of risks relating to the performance of those economies as well.

Any downgrade of the UK sovereign credit rating or the credit rating of any other country in which the Group has significant exposures or the perception that such a downgrade may occur may severely destabilise the markets and the UK economy and have a material adverse effect on the Group's operating results, financial condition and prospects. This might also include impact on the Group's own credit ratings, borrowing costs and ability to fund itself. These risks are exacerbated by concerns over the levels of the public debt of, and the weakness of the economies in, Italy, the Republic of Ireland, Greece, Portugal, and Spain in particular. Further instability in these countries or others might lead to contagion, which may have a material adverse effect on the Group's operating results, financial condition and prospects.

The exact nature and extent of these risks is difficult to predict and protect against in view of (i) the severity of the recent global financial crisis, (ii) difficulties in predicting whether any recovery will be sustained and at what rate, and (iii) the fact that many of the risks related to the business are totally, or in part, outside the control of the Group.

***The Group's businesses are inherently subject to the risk of market fluctuations, which could materially adversely affect its results of operations, financial condition and prospects.***

The Group's businesses are inherently subject to risks in financial markets and in the wider economy, including changes in, and increased volatility of, interest rates, inflation rates, credit spreads, foreign exchange rates, commodity, equity, bond and property prices and the risk that its customers act in a manner which is inconsistent with business, pricing and hedging assumptions.

Market movements will continue to have a significant impact on the Group in a number of key areas. For example, adverse market movements have had and would have an adverse effect, which could be material, upon the financial condition of the pension schemes of the Group. Banking and trading activities that are undertaken by the Group are subject to interest rate risk, foreign exchange risk, inflation risk and credit spread risk. For example, changes in interest rate levels, interbank margins over official rates, yield curves and spreads affect the interest rate margin realised between lending and borrowing costs. The potential for future volatility and margin changes remains. Competitive pressures on fixed rates or product terms in existing loans and deposits sometimes restrict the Group in its ability to change interest rates applying to customers in response to changes in official and wholesale market rates.

The insurance businesses of the Group face market risk arising, for example, from equity, bond and property markets in a number of ways depending upon the product and associated contract; for example, the annual management charges received in respect of investment and insurance contracts fluctuate, as do the values of the contracts, in line with the markets. Some of these risks are borne directly by the customer and some are borne by the insurance businesses. Some insurance contracts involve guarantees and options that increase in value in adverse investment markets. There is a risk that the insurance businesses will bear some of the cost of such guarantees and options. The insurance businesses also

have capital directly invested in the markets that are exposed to market risk. The performance of the investment markets will thus have a direct impact upon the embedded value of insurance and investment contracts and the Group's operating results, financial condition and prospects. Adverse market conditions affect investor confidence, which in turn can result in lower sales and/or reduced persistency.

Changes in foreign exchange rates affect the value of assets and liabilities denominated in foreign currencies. Such changes and the degree of volatility with respect thereto may affect earnings reported by the Group. In the Group's international businesses, earnings and net assets are denominated in local currencies, which will fluctuate with exchange rates in pounds sterling terms. It is difficult to predict with any accuracy changes in market conditions, and such changes may have a material adverse effect on the Group's operating results, financial condition and prospects.

***The Group's businesses are conducted in highly competitive environments and the Group's financial performance depends upon management's ability to respond effectively to competitive pressures.***

The markets for UK financial services, and the other markets within which the Group operates, are highly competitive, and management expects such competition to intensify in response to competitor behaviour, consumer demand, technological changes, and the impact of consolidation, regulatory actions and other factors. The Group's financial performance and its ability to capture additional market share depends significantly upon the competitive environment and management's response thereto. Intervention by the UK Government and/or European bodies and/or governments of other countries in which the Group operates may impact the competitive position of the Group relative to its international competitors, which may be subject to different forms of government intervention, thus potentially putting the Group at a competitive disadvantage. Additionally, one effect of implementing the Restructuring Plan may be the emergence of one or more new viable competitors in the UK banking market or a material strengthening of one or more of the Group's existing competitors in that market. Any of these factors or a combination thereof could result in a significant reduction in the profit of the Group.

***Market conditions have resulted, and are expected to result in the future, in material changes to the estimated fair values of financial assets of the Group. Negative fair value adjustments have had, and may continue to have in the future, a further material adverse effect on the Group's results of operations, financial condition and prospects.***

The Group has material exposures to securities and other investments, including asset-backed securities, structured investments and private equity investments that are recorded by the Group at fair value. These have been and may be subject to further negative fair value adjustments, particularly in view of unsettled market conditions and the fragility of the economic recovery. Although the Board of Directors of the Company (the "Board") believes that overall impairment charges for the Group have peaked, asset valuations in future periods, reflecting prevailing market conditions, may result in further negative changes in the fair values of the Group's financial assets and these may also translate into increased impairment charges. In addition, the value ultimately realised by the Group for its securities and other investments may be lower than their current fair value. Any of these factors could require the Group to record further negative fair value adjustments, which may have a material adverse effect on its operating results, financial condition or prospects.

The Group has made asset redesignations as permitted by amendments to IAS 39 ("Financial Instruments: Recognition and Measurement"). The effect of such redesignations has been, and would be, that any effect on the income statement of movements in the fair value of such redesignated assets that have occurred since 1 July 2008, in the case of assets redesignated prior to 1 November 2008, or may occur in the future, may not be recognised until such time as the assets become impaired or are disposed of.

In addition, in circumstances where fair values are determined using financial valuation models, the Group's valuation methodologies may require it to make assumptions, judgements and estimates in order to establish fair value. These valuation models are complex and the assumptions used are difficult to make and are inherently uncertain, particularly in light of the uncertainty as to the strength of any global recovery and continuing downside risks, and any consequential impairments or write-downs could have a material adverse effect on the Group's operating results, financial condition and prospects.

***The Group may fail to realise the benefits anticipated from, or may incur unanticipated costs or other risks associated with, the Acquisition. As a consequence, the Group's results of operations, financial condition and prospects may suffer.***

The continued integration of the HBOS Group into the Group is complex, expensive and presents a number of challenges for both the heritage Lloyds TSB Group and the HBOS Group. The Group believes that it will achieve its

reported anticipated cost synergies as well as other operating efficiencies and business growth opportunities, revenue benefits and other benefits from the Acquisition. However, such benefits may not develop, may be delayed, or those which may be achieved may be materially different from those which have been estimated. To the extent that the Group incurs higher integration costs or achieves lower revenue benefits or fewer cost savings than expected, its operating results, financial condition and prospects may suffer.

The Group may also face a number of other risks with respect to the Acquisition including losing key employees, failure to unify financial reporting and internal control procedures, diversion of management attention from ongoing business concerns and risks relating to possible differences between the two heritages' business cultures, risk management, compliance systems and processes, controls, procedures, systems, accounting practices and implementation of accounting standards.

Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that either the Issuer or the Group will be unable to comply with its obligations as a company with securities admitted to the Official List or as a supervised firm regulated by the Financial Services Authority.

### **Credit related risks**

***The Group's businesses are subject to inherent risks concerning borrower and counterparty credit quality which have affected and are expected to continue to affect the recoverability and value of assets on the Group's balance sheet.***

The Group has exposures to many different products and counterparties, and the credit quality of its exposures can have a significant impact on its earnings. Adverse changes in the credit quality of the Group's UK and/or international borrowers and counterparties, or in their behaviour or businesses, may reduce the value of the Group's assets, and materially increase the Group's write-downs and allowances for impairment losses. Credit risk can be affected by a range of factors, including increased unemployment, reduced asset values, increased personal or corporate insolvency levels, reduced corporate profits, increased interest rates or higher tenant defaults.

All lending is dependent on the Group's assessment of the customers' ability to repay and there is an inherent risk that the Group has incorrectly assessed the credit quality or willingness to pay of borrowers, possibly as a result of incomplete or inaccurate disclosure by those borrowers.

The Group estimates and establishes reserves for credit risks and potential credit losses inherent in its credit exposure. This process, which is critical to its results and financial condition, requires difficult, subjective and complex judgements, including forecasts of how these economic conditions might impair the ability of its borrowers to repay their loans. As is the case with any such assessments, there is always a risk that the Group will fail to identify the proper factors or that it will fail to estimate accurately the impact of factors that it identifies.

If contagion from the Irish government 2010 bail-out spreads to other Eurozone economies, or the UK government austerity measures and public spending cuts result in the UK economic recovery slowing or faltering, the Group's lending portfolios could generate substantial impairment losses which could materially affect its operations, financial condition and prospects. At present, default rates are cushioned by low rates of interest which have improved customer affordability, but the risk remains of increased default rates as interest rates start to rise.

Although the Board believes that overall impairments for the Group have peaked, the risk remains that further material impairments in the Group's portfolios could emerge, particularly in the event of any further significant deterioration in the economic environment. The performance of some of the Group's exposures might deteriorate further even in the absence of further economic decline, particularly in the Republic of Ireland, where impairment charges recorded by the Group increased significantly in 2010. The Irish government's 2010 bail-out measures have added to political and economic instability in the Republic of Ireland. Any unforeseen material further impairments could have a significant adverse effect on the Group's operations, financial condition and prospects.

***Concentration of credit and market risk could increase the potential for significant losses.***

The Group has exposure to concentration risk where its business activities focus particularly on a similar type of customer, product, industrial sector or geographic location, including the UK market.

As a result of the Acquisition, the composition of the Group's wholesale portfolio materially changed, with much larger sectoral concentrations (for example in real estate, leveraged lending, asset-backed securities and floating rate notes

issued by financial institutions) and substantially greater overseas exposures, particularly in the Republic of Ireland, Australia and the U.S.

The Acquisition has, in some cases, increased the Group's exposure to concentration risk, since the combination of the two portfolios inevitably gave rise to some greater concentrations than would otherwise have been permitted. Market conditions at present mean that it is difficult to achieve the required level of sales to ameliorate these concentrations.

The Group has significant property exposure, meaning that further decreases in residential or commercial property values and/or further tenant defaults are likely to lead to higher impairment charges, which could materially affect its operations, financial condition and prospects. HBOS had material exposure to the commercial real estate sector, including hotels and residential property developers, which has been particularly adversely affected by the recessionary environment. These concentrations in cyclically weak sectors, as well as exposure at various levels of the capital structure, mean that the heritage HBOS wholesale business is exposed to high and volatile levels of impairments.

The Group's corporate lending portfolio also contains substantial exposure to mid-sized and private companies, leveraged finance and subordinated loans. These concentrations in cyclically weak sectors, coupled with a heritage HBOS strategy of supporting UK entrepreneurs and taking exposure at various levels of the capital structure, continue to give rise to significant single name and risk capital exposure.

The heritage HBOS portfolio in the Republic of Ireland is heavily exposed to the commercial and residential real estate sectors, which have been negatively impacted by the economic recession, whilst the portfolio in Australia has material exposure to real estate and leveraged lending. In the United States there are notable exposures to sectors such as gaming and real estate, which are cyclically weak and have been negatively impacted by the economic recession. As in the UK, the heritage HBOS portfolio overseas is also particularly exposed to a small number of long-term customer relationships and these single name concentrations place the Group at risk of loss should default occur.

The Group's efforts to diversify or hedge its credit portfolio against concentration risks may not be successful and any concentration of credit risk could increase the potential for significant losses in its credit portfolio. In addition, any disruption in the liquidity or transparency of the financial markets may result in the Group's inability to sell or syndicate securities, loans or other instruments or positions held, thereby leading to increased concentrations of such positions. These concentrations could expose the Group to losses if the mark-to-market value of the securities, loans or other instruments or positions declines causing the Group to take write-downs. Moreover, the inability to reduce the Group's positions not only increases the market and credit risks associated with such positions, but also increases the level of risk-weighted assets on the Group's balance sheet, thereby increasing its capital requirements and funding costs, all of which could adversely affect the Group's operating results, financial condition and prospects.

***The Group may be forced to record further credit valuation adjustments on securities insured or guaranteed by such parties, which could have a material adverse effect on the Group's results of operations, financial condition and prospects.***

The Group has credit exposure to market counterparties through securities insured or guaranteed by such parties and credit protection bought from such parties with respect to certain over-the-counter derivative contracts, mainly credit default swaps ("CDSs") which are recorded at fair value. The fair value of these CDSs and other securities, and the Group's exposure to the risk of default by the underlying counterparties, depend on the valuation and the perceived credit risk of the instrument insured or guaranteed or against which protection has been bought. Market counterparties have been adversely affected by their exposure to residential mortgage-linked products, and their perceived creditworthiness has deteriorated significantly since 2007. Although the Group seeks to limit and manage direct exposure to market counterparties, indirect exposure may exist through other financial arrangements and counterparties. If the financial condition of market counterparties or their perceived creditworthiness deteriorates further, the Group may record further credit valuation adjustments on the underlying instruments insured by such parties. Any primary or indirect exposure to the financial condition or creditworthiness of these counterparties could have a material adverse impact on the results of operations, financial condition and prospects of the Group.

#### **Financial soundness related risks**

***The Group's businesses are subject to inherent risks concerning liquidity and funding, particularly if the availability of traditional sources of funding such as retail deposits or the access to wholesale funding markets continues to be limited or becomes more limited. The Group continues to be reliant on various legacy government and central bank facilities and will face refinancing risk as transactions under these facilities mature.***



The Group's profitability or solvency could be adversely affected if access to liquidity and funding is constrained or made more expensive for a prolonged period of time. Whilst the Group expects to have sufficient access to liquidity to meet its funding requirements even in a stressed scenario, under extreme and unforeseen circumstances a prolonged and severe restriction on the Group's access to liquidity (including government and central bank facilities) could affect the Group's ability to meet its financial obligations as they fall due or to fulfil its commitments to lend, and in such extreme circumstances the Group may not be in a position to continue to operate without additional funding support, which it may be unable to access. This may have a material impact on the Group's solvency, including its ability to meet its regulatory minimum liquidity requirements. These risks can be exacerbated by many enterprise-specific factors, including an over-reliance on a particular source of funding, or changes in credit ratings as well as market-wide phenomena such as market dislocation, regulatory change and major disasters.

There is also a risk that corporate and institutional counterparties may look to reduce aggregate credit exposures to the Group (or to all banks) which could increase the Group's cost of funding and limit its access to liquidity. In addition, the funding structure employed by the Group may prove to be inefficient giving rise to a level of funding cost that is not sustainable longer term. The funding needs of the Group may increase and such increases may be material. The Group relies on customer savings and transmission balances, as well as ongoing access to the global wholesale funding markets, certain legacy central bank liquidity facilities and the legacy Credit Guarantee Scheme to meet its funding needs. The ability of the Group to gain access to wholesale and retail funding sources on satisfactory economic terms is subject to a number of factors outside its control, such as liquidity constraints, general market conditions, regulatory requirements, the encouraged or mandated repatriation of deposits by foreign wholesale or central bank depositors and loss of confidence in the UK banking system, any of which could affect the Group's profitability or, in the longer term under extreme circumstances, its ability to meet its financial obligations as they fall due.

Medium-term growth in the Group's lending activities will depend, in part, on the availability of retail deposit funding on appropriate terms, for which there is increasing competition. See "Risk Factors – Business and economic risks – The Group's businesses are conducted in highly competitive environments and the Group's financial performance depends upon management's ability to respond effectively to competitive pressures".

This reliance has increased in the recent past given the difficulties in accessing wholesale funding. The ongoing availability of retail deposit funding on appropriate terms is dependent on a variety of factors outside the Group's control, such as general economic conditions and market volatility, the confidence of retail depositors in the economy, the financial services industry and in the Group as well as the availability and extent of deposit guarantees. Increases in the cost of retail deposit funding will impact on the Group's margins and affect profit, and a lack of availability of retail deposit funding could impact on the Group's future growth.

Any loss in consumer confidence in the Group could significantly increase the amount of retail deposit withdrawals in a short space of time. Should the Group experience an unusually high and unforeseen level of withdrawals, in such extreme circumstances the Group may not be in a position to continue to operate without additional funding support, which it may be unable to access, which could have a material impact on the Group's solvency.

The Group has relied substantially on the legacy Bank of England liquidity facilities as well as the legacy Credit Guarantee Scheme. The Group will face a refinancing concentration during 2011 and 2012 associated with the maturity of the Special Liquidity Scheme and Credit Guarantee Scheme issuance undertaken by the Group prior to the closure of those schemes. While the Group expects that the impact of this refinancing concentration can be mitigated by a combination of alternative funding and reductions in the Group's net wholesale funding requirement, there can be no assurance that these mitigation efforts will be successful, which could lead to serious liquidity constraints and adversely impact solvency.

If the continuing difficulties in the wholesale funding markets are not resolved or central bank provision of liquidity to the financial markets is abruptly curtailed, or the Group's credit ratings are downgraded, it is likely that wholesale funding will prove even more difficult to obtain. Such increased refinancing risk, in isolation or in concert with the related liquidity risks noted above, could have a material adverse effect on the Group's profitability and, in the longer term under extreme and unforeseen circumstances, its ability to meet its financial obligations as they fall due.

***The Group has been and could continue to be negatively affected by the soundness and/or the perceived soundness of other financial institutions, which could result in significant systemic liquidity problems, losses or defaults by other financial institutions and counterparties, and which could materially adversely affect the Group's results of operations, financial condition and prospects.***

The Group is subject to the risk of deterioration of the commercial soundness and/or perceived soundness of other financial services institutions within and outside the United Kingdom. Financial services institutions that deal with each other are interrelated as a result of trading, investment, clearing, counterparty and other relationships. This presents systemic risk and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with which the Group interacts on a daily basis, all of which could have an adverse effect on the Group's ability to raise new funding. One potential source of increased systemic risk is presented by the market's perception of Eurozone sovereign and bank borrowers in Italy, the Republic of Ireland, Greece, Portugal and Spain, as reflected in the quoted prices of bonds and credit default swaps for these borrowers.

The Group routinely executes a high volume of transactions with counterparties in the financial services industry, resulting in a significant credit concentration. A default by, or even concerns about the financial resilience of, one or more financial services institutions could lead to further significant systemic liquidity problems, or losses or defaults by other financial institutions, which could have a material and adverse effect on the Group's results of operations, financial condition and prospects.

***The Group's borrowing costs and access to the capital markets is dependent on a number of factors, and increased costs or reduction in access could materially adversely affect the Group's results of operations, financial condition and prospects.***

Reduction in the credit ratings of the Group or deterioration in the capital markets' perception of the Group's financial resilience, could significantly increase its borrowing costs, limit its access to the capital markets and trigger additional collateral requirements in derivative contracts and other secured funding arrangements. Therefore, any further reduction in credit ratings or deterioration of market perception could materially adversely affect the Group's access to liquidity and competitive position, increase its funding costs and, hence, have a material adverse effect on the Group's business, financial position and results of operations. These material adverse effects could also follow from a reduction in the credit ratings of the Bank, HBOS or BOS.

The Group's borrowing costs and access to capital markets could also be affected by regulatory developments such as Basel III or the Capital Requirements Directive, for example restrictions on the treatment of Contingent Convertible Bonds or the imposition of Capital Surcharges. Unfavourable developments could materially adversely affect the Group's access to liquidity, increase its funding costs and, hence, have a material adverse effect on the Group's business, financial position and results of operations.

***The Group is subject to the risk of having insufficient capital resources to meet the minimum required by regulators.***

A perceived or actual shortage of capital could result in actions or sanctions, which may have a material adverse effect on the Group's business, including its operating results, financial condition and prospects. This, in turn, may affect the Group's capacity to continue its business operations, pay future dividends or pursue acquisitions or other strategic opportunities, impacting future growth potential. In response, if the Group raises additional capital through the issuance of share capital or capital instruments, existing shareholders or holders of debt of a capital nature may experience a dilution of their holdings.

The circumstances which could give rise to shortages of capital and force the Group to raise additional capital include the following:

The Group may experience a depletion of its capital resources through increased costs or liabilities incurred as a result of the crystallisation of any of the other risk factors described elsewhere in this section.

- The Group may experience an increased demand for capital. For example:
- The Group is subject to extensive regulation and regulatory supervision in relation to the levels of capital in its business. The Group currently meets, and expects to continue to meet, all regulatory capital requirements. However, the FSA could, for example, impose new or revised minimum and buffer capital requirements, apply increasingly stringent stress case scenarios and/or change the manner in which it applies existing regulatory requirements to the Group.
- The Group's reported regulatory capital requirements depend upon the level of risk weighted assets calculated from the Group's Basel II approved models. These are subject to regular review on a rolling basis to ensure that they remain appropriate in prevailing economic and business conditions. Additionally the Group is currently effecting a programme of new model roll-out and is in the process of some model

replacement as a part of the integration of the HBOS and Lloyds TSB businesses. These reviews and new models may lead to increased levels of risk weighted assets, and so to lower reported capital ratios.

- The proposals of the Basel Committee on Banking Supervision, known as ‘Basel III’, include increased minimum levels of, and quality standards for, capital, increased risk weighting of assets and the introduction of a minimum leverage ratio and additional capital buffers. The final details of these reforms and the impact on the cost of capital are still to be clarified, particularly as the reforms are to be implemented within the European Union and within the UK, and could impact the Group more severely than currently forecast.
- The Group’s life assurance and general insurance businesses in the UK are subject to capital requirements prescribed by the FSA, and the Group’s life and general insurance companies outside the UK are subject to local regulatory capital requirements. Solvency II, a fundamental review of the capital adequacy regime for the European insurance industry, aims to establish a revised set of EU-wide capital requirements where the required regulatory capital will be dependent upon the risk profile of the entities, together with risk management standards, that will replace the current Solvency I requirements. Solvency II is still in development, but there is a risk that the final regime could increase the planned amount of regulatory capital which the Group’s life assurance and general insurance businesses are required to hold, thus decreasing the amount of capital available for other uses.

The Group may also experience pressure to increase its capital ratios as a result of market expectations arising from increased capital levels or targets amongst its peer banks or through the views of rating agencies or investors.

For more detail on capital management see “Business review – Risk management – Financial soundness” in the Company’s 2010 Annual Report as set out on pages 93 to 102 therein.

#### **Insurance and pension scheme related risks**

*The Group’s insurance businesses and employee pension schemes are subject to risks relating to insurance claim rates, pension scheme benefit payment levels and changes in insurance customer and employee pension scheme member behaviour.*

The life and pensions insurance businesses of the Group and its employee pension schemes are exposed to short-term and longer-term variability arising from uncertain longevity and ill-health rates. Adverse developments in any of these factors will increase the size of the Group’s insurance and employee pension scheme liabilities and may adversely affect the Group’s financial condition and results of operations.

Customer behaviour in the life and pensions insurance business may result in increased propensity to cease contributing to or cancel insurance policies at a rate in excess of applicable business assumptions. Consequent reduction in policy persistency and fee income would have an adverse impact upon the profitability of the life and pensions business of the Group. The rate at which employee pension scheme members cease employment affects the aggregate amount of benefits payable by the schemes. This rate may differ from applicable business assumptions. Variances may increase the size of the Group’s aggregate pension liabilities and may adversely affect the Group’s financial condition and results of operations.

The general insurance businesses of the Group are exposed to the risk of uncertain insurance claim rates. For example, extreme weather conditions can result in high property damage claims, higher levels of theft can increase claims on home insurance and changes to unemployment levels can increase claims on loan protection insurance. These claims rates may differ from business assumptions and negative developments may adversely affect the Group’s financial condition and results of operations.

UK banks recognise an insurance asset in their balance sheets representing the value of in-force business (“**VIF**”) in respect of long-term life assurance contracts, being insurance contracts and investment contracts with discretionary participation features. This asset represents the present value of future profits expected to arise from the portfolio of in-force life assurance contracts. Adoption of this accounting treatment results in the earlier recognition of profit on new business, but subsequently a lower contribution from existing business, when compared to the recognition of profits on investment contracts under IAS 39 (Financial Instruments: “Recognition and Measurement”). Differences between actual and expected experience may have a significant impact on the value of the VIF asset, as changes in experience can result in significant changes to modelled future cash flows. The VIF asset is calculated based on best-estimate assumptions made by management, including mortality experience and persistency. If these assumptions prove

incorrect, the VIF asset could be materially reduced, which in turn could have a material adverse effect on the Group's financial condition and results of operations.

### **Legal and regulatory risks**

*The Group's businesses are subject to substantial regulation, and regulatory and governmental oversight. Adverse regulatory developments or changes in government policy could have a significant material adverse effect on the Group's results of operations, financial condition and prospects.*

The Group's businesses are subject to ongoing regulation and associated regulatory risks, including the effects of changes in the laws, regulations, policies, voluntary codes of practice and interpretations in the UK, the European Union and the other markets where it operates. This is particularly the case in the current market environment, which is witnessing increased levels of government and regulatory intervention in the banking sector, which the Group expects to continue for the foreseeable future. The UK Government, the FSA and other regulators in the UK, the European Union or overseas may intervene further in relation to areas of industry risk already identified, or in new areas, which could adversely affect the Group. Future changes are difficult to predict and could materially adversely affect the Group's business.

Areas where changes could have an adverse impact include, but are not limited to:

- (i) general changes in government, central bank or regulatory policy, or changes in regulatory regimes that may influence investor decisions in particular markets in which the Group operates, which may change the structure of those markets and the products offered or may increase the costs of doing business in those markets;
- (ii) external bodies applying or interpreting standards or laws differently to those applied by the Group;
- (iii) changes in competitive and pricing environments;
- (iv) further requirements relating to financial reporting, corporate governance, conduct of business and employee compensation; and
- (v) expropriation, nationalisation, confiscation of assets and changes in legislation relating to foreign ownership.

The Group continues to face political and regulatory scrutiny as a result of the Group's perceived systemic importance following the Acquisition. At the time of the Acquisition, the Office of Fair Trading (the "OFT") identified some competition concerns in the UK personal current accounts and mortgages markets and for SME banking in Scotland. The OFT reiterated that it would keep these under review and consider whether to refer any banking markets to the Competition Commission if it identifies any prevention, restriction or distortion of competition.

The UK Government appointed an Independent Commission on Banking to review possible structural measures to reform the banking system and promote stability and competition. For more information on competition see "Risk Factors – Competition related risks -The Independent Commission on Banking and the UK Treasury Select Committee are reviewing competition in the UK Retail banking industry. The outcomes of these reviews could have a material adverse effect on the interests of the Group".

From April 2011 the FSA is commencing an internal reorganisation as a first step in a process towards the formal transition of regulatory and supervisory powers from the FSA to the new Financial Conduct Authority ("FCA") for conduct of business supervision and the Prudential Regulatory Authority (PRA) for capital and liquidity supervision in 2012. Until this time the responsibility for regulating and supervising Lloyds Banking Group and Bank of Scotland Groups' activities will remain with the FSA. In addition, from 2011, the European Banking Authority, the European Insurance and Occupational Pensions Authority and the European Securities and Markets Authority as new EU Supervisory Authorities are likely to have greater influence on regulatory approaches across the EU. These could lead to changes in how the Group is regulated and supervised on a day-to-day basis.

Amendments to a number of EU directives are also being considered, including the Market Abuse Directive, Markets in Financial Instruments Directive, Capital Requirements Directive, E-Money Directive and the Undertakings for Collective Investment in Transferable Securities (UCITS) Directive.

Other notable regulatory initiatives include the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “**Dodd-Frank Act**”) in the US, which affects the financial services industry by addressing, among other issues, systemic risk oversight, bank capital standards, the liquidation of failing systemically significant financial institutions, over-the-counter derivatives, the ability of banking entities to engage in proprietary trading activities and invest in hedge funds and private equity (these restrictions are known as the ‘Volcker Rule’), consumer and investor protection, hedge fund registration, securitization, investment advisors, shareholder ‘say on pay’, the role of credit-rating agencies, and more.

Under the so-called swap ‘push-out’ provisions of the Dodd-Frank Act, the derivatives activities of US banks and US branch offices of foreign banks will be restricted, which may necessitate a restructuring of how the Group conducts its derivatives activities. Entities that are swap dealers, security-based swap dealers, major swap participants or major security-based swap participants will be required to register with the US Securities and Exchange Commission (the “**SEC**”) or the US Commodity Futures Trading Commission, or both, and will become subject to the requirements as to capital, margin, business conduct, recordkeeping and other requirements applicable to such entities.

The Dodd-Frank Act also grants the SEC discretionary rule-making authority to impose a new fiduciary standard on brokers, dealers and investment advisers, and expands the extraterritorial jurisdiction of US courts over actions brought by the SEC or the United States with respect to violations of the antifraud provisions in the Securities Act of 1933, the Securities Exchange Act of 1934 and the Investment Advisers Act of 1940.

The details of these regulations will depend on the final regulations ultimately adopted by various US regulatory authorities in 2011.

The Group is currently assessing the impacts of these regulatory developments and will participate in the consultation and calibration processes to be undertaken by the various regulatory bodies during 2011. Implementation of the foregoing regulatory developments could result in additional costs or limit or restrict the way the Group conducts its business, although uncertainty remains about the details, impact and timing of these reforms. The Group continues to work closely with the regulatory authorities and industry associations to ensure that it is able to identify and respond to proposed regulatory changes and mitigate against risks to the Group and its stakeholders.

***The Group is exposed to various forms of legal and regulatory risk in its operations, including the risk of mis-selling financial products, acting in breach of legal or regulatory principles or requirements and giving negligent advice, any of which could have a material adverse effect on its results or its relations with its customers.***

The Group is exposed to various forms of legal and regulatory risk in its operations including:

- (i) certain aspects of the Group’s business may be determined by the relevant authorities, the Financial Ombudsman Service (the “**FOS**”) or the courts not to have been conducted in accordance with applicable laws or regulations, or, in the case of the FOS, with what is fair and reasonable in the Ombudsman’s opinion;
- (ii) the possibility of alleged mis-selling of financial products or the mishandling of complaints related to the sale of such products by or attributed to a member of the Group, resulting in disciplinary action or requirements to amend sales processes, withdraw products, or provide restitution to affected customers, all of which may require additional provisions;
- (iii) contractual obligations may either not be enforceable as intended or may be enforced against the Group in an adverse way;
- (iv) the Group holds accounts for a number of customers that might be or are subject to interest from various regulators and authorities including the Serious Fraud Office or similar regulators in the United States or other jurisdictions. The Group is not aware of any current investigation into the Group as a result of any such interest but cannot exclude the possibility of its conduct being reviewed as part of any such investigations;
- (v) the intellectual property of the Group (such as trade names) may not be adequately protected;
- (vi) the Group may be liable for damages to third parties harmed by the conduct of its business; and
- (vii) the risk of regulatory proceedings and private litigation (brought by individuals or groups of plaintiffs) in the UK and other jurisdictions.

The Group may settle litigation or regulatory proceedings prior to a final judgment or determination of liability. The Group may do so to avoid the cost, management efforts or negative business, regulatory or reputational consequences of continuing to contest liability, even when the Group believes that it has no liability. The Group may also do so when the potential consequences of failing to prevail would be disproportionate to the costs of settlement. Furthermore, the Group may, for similar reasons, reimburse counterparties for their losses even in situations where the Group does not believe that it is legally compelled to do so.

Such matters are subject to many uncertainties, and the outcome of individual matters is not predictable.

Failure to manage these risks adequately could impact the Group adversely and materially, both financially and reputationally.

The financial impact of legal and regulatory risks might be considerable but are difficult to quantify. Amounts eventually paid may exceed the amount of provisions set aside to cover such risks.

Companies within the Group are responsible for contributing to compensation schemes such as the UK Financial Services Compensation Scheme (the “FSCS”) in respect of banks and other authorised financial services firms that are unable to meet their obligations to customers. Going forward, further provisions in respect of these costs are likely to be necessary. The ultimate cost to the industry, which will also include the cost of any compensation payments made by the FSCS and, if necessary, the cost of meeting any shortfall after recoveries on the borrowings entered into by the FSCS, remains uncertain but may be significant and may have a material adverse effect on the results of operations and financial condition of the Group.

#### **Banking Act 2009 related risks**

*The Group and its UK subsidiaries may be subject to the provisions of the Banking Act 2009 in the future. The potential impact on the Group is inherently uncertain.*

Under the Banking Act 2009 (the “Banking Act”), substantial powers have been granted to HM Treasury, the Bank of England and the FSA (together the “Authorities”) as part of the special resolution regime (the “SRR”). These powers enable the Authorities to deal with and stabilise UK-incorporated institutions with permission to accept deposits pursuant to Part IV of the FSMA that are failing, or are likely to fail, to satisfy the threshold conditions (within the meaning of section 41 of the FSMA). The SRR consists of three stabilisation options: (i) transfer of all or part of the business of the relevant entity or the shares of the relevant entity to a private sector purchaser; (ii) transfer of all or part of the business of the relevant entity to a “bridge bank” wholly-owned by the Bank of England; and (iii) temporary public ownership of the relevant entity. HM Treasury may also take a parent company of a relevant entity into temporary public ownership where certain conditions are met. The Banking Act also provides for two new insolvency and administration procedures for relevant entities. Certain ancillary powers include the power to modify certain contractual arrangements in certain circumstances.

In general, the Banking Act requires the Authorities to have regard to specified objectives in exercising the powers provided for by the Banking Act. One of the objectives (which is required to be balanced as appropriate with the other specified objectives) refers to the protection and enhancement of the stability of the financial system of the United Kingdom. The Banking Act includes provisions related to compensation in respect of transfer instruments and orders made under it. The Authorities are also empowered by order to amend the law for the purpose of enabling the powers under the SRR to be used effectively. An order may make provision which has retrospective effect. In general, there is considerable uncertainty about the scope of the powers afforded to Authorities under the Banking Act and how the Authorities may choose to exercise them.

#### **Competition related risks**

*The Independent Commission on Banking and the UK Treasury Select Committee are reviewing competition in the UK Retail banking industry. The outcomes of these reviews could have a material adverse effect on the interests of the Group.*

The UK Government has appointed an Independent Commission on Banking (the “ICB”) to review possible structural measures to reform the banking system in order to promote, amongst other things, competition. The ICB will publish its final report by the end of September 2011. The interim report published on 11 April 2011 (the “Interim Report”) sets out the ICB’s current and provisional views on possible reforms to improve stability and competition in UK banking and seeks responses to those views. Reform options for competition include structural measures to improve

competition, including increasing the size of the Verde divestment to a level which is not specified, improved means of switching and transparency and a primary duty for the FCA to promote effective competition. The Group will continue to play a constructive role in the debate and to consult with the ICB during the coming months. However, there can be no assurance that the final report will not recommend that additional obligations be imposed upon the Group. The implementation of such recommendations could materially adversely affect the Group's results of operations, financial condition and prospects.

The Treasury Select Committee has also recently conducted an examination of competition in retail banking.

It is too early to quantify the potential impact of this on the Group.

For more information on Competition related risks see "Risk Factors – Legal and regulatory risks – The Group's businesses are subject to substantial regulation, and regulatory and governmental oversight. Adverse regulatory developments or changes in government policy could have a significant material adverse effect on the Group's results of operations, financial condition and prospects" and "Lloyds Banking Group – Regulation – Other bodies impacting the regulatory regime".

### **Operational risks and related issues**

#### ***The Group could fail to attract or retain senior management or other key employees.***

The Group's success depends on its ability to attract, retain and develop high calibre talent. Achievement of this aim cannot be guaranteed, particularly in light of ongoing regulatory and public interest in remuneration practices (the Group is subject to the FSA's Remuneration Code). The Group has also made a number of other commitments regarding its pay policy, including those set out within the statement agreed with the Government as part of 'Project Merlin', encompassing 2010 bonus pools, pay governance, transparency and engagement with its shareholders on pay policy. Failure to attract and retain senior management and key employees could have a material adverse impact on the Group's financial results, operational effectiveness, and presents a significant risk to the delivery of the Group's overall strategy.

#### ***Weaknesses or failures in the Group's internal processes and procedures and other operational risks could materially adversely affect the Group's results of operations, financial condition and prospects and could result in reputational damage.***

Operational risks, through inadequate or failed internal processes and/or systems (including financial reporting and risk monitoring processes) or from people-related or external events, including the risk of fraud and other criminal acts carried out against the Group, are present in the Group's businesses. The Group's businesses are dependent on processing and reporting accurately and efficiently a high volume of complex transactions across numerous and diverse products and services, in different currencies and subject to a number of different legal and regulatory regimes. Any weakness in these internal controls and processes could have a negative impact on the Group's results, reporting such results, and on the ability to deliver appropriate customer outcomes, during the affected period. Furthermore, damage to the Group's reputation (including to customer confidence) arising from actual or perceived inadequacies, weaknesses or failures in Group systems or processes could have a significant adverse impact on the Group's businesses.

Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that either the Company or any relevant company within the Group will be unable to comply with its obligations as a company with securities admitted to the Official List or as a supervised firm regulated by the FSA.

#### ***Terrorist acts, other acts of war, geopolitical, pandemic or other such events could have a material adverse impact on the Group's results of operations, financial condition and prospects.***

Terrorist acts, other acts of war or hostility, geopolitical, pandemic or other such events and responses to those acts/events may create economic and political uncertainties, which could have a material adverse impact on UK and international economic conditions generally, and more specifically on the business and results of the Group in ways that cannot necessarily be predicted.

### **Other risks**

#### ***The Group's financial statements are based in part on assumptions and estimates which, if wrong, could cause losses in the future.***

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based upon amounts which differ from those estimates. Estimates, judgements and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The accounting policies deemed critical to the Group's results and financial position, based upon materiality and significant judgements and estimates, include impairment of financial assets; valuation of financial instruments; pensions; insurance and taxation; are discussed in detail in the Company's 2010 Annual Report under the section entitled "Critical Accounting Estimates and Judgements" as set out on pages 165 to 166 therein.

If the judgement, estimates and assumptions used by the Group in preparing its consolidated financial statements are subsequently found to be incorrect, there could be a material impact on the Group's results of operations and a corresponding impact on its funding requirements and capital ratios.

***The Company is a holding company and as a result, is dependent on dividends from its subsidiaries to meet its obligations including its obligations with respect to its debt securities, and to provide profits for payment of future dividends to shareholders.***

The Company is a non-operating holding company and as such the principal sources of its income are from operating subsidiaries which also hold the principal assets of the Group. As a separate legal entity, the Company relies on remittance of their profits and other funds in order to be able to pay obligations to shareholders and debt holders as they fall due.

***The Bank is partly dependent on dividends from its subsidiaries to meet its obligations, including its obligations with respect to its debt securities.***

The Bank is a holding company as well as a bank and as such one of its sources of income is dividends from its operating subsidiaries. Following the Group Reorganisation, a proportion of the Bank's income is derived from the businesses and assets of the HBOS Group. Therefore, in order to be able to pay the obligations to debt holders as they fall due, the Bank relies in part on the remittance of dividends and other funds from its operating subsidiaries including the HBOS Group.

***Failure to manage the risks associated with changes in taxation rates or law, or misinterpretation of the law, could materially and adversely affect the Group's results of operations, financial condition and prospects.***

Tax risk is the risk associated with changes in taxation rates or law, or misinterpretation of the law. This could result in increased charges, financial loss including penalties, and reputational damage. Failure to manage these risks adequately could impact the Group materially and adversely and could have a material negative impact on the Group's performance or reputation.

***Following the Acquisition, any further increase in HM Treasury's shareholding percentage in the Company, or the aggregation of HM Treasury's interests with that of other shareholders holding 5 per cent. or more, could lead to the Group suffering adverse tax consequences.***

Certain companies in the Group have material tax losses and reliefs which they anticipate carrying forward to reduce tax payable in the future and restrictions on the ability to utilise these losses and reliefs could affect the post-tax profitability and capital position of the Group.

Following the Acquisition, actions which could possibly cause the loss of these reliefs to occur would include any further increase in HM Treasury's shareholding in the Company, or the aggregation of HM Treasury's interests with that of other shareholders holding 5 per cent. or more. These actions, if coupled with the occurrence of certain specified events in relation to the Group companies (including a major change in the nature or conduct of a trade carried on by such a Group company or an increase in capital of such a Group company with an investment business) would, in the case of legacy HBOS Group companies, and could, in the case of legacy Lloyds TSB Group companies, cause restrictions on the ability to utilise these losses and reliefs.

The Company considers that it will be able to conduct its business, and the business of the Group, in a manner which avoids the occurrence of these specified events. However, the ability to do so cannot be predicted with any certainty at the date of this document.



## **RISK FACTORS RELATING TO THE SECURITIES**

### **The Securities may not be a suitable investment for all investors**

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

- (i) have sufficient knowledge and experience to evaluate the Securities, the merits and risks of investing in the Securities and the information contained or incorporated by reference in this Prospectus or any applicable supplement and all information contained in the applicable Final Terms;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Securities and the impact the Securities will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities, including where the settlement currency is different from the currency in which such investor's principal financial activities are principally denominated;
- (iv) understand thoroughly the terms of the Securities and be familiar with any relevant indices and financial markets;
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks; and
- (vi) understand the accounting, legal, regulatory and tax implications of a purchase, holding and disposal of an interest in the relevant Securities.

In addition, an investment in Index Securities, Equity Securities, Currency Securities, Commodity Securities or other Securities linked to other assets or bases of reference, may entail significant risks not associated with investments in conventional securities such as debt or equity securities, including, but not limited to, the risks set out in "*Risks related to the structure of a particular issue of Securities*" below.

The Securities are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Securities unless it has the expertise (either alone or with a financial adviser) to evaluate how the Securities will perform under changing conditions, the resulting effects on the value of the Securities and the impact this investment will have on the potential investor's overall investment portfolio.

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

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

#### ***General risks and risks relating to Reference Item(s)***

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

relevant Securities and the particular Reference Item(s) (if any) to which the value of the relevant Securities may relate, as specified in the applicable Final Terms.

The risk of the loss of some or all of the purchase price of a Security upon expiration or redemption, as the case may be, means that, in order to recover and realise a return upon his or her investment, a purchaser of a Security must generally be correct about the direction, timing and magnitude of an anticipated change in the value of the relevant Reference Item(s) (if any) specified in the applicable Final Terms. Assuming all other factors are held constant, the more a Security is “out-of-the-money” and the shorter its remaining term to expiration or redemption, as the case may be, the greater the risk that purchasers of such Securities will lose all or part of their investment. With respect to European Style Warrants or Redeemable Certificates, the only means through which a Securityholder can realise value from the Security prior to the Exercise Date or Redemption Date in relation to such Warrant or Redeemable Certificate, as the case may be, is to sell it at its then market price in an available secondary market. See “*Possible illiquidity of the Securities in the secondary market*” below.

Fluctuations in the value of the relevant index or basket of indices will affect the value of Index Securities and Commodity Securities linked to one or more Commodity Indices. Fluctuations in the price of the relevant equities, currencies or commodities or value of the basket of equities, currencies or commodities will affect the value of Equity Securities, Currency Securities or Commodity Securities. Purchasers of Securities risk losing their entire investment if the value of the relevant underlying basis of reference (if any) does not move in the anticipated direction.

The Bank may issue several issues of Securities relating to various reference indices, equities, currencies or commodities or other bases as specified in the applicable Final Terms. However, no assurance can be given that the Bank will issue any Securities other than the Securities to which particular Final Terms relate. At any given time, the number of Securities outstanding may be substantial. Securities provide opportunities for investment and pose risks to investors as a result of fluctuations in the value of the underlying investment. In general, certain of the risks associated with Warrants are similar to those generally applicable to other options or warrants of private corporate issuers. Options, warrants or certificates on equities, currencies or commodities are priced primarily on the basis of the value of underlying securities whilst Index Securities and Commodity Securities linked to one or more Commodity Indices are priced primarily on the basis of present and expected values of the reference index (or basket of indices) specified in the applicable Final Terms.

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

Either (1) the Cash Settlement Amount (in the case of Cash Settled Securities) or (2)(i) the difference in the value of the Asset Amount and the Exercise Price (in the case of Physical Delivery Securities which are Warrants) or (ii) the value of the Asset Amount (in the case of Physical Delivery Securities which are Redeemable Certificates) (2(i) or 2(ii), as applicable, the “**Physical Settlement Value**”) at any time prior to expiration or redemption is typically expected to be less than the trading price of such Securities at that time. The difference between the trading price and the Cash Settlement Amount or the Physical Settlement Value, as the case may be, will reflect, among other things, the “time value” of the Securities. The “time value” of the Securities will depend partly upon the length of the period remaining to expiration or redemption and expectations concerning the value of the reference equity, currency or commodity (or basket of shares, currencies or commodities), index (or basket of indices) or other basis of reference (if any) as specified in the applicable Final Terms. Securities offer hedging and investment diversification opportunities but also pose some additional risks with regard to interim value. The interim value of the Securities varies with the price level of the Reference Item(s) (if any) as specified in the applicable Final Terms, as well as due to a number of other interrelated factors, including those specified herein.

Before exercising (in the case of Warrants) or selling Securities, Securityholders should carefully consider, among other things, (i) the trading price of the Securities, (ii) the value and volatility of the Reference Item(s) (if any) as specified in the applicable Final Terms, (iii) the time remaining to expiration or redemption, as the case may be, (iv) in the case of Cash Settled Securities, the probable range of Cash Settlement Amounts, (v) any change(s) in interim interest rates and dividend yields (if applicable), (vi) any change(s) in currency exchange rates, (vii) the depth of the market or liquidity of the Reference Item(s) (if any) as specified in the applicable Final Terms and (viii) any related transaction costs.

#### ***Certain considerations regarding hedging***

Prospective purchasers intending to purchase Securities to hedge against the market risk associated with investing in any Reference Item(s) as may be specified in the applicable Final Terms, should recognise the complexities of utilising Securities in this manner. For example, the value of the Securities may not exactly correlate with the value of the relevant Reference Item(s). Due to fluctuating supply and demand for the Securities, there is no assurance that their

value will correlate with movements of the relevant Reference Item(s). For these reasons, among others, it may not be possible to purchase or liquidate securities in a portfolio at the prices used to calculate the value of any relevant Reference Item(s).

In the case of Securities relating to an equity, currency or commodity (or basket of equities, currencies or commodities), the Bank and/or any of its Affiliates or agents may from time to time hedge the Bank's obligations under such Securities (and under other instruments and over-the-counter contracts issued by or entered into from time to time by the Bank or any of its Affiliates or agents relating to such securities) by taking positions, directly or indirectly, in such equity, currency or commodity (or basket of equities, currencies or commodities). Although the Bank has no reason to believe that such hedging activities will have a material impact on the price of any equity, currency or commodity, there can be no assurance that such hedging activities will not adversely affect the value of the Securities.

### ***Holding CREST Depository Interests***

CDI Holders will hold or have an interest in a separate legal instrument and not be the legal owners of the Underlying Securities. Such CDIs will be issued to CDI Holders pursuant to the CREST Deed Poll that will bind such CDI Holders. Fees, charges, costs and expenses may be incurred in connection with the use of the the CREST International Settlement Links Service (the "**CREST International Settlement Links Service**").

Potential investors should note that neither the Bank, nor any Certificate and Warrant Agent will have any responsibility for the performance by any intermediaries or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

For further information on the issue and holding of CDIs see "*CREST Depository Interests*".

### ***Risks relating to Reference Item(s)***

Equity Securities, Currency Securities, Commodity Securities and Index Securities (together "**Reference Item Linked Securities**") involve a high degree of risk.

Prospective investors in Reference Item Linked Securities should understand the risks of transactions involving Reference Item Linked Securities and should reach an investment decision only after careful consideration, with their advisers, of the suitability of such Reference Item Linked Securities in light of their particular financial circumstances, the information set forth herein and the information regarding the relevant Reference Item Linked Securities and the particular Reference Item(s) to which the value of, or payments in respect of, the relevant Reference Item Linked Securities may relate, as specified in the applicable Final Terms.

As the amounts payable periodically and/or the Cash Settlement Amount may be linked to the performance of the relevant Reference Item(s), an investor in a Reference Item Linked Security must generally be correct about the direction, timing and magnitude of an anticipated change in the value of the relevant Reference Item(s).

Where the applicable Final Terms specify one or more Reference Items, the relevant Reference Item Linked Securities will represent an investment linked to the economic performance of such Reference Item(s) and prospective investors should note that the return (if any) on their investment in Reference Item Linked Securities will depend upon the performance of such Reference Item(s). Potential investors should also note that whilst the market value of such Reference Item Linked Securities is linked to such Reference Item(s) and will be influenced (positively or negatively) by such Reference Item(s), any change may not be comparable and may be disproportionate. It is impossible to predict how the level of the relevant Reference Item(s) will vary over time. In contrast to a direct investment in the relevant Reference Item(s), Reference Item Linked Securities represent the right to receive payment or delivery, as the case may be, of the relevant Cash Settlement Amount(s) or Asset Amount on the relevant Settlement Date or Redemption Date as well as periodic payments of interest (if specified in the applicable Final Terms), all or some of which may be determined by reference to the performance of the relevant Reference Item(s). The applicable Final Terms will set out the provisions for the determination of the Cash Settlement Amount or Asset Amount and of any periodic payments.

**PROSPECTIVE INVESTORS MUST REVIEW THE APPLICABLE FINAL TERMS TO ASCERTAIN WHAT THE RELEVANT REFERENCE ITEM(S) ARE AND TO SEE HOW BOTH THE CASH SETTLEMENT AMOUNT OR ASSET AMOUNT AND ANY PERIODIC PAYMENTS ARE DETERMINED AND WHEN**

**ANY SUCH AMOUNTS ARE PAYABLE AND/OR DELIVERABLE, AS THE CASE MAY BE, BEFORE MAKING ANY DECISION TO PURCHASE ANY REFERENCE ITEM LINKED SECURITIES.**

Fluctuations in the value and/or volatility of the relevant Reference Item(s) may affect the value of the relevant Reference Item Linked Securities. Investors in Reference Item Linked Securities may risk losing their entire investment if the value of the relevant Reference Item(s) does not move in the anticipated direction.

There is no return on Reference Item Linked Securities other than the potential payment or delivery, as the case may be, of the Cash Settlement Amount or Asset Amount, as the case may be, on the Settlement Date or Redemption Date and payment of any periodic interest payments.

Other factors which may influence the market value of Reference Item Linked Securities include interest rates, potential dividend or interest payments (as applicable) in respect of the relevant Reference Item(s), changes in the method of calculating the level of the relevant Reference Item(s) from time to time and market expectations regarding the future performance of the relevant Reference Item(s), its composition and such Reference Item Linked Securities.

If any of the relevant Reference Item(s) is an index, the value of such Reference Item on any day will reflect the value of its constituents on such day. Changes in the composition of such Reference Item and factors (including those described above) which either affect or may affect the value of the constituents, will affect the value of such Reference Item and therefore may affect the return on an investment in Reference Item Linked Securities.

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

***General risks relating to Index Securities, Equity Securities, Currency Securities, Commodity Securities and Securities linked to a formula***

The Bank may issue Securities with principal or interest determined by reference to an index or formula, to the value of one or more Reference Item(s) or other factors (each, a “**Relevant Factor**”). In addition, the Bank may issue Securities with principal or interest payable in one or more currencies which may be different from the currency in which the Securities are denominated. Potential investors should be aware that:

- (i) the market price of any such Securities may be volatile;
- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected or may be subject to withholding or deduction for or on account of any taxes or other charges imposed by relevant governmental authorities or agencies;
- (iv) the amount of principal payable at redemption may be less than the nominal amount of any such Securities or may be zero;
- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) if a Relevant Factor is applied to Securities in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable is likely to be magnified; and

- (vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

**Risk factors associated with Securities that are linked to one or more specific types of Reference Item(s)**

***Risks associated with Equities as Reference Items***

An investment in Equity Securities entails significant risks in addition to those associated with investments in a conventional debt security.

*Factors affecting the performance of equities may adversely affect the value of the Securities*

The performance of equities is dependent upon macroeconomic factors, such as interest and price levels on the capital markets, currency developments, political factors and company-specific factors such as earnings position, market position, risk situation, shareholder structure and distribution policy.

*No claim against the Equity Issuer or recourse to the Equities*

Equity Securities do not represent a claim against or an investment in any Equity Issuer and Securityholders will not have any right of recourse under the Securities to any such company or the equities. The Securities are not in any way sponsored, endorsed or promoted by any Equity Issuer and such companies have no obligation to take into account the consequences of their actions for any Securityholders. Accordingly the issuer of an equity may take any actions in respect of such equity without regard to the interests of the investors in the Securities, and any of these actions could adversely affect the market value of the Securities.

In the case of Securities relating to equities, no issuer of such equities will have participated in the preparation of the relevant Final Terms or in establishing the terms of the Securities and neither the Bank nor any Dealer will make any investigation or enquiry in connection with such offering with respect to the information concerning any such issuer of equities contained in such Final Terms or in the documents from which such information was extracted. Consequently, there can be no assurance that all events occurring prior to the relevant issue date (including events that would affect the accuracy or completeness of the publicly available documents described in this paragraph or in any applicable Final Terms) that would affect the trading price of the equities will have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning such an issuer of equities could affect the trading price of the equities and therefore the trading price of the Securities.

*Determinations made by the Calculation Agent in respect of Potential Adjustment Events, other specified extraordinary events and Additional Disruption Events may have an adverse effect on the value of the Securities*

Upon determining that a Potential Adjustment Event, other specified extraordinary events or an Additional Disruption Event has occurred in relation to an Underlying Equity or Equity Issuer, the Calculation Agent has broad discretion to make certain determinations to account for such event including to (i) make adjustments to the terms of the Securities and/or (ii) (in the case of other specified extraordinary events or an Additional Disruption Event) cause early redemption of the Securities, any of which determinations may have an adverse effect on the value of the Securities.

Potential Adjustment Events include (a) a sub-division, consolidation or re-classification of the Underlying Equities, (b) an extraordinary dividend, (c) a call of the Underlying Equities that are not fully paid, (d) a repurchase by the issuer, or an affiliate thereof, of the Underlying Equities, (e) a separation of rights from the Underlying Equities or (f) any event having a dilutive or concentrative effect on the value of the Underlying Equities. Other extraordinary events that may be specified as applicable in the Final Terms include (a) a delisting of the Underlying Equities on an exchange, (b) an insolvency (where all the Underlying Equities of the Equity Issuer are transferred to a trustee, liquidator or similar official or may not be legally transferred) or bankruptcy of the Equity Issuer, (c) a merger event entailing the consolidation of the Underlying Equities with those of another entity, (d) a nationalisation of the Equity Issuer or transfer of the Underlying Equities to a governmental entity, or (e) a tender offer or takeover offer that results in transfer of the Underlying Equities to another entity. Additional Disruption Events include (a) a change in applicable law since

the Issue Date that makes it illegal to hold, acquire or dispose of the Underlying Equities or more expensive for the Issuer to hedge its obligations under the relevant Securities or (b) if specified to be applicable in the relevant Final Terms, (i) an insolvency filing by or on behalf of the Equity Issuer or (ii) Hedging Disruption.

*Securityholders may receive physical delivery of Underlying Equities in lieu of payment of cash amounts*

Where the Securities include the right of the Issuer, subject to the fulfilment of a particular condition, to redeem the Securities at their maturity by delivering Underlying Equities to the investor in such Securities, the investors will receive such Underlying Equities rather than a monetary amount upon maturity. Securityholders will, therefore, be exposed to the issuer of such Underlying Equities and the risk associated with such Underlying Equities. The investor should not assume that he or she will be able to sell such Underlying Equities for a specific price after the redemption of the Securities, and in particular not for the purchase price of the Securities. Under certain circumstances the Underlying Equities may only have a very low value or may, in fact, be worthless, in which case Securityholders may receive back less than the original invested amount. Securityholders may also be subject to certain documentary or stamp taxes in relation to the delivery and/or disposal of such Underlying Equities.

Except as provided in the Conditions in relation to Physical Delivery Securities, Securityholders will not have voting rights or rights to receive dividends or distributions or any other rights with respect to the relevant equities to which such Securities relate.

#### **Risks associated with Indices as Reference Items**

An investment in Index Securities entails significant risks in addition to those associated with investments in a conventional debt security.

*Factors affecting the performance of Indices may adversely affect the value of the Securities*

Indices are comprised of a synthetic portfolio of shares or other assets, and as such, the performance of an Index is dependent upon the macroeconomic factors relating to the shares or other components that comprise such Index, which may include interest and price levels on the capital markets, currency developments, political factors and (in the case of shares) company-specific factors such as earnings position, market position, risk situation, shareholder structure and distribution policy.

*Exposure to the risk that returns on the Securities do not reflect direct investment in underlying equities or other items comprising the Index*

The return payable on Securities that reference Indices may not reflect the return an investor would realise if he or she actually owned the relevant items comprising the components of the Index. For example, if the components of the Indices are shares, Securityholders will not receive any dividends paid on those shares and will not participate in the return on those dividends unless the relevant Index takes such dividends into account for purposes of calculating the relevant level. Similarly, Securityholders will not have any voting rights in the underlying equities or any other assets which may comprise the components of the relevant Index. Accordingly, investors in Securities that reference Indices as Reference Items may receive a lower payment upon redemption of such Securities than such investor would have received if he or she had invested in the components of the Index directly.

*Loss of return of dividends in respect of most Securities linked to equity Indices*

The rules governing the composition and calculation of the relevant underlying Index might stipulate that dividends distributed on its components do not lead to a rise in the index level, for example, if it is a “price” index, which may lead to a decrease in the index level if all other circumstances remain the same. As a result, in such cases the Securityholders of Securities in respect of which a Reference Item is such an Index will not participate in dividends or other distributions paid on the components comprising the Index. Even if the rules of the relevant underlying Index provide that distributed dividends or other distributions of the components are reinvested in the Index and therefore

result in raising its level, in some circumstances the dividends or other distributions may not be fully reinvested in such Index.

***A change in the composition or discontinuance of an Index could adversely affect the market value of the Securities***

The sponsor of any Index can add, delete or substitute the components of such Index or make other methodological changes that could change the level of one or more components. The changing of components of any Index may affect the level of such Index as a newly added component may perform significantly worse or better than the company it replaces, which in turn may affect the payments made by the Issuer to the investors in the Securities. The sponsor of any such Index may also alter, discontinue or suspend calculation or dissemination of such Index. The sponsor of an Index will have no involvement in the offer and sale of the Securities and will have no obligation to any investor in such Securities. The sponsor of an Index may take any actions in respect of such Index without regard to the interests of the investor in the Securities, and any of these actions could adversely affect the market value of the Securities.

***Exposure to Index Modification, Index Cancellation, Index Disruption and Correction of Index levels***

The Calculation Agent has broad discretion to make certain determinations and adjustments, to replace the original Reference Item with another and/or to cause early redemption of the Securities, any of which may be adverse to Securityholders in connection with Index Modification, Index Cancellation, and Index Disruption. The Calculation Agent may determine that the consequence of any such event is to make adjustments to the Securities, or to replace such Index with another or to cause early redemption of the Securities. The Calculation Agent may (subject to the terms and conditions of the relevant Securities) also amend the relevant Index level due to corrections in the level reported by the Index Sponsor.

***There are additional risks in relation to Commodity Indices***

See risk factor “Additional risks in relation to the “rolling” of commodity futures contracts (including commodity futures contracts which are Components of a Commodity Index)” below.

***Risks associated with Foreign Exchange Rates as Reference Items***

An investment in Currency Securities entails significant risks in addition to those associated with investments in a conventional debt security.

***Factors affecting the performance of the relevant foreign exchange rate may adversely affect the value of the Securities***

The foreign exchange rate(s) to which the Securities are linked will affect the nature and value of the investment return on the Securities. The performance of foreign exchange rates is dependent upon the supply and demand for currencies in the international foreign exchange markets, which are subject to economic factors including inflation rates in the countries concerned, interest rate differences between the respective countries, economic forecasts, international political factors, currency convertibility and safety of making financial investments in the currency concerned, speculation and measures taken by governments and central banks. Such measures include, without limitation, imposition of regulatory controls or taxes, issuance of a new currency to replace an existing currency, alteration of the exchange rate or exchange characteristics by devaluation or revaluation of a currency or imposition of exchange controls with respect to the exchange or transfer of a specified currency that would affect exchange rates and the availability of a specified currency.

***Lloyds is a major foreign exchange dealer and is subject to conflicts of interest***

Investors should note that certain affiliates of the Bank are regular participants in the foreign exchange markets and in the ordinary course of their business may effect transactions for their own account or for the account of their customers and hold long and short positions in currencies and related derivatives, including in the currencies of the relevant FX Rate(s). Such transactions may affect the relevant FX Rate(s), the market price, liquidity or value of the Securities and

could be adverse to the interests of Securityholders. No Lloyds affiliate has any duty to enter into such transactions in a manner which is favourable to Securityholders. See “*Potential Conflicts of Interest*” below.

***Currencies of emerging markets jurisdictions pose particular risks***

Currency Securities linked to emerging market currencies may experience greater volatility and less certainty as to the future levels of such emerging market currencies or their rate of exchange as against other currencies. See “*Emerging Markets*” below.

***Risks associated with Commodities as Reference Items***

An investment in Commodity Securities entails significant risks in addition to those associated with investments in a conventional debt security.

***Factors affecting the performance of Commodities may adversely affect the value of the Securities; Commodity prices may be more volatile than other asset classes***

Trading in commodities is speculative and may be extremely volatile. Commodity prices are affected by a variety of factors that are unpredictable including, for example, changes in supply and demand relationships, weather patterns and extreme weather conditions, governmental programmes and policies, national and international political, military, terrorist and economic events, fiscal, monetary and exchange control programmes, changes in interest and exchange rates and changes and suspensions or disruptions of market trading activities in commodities and related contracts. Commodity prices may be more volatile than other asset classes, making investments in commodities riskier than other investments.

***Commodities may reference physical commodities or commodity contracts, and certain commodity contracts may be traded on unregulated or “under-regulated” exchanges***

Commodities comprise both (i) “physical” commodities, which need to be stored and transported, and which are generally traded at a “Spot” price, and (ii) commodity contracts, which are agreements either to (a) buy or sell a set amount of an underlying physical commodity at a predetermined price and delivery period (which may be referred to as a delivery month), or to (b) make and receive a cash payment based on changes in the price of the underlying commodity.

Commodity contracts may be traded on regulated specialised futures exchanges (such as futures contracts). Commodity contracts may also be traded directly between market participants “over-the-counter” on trading facilities that are subject to lesser degrees of regulation or, in some cases, no substantive regulation. Accordingly, trading in such “over-the-counter” contracts may not be subject to the same provisions as, and the protections afforded to, contracts traded on regulated specialised futures exchanges, and there may therefore be additional risks related to the liquidity and price histories of the relevant contracts.

***Commodity Securities which are linked to commodity futures contracts may provide a different return than Commodity Securities linked to the relevant physical commodity and will have certain other risks***

The price of a futures contract on a commodity will generally be at a premium or at a discount to the spot price of the underlying commodity. This discrepancy is due to such factors as (i) the need to adjust the spot price due to related expenses (e.g., warehousing, transport and insurance costs) and (ii) different methods being used to evaluate general factors affecting the spot and the futures markets. In addition, and depending on the commodity, there can be significant differences in the liquidity of the spot and the futures markets. Accordingly, Commodity Securities which are linked to commodity futures contracts may provide a different return than Commodity Securities linked to the relevant physical commodity.

Investments in futures contracts involve certain other risks, including potential illiquidity. A holder of a futures position may find that such position becomes illiquid because certain commodity exchanges limit fluctuations in such futures



contract prices pursuant to “daily limits”. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in the contract can neither be taken nor liquidated unless holders are willing to effect trades at or within the limit. This could prevent a holder from promptly liquidating unfavourable positions and subject it to substantial losses. Futures contract prices in various commodities occasionally have exceeded the daily limit for several consecutive days with little or no trading. Any such losses in such circumstances could have a negative adverse effect on the return of any Securities the Reference Item of which is the affected futures contract.

In the case of a direct investment in commodity futures contracts, the invested capital may be applied in whole or in part by way of collateral in respect of the future claims of the respective counterparties under the commodity futures contracts. Such capital will generally bear interest, and the interest yield will increase the return of the investor making such direct investment. However, Securityholders of Securities linked to the price of commodity futures contracts do not participate in such interest yields from the hypothetical fully collateralised investment in commodity futures contracts.

***Additional risks in relation to the “rolling” of commodity futures contracts (including commodity futures contracts which are Components of a Commodity Index)***

Commodity contracts have a predetermined expiration date - i.e. a date on which trading of the commodity contract ceases. Holding a commodity contract until expiration will result in delivery of the underlying physical commodity or the requirement to make or receive a cash settlement. Alternatively, “rolling” the commodity contracts means that the commodity contracts that are nearing expiration (the “near-dated commodity contracts”) are sold before they expire and commodity contracts that have an expiration date further in the future (the “longer-dated commodity contracts”) are purchased. Investments in commodities apply “rolling” of the component commodity contracts in order to maintain an ongoing exposure to such commodities.

“Rolling” can affect the value of an investment in commodities in a number of ways, including:

***The investment in commodity contracts may be increased or decreased through “rolling”:*** Where the price of a near-dated commodity contract is greater than the price of the longer-dated commodity contract (the commodity is said to be in “backwardation”), then “rolling” from the former to the latter will result in exposure to a greater number of the longer-dated commodity contract being taken. Therefore, any loss or gain on the new positions for a given movement in the prices of the commodity contract will be greater than if one had synthetically held the same number of commodity contracts as before the “roll”. Conversely, where the price of the near-dated commodity contract is lower than the price of the longer-dated commodity contract (the commodity is said to be in “contango”), then “rolling” will result in exposure to a smaller number of the longer-dated commodity contract being taken. Therefore, any gain or loss on the new positions for a given movement in the prices of the commodity contract will be less than if one had synthetically held the same number of commodity contracts as before the “roll”.

***Where a commodity contract is in contango (or, alternatively, backwardation) such may be expected to (though it may not) have a negative (or, alternatively, positive) effect over time:*** Where a commodity contract is in “contango”, then the price of the longer-dated commodity contract will generally be expected to (but may not) decrease over time as it nears expiry. In such event, rolling is generally expected to have a negative effect on an investment in the commodity contract. Where a commodity contract is in “backwardation”, then the price of the longer-dated commodity contract will generally be expected to (but may not) increase over time as it nears expiry. In such event, the investment in the relevant commodity contract can generally be expected to be positively affected.

In the case of Commodity Securities which are linked to a Commodity which is a commodity contract, the referenced commodity contract will simply be changed without liquidating or entering into any positions in the commodity contracts. Accordingly, the effects of “rolling” described above do not apply directly on the Reference Item and the Securities. Thus, an investor will not participate directly in possible effects of “rolling”. However, other market participants may act in accordance with the mechanism of “rolling” and such behaviour may have an indirect adverse impact on the value of the Reference Item of the Securities.

Commodity indices are indices which track the performance of a basket of commodity contracts on certain commodities, depending on the particular index. The weighting of the respective commodities included in a commodity index will depend on the particular index, and is generally described in the relevant index rules of the index. Commodity indices apply “rolling” of the component commodity contracts in order to maintain an ongoing exposure to such commodities. Specifically, as a commodity contract is required to be rolled pursuant to the relevant index rules, the commodity index is calculated as if exposure to the commodity contract was liquidated and exposure was taken to another (generally longer-dated) commodity contract for an equivalent exposure. Accordingly, the same effects as described above with regard to “rolling” on the value of a Reference Item of the Securities also apply with regard to the index level of a Commodity index.

***Legal and regulatory changes relating to the Commodities may lead to an early redemption***

Commodities are subject to legal and regulatory regimes that may change in ways that could affect the ability of the Issuer and/or any entities acting on behalf of the Issuer engaged in any underlying or hedging transactions in respect of the Issuer’s obligations in relation to the Securities to hedge the Issuer’s obligations under the Securities, and/or could lead to the early redemption of the Securities.

Commodities are subject to legal and regulatory regimes in the United States and, in some cases, in other countries that may change in ways that could negatively affect the value of the Securities.

In addition, if the Calculation Agent determines that a Hedging Disruption has occurred, including any legal or regulatory changes that the Calculation Agent determines have interfered with the ability of the Issuer and/or any entities acting on behalf of the Issuer engaged in any underlying or hedging transactions in respect of the Issuer’s obligations in relation to the Securities to hedge the Issuer’s obligations under the Securities, or if for any other reason the Issuer and/or any entities acting on behalf of the Issuer engaged in any underlying or hedging transactions in respect of the Issuer’s obligations in relation to the Securities is/are unable to enter into or maintain hedge positions to hedge the Issuer’s obligations under the Securities, the Issuer may, in its sole and absolute discretion, redeem the Securities prior to maturity by payment of an Early Cancellation Amount which may be less than the purchase price of the Securities or may amend the terms of the Securities instead as it determines appropriate to account for such event. If the payment on the Securities is accelerated, a Securityholder’s investment may result in a loss and a Securityholder may not be able to reinvest the proceeds in a comparable investment.

***Risks associated with baskets comprised of various constituents as Reference Items***

***Exposure to performance of basket and its underlying constituents***

Where the Securities reference a basket of assets as Reference Items, the investors in such Securities are exposed to the performance of such basket. The investors will bear the risk of the performance of each of the basket constituents. See, as applicable, “*Risks associated with Equities as Reference Items*”, “*Risks associated with Indices as Reference Items*”, “*Risks associated with Foreign Exchange Rates as Reference Items*” and “*Risks associated with Commodities as Reference Items*”.

***A high correlation of basket constituents may have a significant effect on amounts payable***

Correlation of basket constituents indicates the level of interdependence among the individual basket constituents with respect to their performance. If, for example, all of the basket constituents originate from the same sector and the same country, a high positive correlation may generally be assumed. Past rates of correlation may not be determinative of future rates of correlation: investors should be aware that, though basket constituents may not appear to be correlated based on past performance, it may be that they suffer the same adverse performance following a general downturn or other economic or political event. Where the basket constituents are subject to high correlation, any move in the performance of the basket constituents will exaggerate the performance of the Securities.

***The negative performance of a single basket constituent may outweigh a positive performance of one or more other basket constituents***

Investors in Securities must be aware that even in the case of a positive performance of one or more basket constituents, the performance of the basket as a whole may be negative if the performance of the other basket constituents is negative to a greater extent, subject to the terms and conditions of the relevant Securities.

***A small basket, or an unequally weighted basket, will generally leave the basket more vulnerable to changes in the value of any particular basket constituent***

The performance of a basket that includes a fewer number of basket constituents will generally, subject to the terms and conditions of the relevant Securities, be more affected by changes in the value of any particular basket constituent included therein than a basket that includes a greater number of basket constituents.

The performance of a basket that gives greater weight to some basket constituents will generally, subject to the terms and conditions of the relevant Securities, be more affected by changes in the value of any such particular basket constituent included therein than a basket that gives relatively equal weight to each basket constituent.

***A change in composition of a basket may have an adverse effect on basket performance***

Where the Securities grant the Calculation Agent the right, in certain circumstances, to adjust the composition of the basket, investors should be aware that any replacement basket constituent may perform differently from the original basket constituent, which may have an adverse effect on the performance of the basket.

Set out below is a brief description of certain risks relating to the Securities generally.

***Securities are unsecured obligations***

All Securities will represent direct, unconditional, unsecured and unsubordinated obligations of the Bank and of no other person. All Securities will rank without any preference among themselves and (save to the extent that laws affecting creditors' rights generally in a bankruptcy or winding up may give preference to any of such other obligations) equally with all other unsecured and unsubordinated obligations of the Bank.

***Variation of Settlement***

If the applicable Final Terms in respect of any Securities indicates that the Bank has an option to vary settlement in respect of such Securities, the Bank may, at its sole and absolute discretion, elect (1) not to pay the relevant Securityholders the Cash Settlement Amount, but to deliver or procure delivery of the Asset Amount or (2) not to deliver or procure delivery to the relevant Securityholders of the Asset Amount, but to make payment of the Cash Settlement Amount.

***Potential Conflicts of Interest***

In the ordinary course of its business, including without limitation in connection with its market making activities, the Bank and/or any of its Affiliates may effect transactions for its own account or for the account of its customers and hold long or short positions in any Reference Item(s) or related derivatives. In addition, in connection with the offering of any Securities, the Bank and/or any of its Affiliates may enter into one or more hedging transactions with respect to any Reference Item(s) or related derivatives. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by the Bank and/or any of its Affiliates, the Bank and/or any of its Affiliates may enter into transactions in any Reference Item(s) or related derivatives which may affect the market price, liquidity or value of the relevant Securities and which could be deemed to be adverse to the interests of the relevant Securityholders.

Where the Bank acts as Calculation Agent or the Calculation Agent is an Affiliate of the Bank, potential conflicts of interest may exist between the Calculation Agent and Securityholders, including with respect to certain determinations and judgements that the Calculation Agent may make pursuant to the Conditions that may influence the amount receivable upon settlement of the Securities.

The Bank and/or any Dealer may at the date hereof or at any time hereafter be in possession of information in relation to one or more Reference Items that is or may be material in the context of an issue of Securities and may or may not be

publicly available to Securityholders. There is no obligation on the Bank or any Dealer to disclose to Securityholders any such information.

The Bank and/or any of its Affiliates may have existing or future business relationships with any Reference Item or, if applicable, any of their subsidiaries or affiliates or any other person or entity having obligations relating to any Reference Item (including, but not limited to, dealing, lending, depositary, risk management, advisory and banking relationships), and will pursue actions and take steps that they or it deems necessary or appropriate to protect their and/or its interests arising therefrom without regard to the consequences for a Securityholder regardless of whether any such action might have an adverse effect (including, without limitation, any action which might constitute or give rise to any breach, event of default, credit event or termination event) on any Reference Item or any investor in Securities.

### ***Substitution of Bank***

Condition 15 permits the Bank to substitute for the Bank another company subject as provided in Condition 15. Condition 15 provides that no guarantee of Lloyds TSB Bank plc is necessary if the Substitute is its holding company.

### ***Market Disruption Event***

If an issue of Securities includes provisions dealing with the occurrence of a Market Disruption Event on a Valuation Date or an Averaging Date and the Bank determines that in relation to Securities which are Equity Securities or Index Securities, such Valuation Date or such Averaging Date, as the case may be, is a Disrupted Day any consequential postponement of the Valuation Date or Averaging Date or any alternative provisions for valuation provided in any Securities may have an adverse effect on the value of such Securities.

### ***Settlement Disruption Event***

In the case of Physical Delivery Securities, if a Settlement Disruption Event occurs or exists on the Settlement Date (in the case of Warrants), or the Delivery Date (in the case of Redeemable Certificates), settlement or redemption, as the case may be, will be postponed until the next Settlement Business Day in respect of which there is no Settlement Disruption Event. The Bank in these circumstances also has the right to pay the Disruption Cash Settlement Price in lieu of delivering the Asset Amount.

If, in relation to Physical Delivery Securities which are Equity Securities, “*Failure to Deliver due to Illiquidity*” is specified as applying in the applicable Final Terms and, following exercise or on the date of redemption, as the case may be, of such Securities, it is impossible or impracticable, in the opinion of the Calculation Agent, to deliver, when due, some or all of the Relevant Assets (as specified in the Final Terms) where such failure to deliver is due to illiquidity in the market for such Relevant Assets, the Bank has the right to pay the Failure to Deliver Settlement Price, in lieu of delivering some or all of such Relevant Assets which are affected by such illiquidity.

### ***Cancellation due to illegality***

If either the Bank determines in good faith that either the performance of its obligations under any Securities or that any arrangement made to hedge the Bank’s position under such Securities has become unlawful, illegal or otherwise prohibited in whole or in part under any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power (but, if not having the force of law, only if compliance with it is in accordance with the general practice of persons to whom it is intended to apply), or in the interpretation thereof (an “**Illegality**”), the Bank may cancel such Securities. If the Bank cancels the Securities, then the Bank will, if and to the extent permitted by applicable law, pay an amount to each Securityholder in respect of each Security equal to the Early Cancellation Amount of such Security, notwithstanding such unlawfulness, illegality or other prohibition.

### ***Cancellation due to taxation***

If the Bank determines in good faith that either the performance of its obligations under the Securities or that any arrangements made to hedge its position under the Securities: (i) has resulted in; or (ii) will result in the Bank and/or any of its Affiliates not being entitled to tax relief in respect of any losses, costs or expenses incurred in relation to the Securities or such hedging arrangements or any other adverse tax consequences, the Bank may cancel such Securities. If the Bank cancels the Securities, then the Bank will pay an amount to each Securityholder in respect of each Security equal to the Early Cancellation Amount of such Security.

### ***Discontinuation of offer period***

The offer period in relation to any Securities may be discontinued at any time.

### ***Expenses and Taxes***

A holder of Securities must pay all Expenses relating to the Securities. As used in the Conditions, “**Expenses**” means all taxes, duties and/or expenses, including any applicable depository charges, transaction, exercise or redemption charges, trading costs, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or taxes or duties arising in connection with the exercise or redemption, as the case may be, of the Securities and/or, where applicable, the delivery or transfer of any Asset Amount as more fully set out in Condition 13.

The Bank will not be liable for, or otherwise obliged to pay, any tax, duty or other payment which may arise as a result of the ownership, transfer, exercise (in the case of Warrants), redemption (in the case of Redeemable Certificates) or enforcement of any security by any person and all payments and/or deliveries made by the Bank will be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

### ***Adjustment Provisions***

Condition 16 and/or Condition 17, as applicable, in relation to any issue of Securities, permit(s) the adjustment of the terms of the Securities upon the occurrence of certain adjustment events pursuant to the provisions of such Conditions as they may be amended in the applicable Final Terms. Any such adjustment may result in a change in a method of calculation as set out in the Conditions and/or the applicable Final Terms and/or a change in or substitution of a Reference Item (if applicable) and/or any of the other terms of such Securities. In addition, the occurrence of any such events may permit the Bank to cancel the Securities. If the Bank cancels the Securities, then the Bank will pay an amount equal to the Early Cancellation Amount of such Security.

### ***Emerging Markets***

Where the Securities relate to Reference Items which involve emerging market countries, investors should note that the risk of the occurrence and the severity of the consequences of the matters described herein may be greater than they would otherwise be in relation to more developed countries.

### **Certain additional Risk Factors associated with Warrants**

#### ***Exercise Notices***

Investors should note that, except in the case of Cash Settled Securities where the applicable Final Terms states that Automatic Exercise: No delivery of Exercise Notice applies, in order to receive payment of any amount or delivery of any asset due under a Warrant (regardless of whether or not such Warrant will be automatically exercised), the relevant holder will be required to deliver or send by authenticated SWIFT message (or such other method acceptable to the relevant clearing system) (confirmed in writing) a duly completed Exercise Notice to Clearstream, Luxembourg or Euroclear, with a copy to the Bank in accordance with the Conditions.

#### ***Limitations on Exercise***

##### ***Maximum Exercise Number***

If a Maximum Exercise Number is specified in the applicable Final Terms, the Bank will have the option to limit the number of Warrants exercisable on any date (other than on the final exercise date) to the maximum number specified in the applicable Final Terms and, in conjunction with such limitation, to limit the number of Warrants exercisable by any person or group of persons (whether or not acting in concert) on such date. If the total number of Warrants being exercised on any date (other than the Expiration Date) exceeds such maximum number and the Bank elects to limit the number of Warrants exercisable on such date, a Warrantheader may not be able to exercise on such date all Warrants that such Warrantheader desires to exercise. In any such case, the number of Warrants to be exercised on such date will be reduced until the total number of Warrants exercised on such date no longer exceeds such maximum, such Warrants being selected in the sole and absolute discretion of the Bank. Unless otherwise specified in the applicable Final Terms, the Warrants tendered for exercise but not exercised on such date will be automatically exercised on the next date on

which Warrants may be exercised, subject to the same daily maximum exercise limitation and delayed exercise provisions.

#### *Minimum Exercise Number*

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

#### *Time Lag after Exercise*

Unless otherwise specified in the applicable Final Terms, in the case of any exercise of Warrants which are Cash Settled Securities, there will be a time lag between the time a Warrantholder gives instructions to exercise and the time the applicable Cash Settlement Amount relating to such exercise is determined. Any delay between the time of exercise and the determination of the Cash Settlement Amount will be specified in the applicable Final Terms or the applicable Conditions. However, a delay in such determination could be significantly longer, particularly in the case of a delay in the exercise of Warrants arising from any daily maximum exercise limitation or the occurrence of a Disrupted Day or a Market Disruption Event (if applicable). Any such delay could decrease the Cash Settlement Amount of the Warrants being exercised from what it might otherwise have been and may result in such Cash Settlement Amount being zero. Warrantholders who have exercised their Warrants will not be compensated in respect of any such delay and it will not be possible to withdraw Exercise Notices in respect of such Securities.

On exercise of Warrants which are Physical Delivery Securities, there will be a time lag between the time a Warrantholder gives instructions to exercise and the time the applicable Asset Amount is delivered. Any delay between the time of exercise and such delivery will be specified in the applicable Final Terms or the Conditions. However, a delay in delivery could be significantly longer, particularly in the case of either a delay in the exercise of Warrants arising from any daily maximum exercise limitation or upon due determination by the Calculation Agent that a Settlement Disruption Event occurred at any relevant time. The value of the assets comprising the Asset Amount could increase or decrease during this period and could result in the value of the Asset Amount being less than the Exercise Price or possibly zero. Warrantholders who have exercised their Warrants will not be compensated in respect of any such delay and it will not be possible to withdraw Exercise Notices in respect of such Warrants.

#### **Risks relating to the market generally**

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk and credit risk which may affect the Securities.

#### *Possible illiquidity of the Securities in the secondary market*

There can be no assurance as to how any Securities will trade in the secondary market or whether such market will be liquid or illiquid. Application may be made to list an issue of Securities on a stock exchange, as indicated in the applicable Final Terms. The fact that Securities may be listed does not necessarily lead to greater liquidity. No assurance can be given that there will be a market for any Securities. If any Securities are not traded on any stock exchange, pricing information for such Securities may be more difficult to obtain, and the liquidity and market prices of such Securities may be adversely affected. The liquidity of the Securities may also be affected by restrictions on offers and sales of Securities in some jurisdictions. Securities may be more difficult to obtain and the liquidity of the Securities may be adversely affected. Also, to the extent Securities of a particular issue are exercised or redeemed, as the case may be, the number of Securities of such issue outstanding will decrease, resulting in a diminished liquidity for the remaining Securities of such issue. A decrease in the liquidity of an issue of Securities may cause, in turn, an increase in the volatility associated with the price of such issue of Securities.

Each of the Bank and any Dealer may, but is not obliged to, at any time purchase Securities at any price in the open market or by tender or private treaty. Any Securities so purchased may be held or resold or surrendered for cancellation. A Dealer may, but is not obliged to, be a market-maker for an issue of Securities. Even if a Dealer is a market-maker for an issue of Securities, the secondary market for such Securities may be limited. To the extent that an issue of Securities becomes illiquid, a Securityholder may have to exercise, or await redemption of, such Securities to realise value.

### ***Over-Issuance***

As part of its issuing, market-making and/or trading arrangements, the Bank may issue more Securities than those which are to be subscribed or purchased by third party investors. The Bank (or any of its affiliates) may hold such Securities for the purpose of meeting any investor interest in the future. Prospective investors in the Securities should therefore not regard the issue size of any Series as indicative of the depth or liquidity of the market for such Series, or of the demand for such Series.

### ***Exchange rate risks and exchange controls***

In the case of Cash Settled Securities, the Bank will pay the Cash Settlement Amount in respect of the Securities in the Settlement Currency specified in the applicable Final Terms. This presents certain risks relating to currency conversions if a Securityholder's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Settlement Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Settlement Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Settlement Currency would decrease (i) the Investor's Currency-equivalent yield on the Securities, (ii) the Investor's Currency equivalent value of the Cash Settlement Amount in respect of the Securities and (iii) the Investor's Currency equivalent market value of the Securities.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, the Cash Settlement Amount that investors may receive may be less than expected or zero.

### ***Effect of credit rating reduction***

The value of the Securities is expected to be affected, in part, by investors' general appraisal of the Bank's creditworthiness. Such perceptions are generally influenced by the ratings accorded to the Bank's outstanding securities by standard statistical rating services, such as Moody's Investors Service Limited, Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and Fitch Ratings Ltd. A reduction in the rating, if any, accorded to outstanding debt securities of the Bank by one of these rating agencies could result in a reduction in the trading value of the Securities.

### ***Determinations by the Calculation Agent***

The Conditions provide that the Calculation Agent has discretion to make certain determinations and judgements in respect of the Securities and certain adjustments to the Conditions, which could affect the amount payable by the Bank on the Securities. Such determinations, judgements or adjustments shall, in the absence of manifest error, be conclusive and binding on Securityholders. In making any determination, judgement or adjustment, the Calculation Agent shall not have regard to any interests arising from circumstances particular to individual Securityholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such determination or adjustment for individual Securityholders (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 any political subdivision thereof and the Calculation Agent shall not be entitled to require, nor shall any Securityholder be entitled to claim, from the Bank, the Calculation Agent or any other person any indemnification or payment in respect of any tax consequences of any such determination or adjustment upon individual Securityholders. In exercising its right to make such determinations, judgements and adjustments, the Calculation Agent is entitled to act in its sole and absolute discretion, but must act in good faith.

## FORM OF FINAL TERMS

### APPLICABLE FINAL TERMS FOR ISSUES BY THE ISSUER TO BE ADMITTED TO TRADING ON AN EEA REGULATED MARKET AND/OR OFFERED TO THE PUBLIC ON AN EXEMPT OR A NON-EXEMPT BASIS IN THE EUROPEAN ECONOMIC AREA

Final Terms dated [• ]

**Lloyds TSB Bank plc**

Issue of [Aggregate Number of Securities] [Title of Securities]

under the Certificate and Warrant 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 Prospectus dated 6 June 2011 [and the supplemental Prospectus dated [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”). This document constitutes the Final Terms of the Securities described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Securities is only available on the basis of the combination of these Final Terms and the Prospectus. The Prospectus [and the supplemental Prospectus] [is] [are] available for viewing [on the website of the Regulatory News Service operated by the London Stock Exchange plc at <http://www.londonstockexchange.com/exchange/prices-and-news/news/market-news/market-news-home.html> and copies may be obtained from Lloyds TSB Bank plc, 25 Gresham Street, London EC2V 7HN.

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

- (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or
- (ii) in those Public Offer Jurisdictions mentioned in Paragraph 48 of Part A below[, provided such person is one of the persons mentioned in Paragraph 48 of Part A below and that such offer is made during the Offer Period specified for such purpose therein].

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Securities in any other circumstances].<sup>1</sup>

[The Prospectus referred to above (as completed by these Final Terms) has been prepared on the basis that any offer of Securities in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each a “**Relevant Member State**”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus

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<sup>1</sup> Consider including this legend where a non-exempt offer of Securities is anticipated.





- [Commodity Interest]  
*[specify other]*
7. Fixed Rate Security Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) [Calculation Amount:] [• ] *(If Nominal Amount used, delete this paragraph)*  
*(Specify, in the case of Fixed Rate Securities represented by a Global Security, if Nominal Amount is not otherwise specified. Specify in all other instances)*
- (ii) [Nominal Amount:] [• ] *(If Calculation Amount used, delete this paragraph)*
- (iii) Rate[(s)] of Interest: [• ] per cent. per annum [payable [annually/semi-annually/quarterly/monthly/ *(specify)*] in arrear]
- (iv) Interest Commencement Date: [• ]
- (v) Specified Interest Payment Date(s): [• ] in each year [adjusted in accordance with [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other *(give details)*]/not adjusted]
- (vi) Business Day Centre(s): [• ]
- (vii) Day Count Fraction: [Actual/Actual or Actual/Actual - ISDA]  
[Actual/365 (Fixed)]  
[Actual/360]  
[30/360 or 360/360 or Bond Basis]  
[30E/360 or Eurobond Basis]  
[30E/360 (ISDA)]  
[Actual/Actual ICMA]  
*[specify other]*
- (viii) Determination Date(s): [• ] in each year [Insert interest payment dates except where there are long or short periods. In these cases, insert regular interest payment dates] (NB: Only relevant where Day Count Fraction is *Actual/Actual ICMA*)
- (ix) Other terms relating to the method of calculating interest for Fixed Rate Securities: [Not Applicable/*give details*]
8. Floating Rate Security Provisions: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph. Also consider whether EURIBOR is the appropriate reference rate)*
- (i) [Calculation Amount:] [• ] *(If Nominal Amount used, delete this paragraph)*  
*(Specify, in the case of Floating Rate Securities represented by a Global Security, if Nominal Amount is not otherwise*

*specified. Specify in all other instances)*

(ii) [Nominal Amount:] [• ] *(If Calculation Amount used, delete this paragraph)*

(iii) Interest Commencement Date: [• ]

(iv) Specified Period(s)/Specified [• ]

Interest Payment Dates:

(v) First Interest Payment Date: [• ]

(vi) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other *(give details)*]

(vii) Business Day Centre(s): [• ]

(viii) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/other *(give details)*]

(ix) Party responsible for calculating the Interest Amount(s) (if not the [Calculation Agent]): [• ]

(x) Screen Rate Determination: [Applicable/Not Applicable]

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

- Reference Rate: [• ]

*(Either LIBOR, EURIBOR or other, although additional information is required if other)*

- Interest Determination Date(s): [• ]

*(Second day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in London prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)*

- Relevant Screen Page: [• ]

*(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*

- Specified Currency: [• ]

(xi) ISDA Determination: [Applicable/Not Applicable]

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

- Floating Rate Option: [• ]

- Designated Maturity: [• ]

- Reset Date: [• ]

(xii) Margin(s): [+/-][• ] per cent. per annum

- (xiii) Minimum Rate of Interest: [• ] per cent. per annum
- (xiv) Maximum Rate of Interest: [• ] per cent. per annum
- (xv) Day Count Fraction: [Actual/Actual or Actual/Actual (ISDA)  
Actual/365 (Fixed)  
Actual/360  
30/360 or 360/360 or Bond Basis  
30E/360 or Eurobond Basis  
specify other]  
*(See definition of “Day Count Fraction” in Condition 4(C) for alternatives)*
- (xvi) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Securities, if different from those set out in the Conditions: [• ]
9. Index Interest Security and other variable-linked interest Security Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Whether the Securities relate to a basket of indices or a single index, the identity of the relevant Index/Indices and details of the relevant index sponsors and whether such Index/Indices are a Multi-Exchange Index: [Basket of Indices/Single Index]  
[[Give or annex details]]  
[Details of each Index Sponsor]  
Multi-Exchange Index [Yes/No]  
[The Threshold Percentage [applies/does not apply] in relation to such Index]  
*(NB: Multi-Exchange Index should apply to any Index in respect of which there is more than one Exchange, e.g. a Euro Stoxx index)*
- (ii) [Calculation Amount:] [• ] *(If Nominal Amount used, delete this paragraph)*  
*(Specify, in the case of Index Interest Securities represented by a Global Security, if Nominal Amount is not otherwise specified. Specify in all other instances)*
- (iii) [Nominal Amount:] [• ] *(If Calculation Amount used, delete this paragraph)*
- (iv) Interest Commencement Date: [• ]
- (v) Party responsible for making calculations pursuant to Condition 16(A) (if not the Calculation Agent): [• ]
- (vi) Provisions for determining the Interest Amount where calculated by reference to Index and/or formula and/or other variable: [• ]

- (vii) Exchange(s): [• ]
- (viii) Related Exchange(s): [[• ]/All Exchanges]
- (ix) [Valuation Date/Averaging Dates]: [• ]
- [Adjustment provisions in the event of a Disrupted Day: [Omission/Postponement/Modified Postponement]  
(NB: only applicable where Averaging Dates are specified)]
- [Settlement Price: [Condition 16(A) applies/other]  
*(NB: if fallback set out in the definition of “Valuation Date” in Condition 16(A) does not apply, set out method for determining the Settlement Price in the event that each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day)*
- (x) [Relevant Time]: [Condition 16(A) applies/other]
- (xi) Multiplier for each Index comprising the basket: [Insert details/Not Applicable]
- (xii) Trade Date: [• ]
- (xiii) Correction of Index Levels: Correction of Index Levels [applies/does not apply and the Settlement Price shall be calculated without regard to any subsequently published correction].  
*(If Correction of Index Levels does not apply, delete the following sub-paragraph)*
- [Correction Cut-Off Date: [[• ] Business Days prior to the Interest Payment Date/In relation to Averaging Dates other than the final Averaging Dates, [• ] days after the relevant Averaging Date and in relation to the final Averaging Date, [• ] Business Days prior to the Interest Payment Date]].
- (xiv) Specified Period(s): [• ]
- (xv) Specified Interest Payment Dates: [• ]*[N.B. Care must be taken to ensure that if the Securities involve a computation, in any case by reference to one or more Valuation Dates or Averaging Dates, as the case may be, which may be postponed pursuant to the Conditions of such Securities, the Interest Payment Date is likewise postponed and cannot occur prior to an acceptable period before the last occurring Valuation Date or the final Averaging Date, as the case may be]*
- (xvi) Interest Determination Dates: [[• ] Business Days prior to each Specified Interest Payment Date / [The/Each] Valuation Date/Averaging Date / The Valuation Date/Averaging Date immediately preceding each Specified Interest Payment Date].
- (xvii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]

- (xviii) Business Centre(s): [• ]
- (xix) Minimum Rate of Interest: [• ] per cent. per annum
- (xx) Maximum Rate of Interest: [• ] per cent. per annum
- (xxi) Day Count Fraction: [• ]
- (xxii) Payment Date Extension [Applicable/Not Applicable]  
[Extension Business Days: [• ]  
*(NB: only applicable where Payment Date Extension is specified)*
- (xxiii) Other terms or special conditions: [• ]
10. Equity Interest Security Provisions [Applicable/Not Applicable]  
*(If not applicable, delete remaining sub-paragraphs of this paragraph)*
- (i) Whether the Securities relate to a basket of equity securities or a single equity security and the identity of the relevant Equity Issuer(s) of the Underlying Equity/Equities: [Basket of Underlying Equities/Single Underlying Equity] *[Give or annex details of each Underlying Equity and each Equity Issuer]*
- (ii) [Equity Issuer(s):] [• ]
- (iii) [Calculation Amount:] [• ] *(If Nominal Amount used, delete this paragraph)*  
*(Specify, in the case of Equity Interest Securities represented by a Global Security, if Nominal Amount is not otherwise specified. Specify in all other instances)*
- (iv) [Nominal Amount:] [• ] *(If Calculation Amount used, delete this paragraph)*
- (v) Interest Commencement Date: [• ]
- (vi) Party responsible for making calculations pursuant to Condition 16(B) (if not the Calculation Agent): [• ]
- (vii) Provisions for determining the Interest Amount where calculated by reference to an Underlying Equity and/or formula and/or other variable: [• ]
- (viii) Exchange: [• ]
- (ix) Related Exchange(s): [[• ]/All Exchanges]
- (x) Potential Adjustment Events: [Applicable/Not Applicable]
- (xi) De-listing, Merger Event, Nationalisation and Insolvency: [Applicable/Not Applicable]
- (xii) Tender Offer: [Applicable/Not Applicable]

- (xiii) Correction of Underlying Equity Prices: Correction of Underlying Equity Prices [applies/does not apply and the Settlement Price shall be calculated without regard to any subsequently published correction].
- (If Correction of Underlying Equity Prices does not apply, delete the following sub-paragraph)*
- [Correction Cut-Off Date: [[•] Business Days prior to the Interest Payment Date/In relation to Averaging Dates other than the final Averaging Dates, [•] days after the relevant Averaging Date and in relation to the final Averaging Date, [•] Business Days prior to the Interest Payment Date]].
- (xiv) [Valuation Date/Averaging Dates]: [•]
- [Adjustment provisions in the event of a Disrupted Day: [Omission/Postponement/Modified Postponement]  
*(NB: only applicable where Averaging Dates are specified)*]
- [Settlement Price: [Condition 16(B) applies/other]
- (NB: if fallback set out in the definition of “Valuation Date” in Condition 16(B) does not apply, set out method for determining the Settlement Price in the event that each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day)*
- (xv) Valuation Time: [Condition 16(B) applies/other]
- (xvi) Exchange Rate: [Applicable/Not Applicable]
- [Insert details]*
- (xvii) Multiplier for each Underlying Equity comprising the basket (which is subject to adjustment as set out in Condition 16(B)): *[Insert details/Not Applicable]*
- (xviii) Trade Date: [•]
- (xix) Specified Period(s): [•]
- (xx) Specified Interest Payment Dates: [•] *[N.B. Care must be taken to ensure that if the Securities involve a computation, in any case by reference to one or more Valuation Dates or Averaging Dates, as the case may be, which may be postponed pursuant to the Conditions of such Securities, the Interest Payment Date is likewise postponed and cannot occur prior to an acceptable period before the last occurring Valuation Date or the final Averaging Date, as the case may be]*
- (xxi) Interest Determination Dates: [[•] Business Days prior to each Specified Interest Payment Date / [The/Each] Valuation Date/Averaging Date / The Valuation Date/Averaging Date immediately preceding each Specified Interest Payment Date].
- (xxii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day

Convention/Preceding Business Day Convention/other (give details)]

- (xxiii) Business Centre(s): [• ]
- (xxiv) Minimum Rate of Interest: [• ] per cent. per annum
- (xxv) Maximum Rate of Interest: [• ] per cent. per annum
- (xxvi) Day Count Fraction: [• ]
- (xxvii) Payment Date Extension [Applicable/Not Applicable]
- [Extension Business Days: [• ]

*(NB: only applicable where Payment Date Extension is specified)*

- (xxviii) Other terms or special conditions: [• ]

11. Currency Interest Security Provisions [Applicable/Not Applicable]

*(If Not Applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Whether the Securities relate to a Single FX Rate or Basket of FX Rates: [Single FX Rate / Basket of FX Rates]
- (ii) [Calculation Amount]: [• ] *(If Nominal Amount used, delete this paragraph)*

*(Specify, in the case of Currency Interest Securities represented by a Global Security, if Nominal Amount is not otherwise specified. Specify in all other instances)*

- (iii) [Nominal Amount]: [• ] *(If Calculation Amount used, delete this paragraph)*
- (iv) Interest Commencement Date: [• ]
- (v) Reference Currency/Reference Currencies: [• ]
- (vi) Base Currency: [• ]
- (vii) FX Price Source: [• ]
- (viii) FX Rate Sponsor: [Not Applicable / [• ]]<sup>4</sup>
- (ix) Provisions for determining the Interest Amount where calculated by reference to an FX Rate and/or formula and/or other variable. [• ]
- (x) Number of FX Settlement Days: [Not Applicable / [• ]]<sup>5</sup>
- (xi) Valuation Date(s) / Averaging Date(s): [Not Applicable / [• ]]
- (xii) Valuation Time: [• ]

<sup>4</sup> Usually applicable in respect of emerging market currencies.

<sup>5</sup> Usually applicable in respect of emerging market currencies.



- (xiii) FX Disruption Events: [Benchmark Obligation Default]  
 [Price Materiality]  
 [Currency Replacement]  
 [Dual Exchange Rate]  
 [Governmental Authority Event]  
 [Illiquidity]  
 [Inconvertibility]  
 [Non-Transferability]  
 [Price Source Disruption]
- (xiv) Benchmark Obligation: [• ]
- Primary Rate: [• ]
- Secondary Rate: [• ]
- Price Materiality Percentage: [• ]
- Any other FX Disruption Events: [None][Specify others]
- (xv) Disruption Fallbacks:
- (a) Calculation Agent Determination: [Not Applicable / Applicable – to be applied [first /second / third]
- (b) Fallback Reference Price: [Not Applicable / Applicable – to be applied [first / second/ third]
- (c) Other: [Not Applicable / Applicable – to be applied [first / second / third]
- (xvi) Successor Currency: [Not Applicable / Applicable]
- (xvii) [Rebasing:] [Not Applicable / Applicable]
- (xviii) Multiplier for each FX Rate comprising the basket: [Insert details/Not Applicable]
- (xix) Trade Date: [• ]
- (xx) Specified Period(s): [• ]
- (xxi) Specified Interest Payment Dates: [• ][N.B. Care must be taken to ensure that if the Securities involve a computation, in any case by reference to one or more Valuation Dates or Averaging Dates, as the case may be, which may be postponed pursuant to the Conditions of such Securities, the Interest Payment Date is likewise postponed and cannot occur prior to an acceptable period before the last occurring Valuation Date or the Final Averaging Date, as the case may be]
- (xxii) Interest Determination Dates: [[• ] Business Days prior to each Specified Interest Payment Date / [The/Each] Valuation Date/Averaging Date / The Valuation Date/Averaging Date immediately preceding each Specified Interest Payment Date].
- (xxiii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give

- details)*
- (xxiv) Business Centre(s): [• ]
- (xxv) Minimum Rate of Interest: [• ] per cent. per annum
- (xxvi) Maximum Rate of Interest: [• ] per cent. per annum
- (xxvii) Day Count Fraction: [• ]
- (xxviii) [Payment Date Extension] [Applicable/Not Applicable]  
 [Extension Business Days:] [• ]
- (NB: only applicable where Payment Date Extension is specified)*
- (xxix) Other terms or special conditions: [• ]
12. Commodity Interest Security Provisions: [Applicable/Not Applicable]  
*(if not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Relevant Commodity / Commodity Index / Basket of Commodities or Commodity Indices (including weighting of commodities/commodity indices): [Relevant Commodity: [• ]]  
 [Commodity Index: [• ]]  
 [Basket of Commodities/Commodity Indices: [• ] (*include weighting*)]  
 [Commodity Index Sponsor: [• ]]
- (ii) [Calculation Amount:] [• ] (*If Nominal Amount used, delete this paragraph*)
- (iii) [Nominal Amount:] [• ] (*If Calculation Amount used, delete this paragraph*)
- (iv) Commodity Reference Price: [• ]
- (v) Interest Commencement Date: [• ]
- (vi) Valuation Time: [Condition 16(D) applies/other (*specify*)]
- (vii) Provisions for determining the Interest Amount where calculated by reference to a Commodity or a Commodity Index and/or formula and/or other variable: [• ]
- (viii) Price Source(s): [• ]/[Not Applicable]
- (ix) Exchange(s): [• ]
- (x) Specified Price: [• ]
- (xi) Delivery Date: [• ]
- (xii) Common Pricing [Applicable]/[Not Applicable] (*include only if Basket of Commodities/Commodity Indices*)
- (xiii) Commodity Market Disruption Events: [As per Condition 16(D)(iii)]  
 [Other (*Specify*)]
- Disruption Fallback(s): [As per Condition 16(D)(iii)] [*Specify order in which Disruption Fallbacks apply, if any*]  
 [Other (*specify any other applicable additional Disruption Fallback(s)*)]
- Maximum Days of Disruption: [• ]

Fallback Reference Price:	[Applicable]/[Not Applicable] [To be applied first / second / third]
- Alternate Commodity Reference Price:	[Applicable]/[Not Applicable] [To be applied first / second / third]
- Delayed Publication or Announcement and Postponement:	[Applicable]/[Not Applicable] [To be applied first / second / third]
- Calculation Agent Determination:	[Applicable]/[Not Applicable] [To be applied first / second / third]
Additional provisions for Trading Disruption:	[If Trading Disruption applies, specify any additional futures contracts, options contracts or commodities and the related exchange to which Trading Disruption applies]
(xiv) Adjustments to Commodity Index:	[As per Condition 16(D)(iii)] [Other ( <i>specify</i> )]
(xv) [Commodity Index Disclaimer:]	[ <i>Insert additional information on Commodity Index Disclaimer per Condition 16(D)(iii)(f) (NB only applicable where Securities are linked to one or more Commodity Indices)</i> ]
(xvi) Valuation Date(s)/Averaging Date(s):	[• ]
(xvii) Valuation Time:	[• ]
[Settlement Price:	[Condition 16(D) applies/other ( <i>specify</i> )]  <i>(NB: if fallback set out in the definition of “Valuation Date” in Condition 16(D) does not apply, set out method for determining the Settlement Price in the event that each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day)</i>
(xviii) Multiplier for each Commodity / Commodity Index comprising the basket (which is subject to adjustment as set out in Condition 16(D)):	[ <i>Insert details/Not Applicable</i> ]
(xix) Specified Period(s):	[• ]
(xx) Specified Interest Payment Dates:	[• ] [ <i>N.B. Care must be taken to ensure that if the Securities involve a computation, in any case by reference to one or more Valuation Dates or Averaging Dates, as the case may be, which may be postponed pursuant to the Conditions of such Securities, the Interest Payment Date is likewise postponed and cannot occur prior to an acceptable period before the last occurring Valuation Date or the Final Averaging Date, as the case may be</i> ]
(xxi) Interest Determination Dates:	[[• ] Business Days prior to each Specified Interest Payment Date / [The/Each] Valuation Date/Averaging Date / The Valuation Date/Averaging Date immediately preceding each Specified Interest Payment Date].
(xxii) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other ( <i>give</i>

*details)*

- (xxiii) Business Centre(s): [• ]  
(xxiv) Minimum Rate of Interest: [• ] per cent. per annum  
(xxv) Maximum Rate of Interest: [• ] per cent. per annum  
(xxvi) Day Count Fraction: [• ]  
(xxvii) Payment Date Extension [Applicable/Not Applicable]  
[Extension Business Days: [• ]

*(NB: only applicable where Payment Date Extension is specified)*

- (xxviii) Other terms or special conditions: [• ]

**PARAGRAPHS 13 TO 22 (INCLUSIVE) APPLY TO WARRANTS (INCLUDING EXERCISABLE CERTIFICATES) ONLY**

13. Exercise Style: The Warrants are [European/American/(specify other)] Style Securities.
14. Call/Put Warrants: The Warrants are [Call Warrants/Put Warrants].
15. Units: Warrants must be exercised in Units. Each Unit consists of [• ] Warrants.  
*(N.B. This is in addition to any requirements relating to “Minimum Exercise Number” or “Maximum Exercise Number” set out below)*
16. Exercise Price: The exercise price per [Warrant/Unit] (which may be subject to adjustment in accordance with Condition 16(B) in the case of Equity Securities) is [• ].  
*(N.B. This should take into account any relevant Multiplier and, in the case of an Index Security, must be expressed as a monetary value)*
17. Exercise Date: The exercise date of the Warrants is [• ], provided that, if such date is not a Business Day, the Exercise Date shall be the immediately [preceding/succeeding] Business Day.  
*(N.B. Only applicable in relation to European Style Warrants)*
18. Exercise Period: The exercise period in respect of the Warrants is from and including [• ] to and including [• ] [ , or if [ ] is not a Business Day, the immediately succeeding Business Day].  
*(N.B. Only applicable in relation to American Style Warrants)*
19. Automatic Exercise: Automatic Exercise [applies/does not apply].  
Automatic Exercise: Exercise Notice by Cut-off

- [If Automatic Exercise does apply: Date [applies/does not apply].  
Automatic Exercise: No delivery of Exercise Notice [applies/does not apply].]
20. Settlement Date: [(i) The settlement date for the Warrants is [•].  
[(ii) Settlement Business Day for the purposes of Condition 5(C)(ii) and Condition 6(E) means [•].  
(N.B. Only applicable in the case of Physical Delivery Securities)]
21. Minimum Exercise Number: The minimum number of Warrants that may be exercised (including Automatic Exercise) on any day by any Warrantholder is [•] [and Warrants may only be exercised (including Automatic Exercise) in integral multiples of [•] Warrants in excess thereof].
22. Maximum Exercise Number: The maximum number of Warrants that may be exercised on any day by any Warrantholder or group of Warrantholders (whether or not acting in concert) is [•].  
(N.B. Not applicable for European Style Warrants)

**PARAGRAPHS 23 AND 24 (INCLUSIVE) APPLY TO REDEEMABLE CERTIFICATES ONLY**

23. Redemption Date: [•]  
[Settlement Business Day means [•].]  
(N.B. Only applicable in the case of Physical Delivery Securities)
24. Valuation Date: [•]
25. Notional Amount of each Certificate: [Currency] [Amount]
26. Averaging: Averaging [applies/does not apply] to the Securities.  
[The Averaging Dates are [•]].
27. Scheduled Trading Day: [•].  
(N.B. Only applicable if different from the definition in Condition 16(A)(iv), Condition 16(B)(iv), Condition 16(C)(iv) or Condition 16(D)(iv)).
28. Business Day Centre(s): The applicable Business Day Centre[s] for the purposes of the definition of “Business Day” in Condition 4 [is/are] [•].
29. Settlement: Settlement will be by way of [cash payment] [and/or] [physical delivery].
30. Issuer’s option to vary settlement: The Issuer [has/does not have] the option to vary settlement in respect of the Securities pursuant to Condition 5(E) in the case of Warrants or Condition 8 in the case of Redeemable Certificates.
31. Cash Settlement Amount: [insert details]  
(N.B. In the case of Warrants, only applicable if Condition 5(B)(i)(c) or Condition 5(B)(ii)(c)

*applies)*

*[N.B. Always applicable for all issues of Redeemable Certificates.]*

32. Exchange Rate: The applicable rate of exchange for conversion of any amount into the relevant Settlement Currency for the purposes of determining the Settlement Price (as defined in Condition 3) or the Cash Settlement Amount (as defined in Condition 3) is *[insert rate of exchange and details of how and when such rate is to be ascertained]*.
33. Settlement Currency: The settlement currency for the payment of [the Cash Settlement Amount] (in the case of Cash Settled Securities)/[the Disruption Cash Settlement Amount] (in the case of Physical Delivery Securities) [and any other amounts payable in respect of the Securities] is [•].
34. Calculation Agent: The Calculation Agent is [•].  
*(N.B. Only applicable if Lloyds TSB Bank plc is not the Calculation Agent)*
35. Failure to Deliver due to Illiquidity: Failure to Deliver due to Illiquidity [applies/does not apply] to the Securities.  
*(N.B. Only applicable in the case of the Physical Delivery Securities which are Equity Securities. Careful consideration should be given to whether Failure to Deliver is applicable to other Physical Delivery Securities)*
36. Index Securities: [Applicable/Not Applicable]  
*(If Not Applicable delete the remaining sub-paragraphs of this paragraph)*  
[For the purposes of Condition 3 and Condition 16(A)]
- (i) Whether the Securities relate to a basket of indices or a single index, the identity of the relevant Index/Indices and details of the relevant index sponsors and whether such Index/Indices are a Multi-Exchange Index: [Basket of Indices/Single Index]  
[(Give or annex details)]  
[Details of each Index Sponsor]  
Multi-Exchange Index [Yes/No]  
[The Threshold Percentage [applies/does not apply] in relation to such Index]
- (NB: Multi-Exchange Index should apply to any Index in respect of which there is more than one Exchange, e.g. a Euro Stoxx index)*
- (ii) Party responsible for making calculations pursuant to Condition 16(A) (if not the Calculation Agent): [•]
- (iii) Exchange(s): [•]

- (iv) Related Exchange(s): [[•]/All Exchanges]
- (v) Cash Settlement Amount: [*Express per Calculation Amount*]
- (vi) [Valuation Date/Averaging Dates/  
Determination Date]: [•]
- [Adjustment provisions in the event of a  
Disrupted Day: [Omission/Postponement/Modified Postponement]  
(*NB: only applicable where Averaging Dates are  
specified*)]
- [Settlement Price: [Condition 16(A) applies/other]  
(*NB: if fallback set out in the definition of  
“Valuation Date” in Condition 16(A) does not  
apply, set out method for determining the Settlement  
Price in the event that each of the eight Scheduled  
Trading Days immediately following the Scheduled  
Valuation Date is a Disrupted Day*)]
- (vii) [Relevant Time]: [Condition 16(A) applies/other]
- (viii) Multiplier for each Index comprising  
the basket: [*Insert details/Not Applicable*]
- (ix) Trade Date: [•]
- (x) Correction of Index Levels: Correction of Index Levels  
[applies/does not apply and the Settlement Price  
shall be calculated without regard to any  
subsequently published correction].  
(*If Correction of Index Levels does not apply, delete  
the following sub-paragraph*)
- [Correction Cut-Off Date: [[•] Business Days prior to the [Exercise  
Date][Redemption Date]/In relation to Averaging  
Dates other than the final Averaging Dates, [•] days  
after the relevant Averaging Date and in relation to  
the final Averaging Date, [•] Business Days prior to  
the [Exercise Date][Redemption Date]].
- (xi) [Settlement Date Extension]  
[Redemption Date Extension]: [Applicable/Not Applicable]
- [Extension Business Days: [•]  
(*NB: only applicable where [Settlement Date  
Extension][Redemption Date Extension] is  
specified*)]
- (xii) Other terms or special conditions: [•]

(Repeat as necessary where there is more than one Index or insert a table)

37.

- Equity Securities: [Applicable/Not Applicable]  
(*If Not Applicable delete the remaining sub-  
paragraphs of this paragraph*)  
[For the purposes of Condition 3 and Condition

	16(B):
(i) Whether the Securities relate to a basket of equity securities or a single equity security and the identity of the relevant Equity Issuer(s) of the Underlying Equity/Equities:	[Basket of Underlying Equities/Single Underlying Equity] <i>[Give or annex details of each Underlying Equity and each Equity Issuer]</i>
(ii) [Equity Issuer(s):]	[• ]
(iii) Whether redemption or exercise of the Securities will be by (a) Cash Settlement or (b) Physical Delivery or (b) Physical Delivery or (c) Cash Settlement and/or Physical Delivery:	[Cash Settlement/Physical Delivery/Cash Settlement and/or Physical Delivery] <i>(If Cash Settlement and/or Physical Delivery specified, specify details for determining in what circumstances Cash Settlement or Physical Delivery will apply)</i>
(iv) Party responsible for making calculations pursuant to Condition 16(B) (if not the Calculation Agent):	[• ]
(v) Exchange:	[• ]
(vi) Related Exchange(s):	[[• ]/All Exchanges]
(vii) Potential Adjustment Events:	[Applicable/Not Applicable]
(viii) De-listing, Merger Event, Nationalisation and Insolvency:	[Applicable/Not Applicable]
(ix) Tender Offer:	[Applicable/Not Applicable]
(x) Correction of Underlying Equity Prices:	Correction of Underlying Equity Prices [applies/does not apply and the Settlement Price shall be calculated without regard to any subsequently published correction]. <i>(If Correction of Underlying Equity Prices does not apply, delete the following sub-paragraph)</i>
[Correction Cut-Off Date:	[[• ] Business Days prior to the [Exercise Date][Redemption Date]/In relation to Averaging Dates other than the final Averaging Dates, [• ] days after the relevant Averaging Date and in relation to the final Averaging Date, [• ] Business Days prior to the [Exercise Date][Redemption Date]].
(xi) Cash Settlement Amount:	<i>[Express per Calculation Amount]</i>
[Valuation Date/Averaging Dates]:	[• ]
[Adjustment provisions in the event of a Disrupted Day:	[Omission/Postponement/Modified Postponement] <i>(NB: only applicable where Averaging Dates are specified)</i>
Settlement Price:	[• ][Condition 16(B) applies [and the Settlement Price shall be determined by reference to the price of the relevant Underlying Equity at the Valuation Time on the Valuation Date]/other] <i>(NB: if fallback set out in the definition of "Valuation Date" in Condition 10(f) does not apply, set out method for determining the Settlement Price in the event that</i>



*each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day)*

- (xii) Valuation Time: [Condition 16(B) applies/other]
- (xiii) Exchange Rate: [Applicable/Not Applicable]  
[Insert details]
- (xiv) Multiplier for each Underlying Equity comprising the basket (which is subject to adjustment as set out in Condition 16(B)): [Insert details/Not Applicable]
- (xv) Trade Date: [• ]
- (xvi) Relevant Assets: [• ] (further particulars specified below) [*Only applicable for Physical Delivery or Cash Settlement and/or Physical Delivery*]
- (xvii) Asset Amount(s): [• ] [*Only applicable for Physical Delivery or Cash Settlement and/or Physical Delivery*]
- (xviii) Cut-Off Date: [• ] [*Only applicable for Physical Delivery or Cash Settlement and/or Physical Delivery*]
- (xix) Final Date: [• ]
- (xx) Delivery provisions for Asset Amount(s) (including details of who is to make such delivery) if different from Terms and Conditions: [• ] [*Only applicable for Physical Delivery or Cash Settlement and/or Physical Delivery*]
- (xxi) [Settlement Date Extension]  
[Redemption Date Extension]: [Applicable/Not Applicable]
- [Extension Business Days: [• ]  
(NB: *only applicable where* [Settlement Date][Redemption Date] *is specified*)]
- (xxii) Other terms or special conditions: [• ]
- (xxiii) Failure to Deliver due to Illiquidity: [Applicable/Not Applicable]  
  
(NB: *Only applicable to certain types of Equity Securities*)
- (xxiv) Specified Currency: [• ]
38. Currency Securities: [Applicable/Not Applicable]  
  
(If Not Applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Single FX Rate or Basket of FX Rates: [Single FX Rate / Basket of FX Rates]
- (ii) [Calculation Amount]: [• ] (If Nominal Amount used, delete this paragraph)  
(Specify, in the case of Currency Securities represented by a Global

*Security, if Nominal Amount is not otherwise specified. Specify in all other instances)*

- |        |   |  |
|--------|---|--|
| (iii)  | [Nominal Amount]:   | [• ] (If Calculation Amount used, delete this paragraph)   |
| (iv)   | Reference Currency/Reference Currencies:  | [• ]   |
| (v)    | Base Currency:  | [• ]   |
| (vi)   | FX Price Source:  | [• ]   |
| (vii)  | FX Rate Sponsor:  | [Not Applicable / [• ]] <sup>6</sup>   |
| (viii) | Multiplier for each FX Rate comprising the basket (which is subject to adjustment as set out in Condition 16(C)). | [Insert details/Not Applicable]  |
| (ix)   | Number of FX Settlement Days:   | [Not Applicable / [• ]] <sup>7</sup>   |
| (x)    | Valuation Date(s)/Averaging Date(s):  | [Not Applicable / [• ]]  |
| (xi)   | Valuation time:   | [• ]   |
| (xii)  | FX Disruption Events:   | [Benchmark Obligation Default]<br>[Price Materiality]<br>[Currency Replacement]<br>[Dual Exchange Rate]<br>[Governmental Authority Event]<br>[Illiquidity]<br>[Inconvertibility]<br>[Non-Transferability]<br>[Price Source Disruption] |
|        | - Benchmark Obligation:   | [• ]   |
| (xiii) | Cash Settlement Amount  | [Express per Calculation Amount]   |
|        | - Primary Rate:   | [• ]   |
|        | - Secondary Rate:   | [• ]   |
|        | - Price Materiality Percentage:   | [• ]   |
|        | - Any other FX Disruption Events:   | [None][Specify others]   |
| (xiv)  | Disruption Fallbacks:   |  |
|        | (a) Calculation Agent Determination:  | [Not Applicable / Applicable - to be applied [first / second / third]  |
|        | (b) Fallback Reference Price:   | [Not Applicable / Applicable - to be applied [first / second/ third]]  |
|        | (c) Other:  | [Not Applicable / Applicable - to be applied [first / second / third]  |
| (xv)   | Settlement Price:   | [Condition 16(C) applies/other]  |

<sup>6</sup> Usually applicable in respect of emerging market currencies.

<sup>7</sup> Usually applicable in respect of emerging market currencies.

	(xvi) Successor Currency:	[Not Applicable / Applicable]
	(xvii) [Rebasing:]	[Not Applicable / Applicable]
	(xviii) [Settlement Date Extension]	[Applicable / Not Applicable]
	[Redemption Date Extension]	[• ]
	[Extension Business Days]:	<i>(NB only applicable where [Settlement Date Extension] [Redemption Date Extension] is specified)</i>
	(xix) Other terms or special conditions:	[• ]
39.	Commodity Securities:	[Applicable/Not Applicable] <i>(if not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Relevant Commodity / Commodity Index / Basket of Commodities or Commodity Indices (including weighting of commodities/commodity indices)	[Relevant Commodity: [• ]] [Commodity Index: [• ]] [Basket of Commodities/Commodity Indices: [• ]] <i>(include weighting)</i> [Commodity Index Sponsor: [• ]]
	(ii) [Calculation Amount]: <i>(Specify, in the case of Commodity Securities represented by a Global Security, if Nominal Amount is not otherwise specified. Specify in all other instances)</i>	[• ] <i>(If Nominal Amount used, delete this paragraph)</i>
	(iii) [Nominal Amount]:	[• ] <i>(If Calculation Amount used, delete this paragraph)</i>
	(iv) Commodity Reference Price:	[• ]
	(v) Price Source(s):	[• ]
	(vi) Exchange(s):	[• ]
	(vii) Specified Price:	[• ]
	(viii) Delivery Date:	[• ]
	(ix) Common Pricing	[Applicable] [Not applicable] <i>(include only if Basket of Commodities/Commodity Indices)</i>
	(x) Cash Settlement Amount:	<i>[Express per Calculation Amount]</i>
	(xi) Commodity Market Disruption Events:	[As per Condition 16(D)(iii)] [Other <i>(Specify)</i> ]
	Disruption Fallback(s):	[As per Condition 16(D)(iii)][ <i>Specify order in which Disruption Fallbacks apply, if any</i> ] [Other <i>(specify any other applicable additional Disruption Fallback(s))</i> ]
	Maximum Days of Disruption:	[• ]
	Fallback Reference Price:	[Applicable]/[Not Applicable] [To be applied first / second / third]
	- Alternate Commodity Reference Price:	[Applicable]/[Not Applicable] [To be applied first / second / third]

	- Delayed Publication or Announcement and Postponement:	[Applicable]/[Not Applicable] [To be applied first / second / third]
	- Calculation Agent Determination:	[Applicable]/[Not Applicable] [To be applied first / second / third]
	Additional provisions for Trading Disruption:	[If Trading Disruption applies, specify any additional futures contracts, options contracts or commodities and the related exchange to which Trading Disruption applies]
(xii)	Settlement Price:	[Condition 16(D) applies/other]
(xiii)	Adjustments to Commodity Index:	[As per Condition 16(D)(iii)] [Other ( <i>specify</i> )]
(xiv)	[Commodity Index Disclaimer:]	[ <i>Insert additional information on Commodity Index Disclaimer per Condition 16(D)(iii)(f)</i> ] ( <i>NB only applicable where Securities are linked to one or more Commodity Indices</i> )
(xv)	Valuation Dates/Averaging Dates:	[• ]
(xvi)	Valuation Time:	[• ]
(xvii)	Multiplier for each Commodity/Commodity Index comprising the basket (which is subject to adjustment as set out in Condition 16(D)):	[ <i>Insert details</i> ]/Not Applicable]
(xviii)	Relevant Assets:	[• ] (further particulars specified below) [ <i>Only applicable for Physical Delivery or Cash Settlement and/or Physical Delivery</i> ]
(xix)	Asset Amount(s):	[• ] [ <i>Only applicable for Physical Delivery or Cash Settlement and/or Physical Delivery</i> ]
(xx)	Cut-Off Date:	[• ] [ <i>Only applicable for Physical Delivery or Cash Settlement and/or Physical Delivery</i> ]
(xxi)	Final Date:	[• ]
(xxii)	Delivery provisions for Asset Amount(s) (including details of who is to make such delivery) if different from Terms and Conditions:	[• ] [ <i>Only applicable for Physical Delivery or Cash Settlement and/or Physical Delivery</i> ]
(xxiii)	[Settlement Date Extension] [Redemption Date Extension]:	[Applicable/Not Applicable]
(xxiv)	[Extension Business Days:	[• ] ( <i>NB: only applicable where [Settlement Date][Redemption Date] is specified</i> )
(xxv)	Other terms or special conditions:	[• ]

40.	Credit Securities:	[Applicable/Not Applicable] <sup>8</sup>
41.	Relevant Assets:	[Applicable/Not Applicable]
	Type and class of Relevant Asset(s):	[• ]
	(i) Legislation under which the Relevant Asset(s) has/have been created:	[• ]
	(ii) Form of the Relevant Asset(s):	[• ]
	(iii) Currency of the Relevant Asset(s):	[• ]
	(iv) Rights attaching to the Relevant Asset(s):	[• ]
		<i>(Need to include information relating to dividend rights (as per paragraph 1.5 of Annex 14 of Commission Regulation (EC) 809/2004), voting rights, pre-emption rights in offers for subscription of Relevant Asset(s) of the same class, rights to share in the issuer of the Relevant Asset's/Assets' profits, rights to share in any surplus in the event of liquidation, redemption provisions and conversion provisions, in each case to the extent applicable)</i>
	(v) Listing of the Relevant Asset(s):	[[• ] (specify)/None]
	(vi) Description of any restrictions on the free transferability of the Relevant Asset(s):	[• ]
	(vii) Details of the existence of any mandatory takeover bids/or squeeze-out and sell-out rules in relation to the Relevant Asset(s):	[• ]
	(viii) Details of any public takeover bids made by third parties in respect of the Relevant Asset(s), which have occurred during the last financial year and the current financial year, including the price or exchange terms attaching to such offers and the outcome thereof:	[• ]
	(ix) Impact on the issuer of the Relevant Asset(s) of the exercise of the right and any potential dilution effect for the Relevant Asset holders:	[• ]
42.	Additional Disruption Events:	[Applicable/Not Applicable]
		<i>[Additional Disruption Events are only applicable to certain types of Index Securities, Equity Securities, Currency Securities or Commodity Securities]</i>
		<i>(If not applicable, delete the remaining sub-</i>

<sup>8</sup> Note: there are no provisions in the Programme specific to these types of Security. If these types of Security are contemplated, full terms relating to them will need to be set out.

*paragraphs of this paragraph)*

[Change in Law]

[Hedging Disruption]

[Increased Cost of Hedging]

[Increased Cost of Stock Borrow]

[Insolvency Filing]

*(N.B. Only applicable in the case of Equity Securities)*

[Loss of Stock Borrow]

43. Early Cancellation Amount:

Early Cancellation Amount(s) payable on redemption for (a) an illegality, (b) taxation reasons or on event of default or other early redemption, (c) in the case of Index Securities, following an Index Adjustment Event in accordance with Condition 16(A)(iii)(b)(4), (d) in the case of Equity Securities, following certain corporate events in accordance with Condition 16(B)(iii)(b)(4), (e) in the case of Index Securities or Equity Securities, following an Additional Disruption Event (if applicable) in accordance with Condition 17(b), (f) in the case of Currency Securities, following a Rebasing (if applicable) in accordance with Condition 16(C)(iii)(d), or (g) in the case of Commodity Securities, following an adjustment event in accordance with Condition 16(D)(iii)(e)(4) and/or the method of calculating the same (if required or if different from that set out in the Conditions):

[As determined by the Issuer][• ]

44. Special conditions, other modifications or other final terms: [• ]

[If, following the date of these Final Terms, but before the later of (i) the closure of the offer for the Securities; and (ii) if applicable, the admission of the Securities to the [Official List] [and to trading on [the London Stock Exchange's Regulated Market/ specify]] the Prospectus (the "**Original Prospectus**") is amended, supplemented, updated or replaced (including replacement following the expiry of the Original Prospectus) then the Issuer shall be entitled, without the consent of any Securityholder, any prospective Securityholder, or any other person, to amend these Final Terms so as to provide, and/or replace these Final Terms with

ones which provide that references to the Original Prospectus herein shall be to the Original Prospectus as amended, supplemented, updated or replaced (save that the terms and conditions applicable to the Securities shall be the Terms and Conditions set forth in the Original Prospectus).]

[These Final Terms supersede and replace those dated [• ] in relation to the Securities.]

*(When adding any other final terms consideration should be given as to whether such amendments would be acceptable as final terms)*

45. Syndication: The Securities will be distributed on a [non-] Syndicated basis:
- (i) If Syndicated, names and addresses of Managers and underwriting commitments: [Give names, and addresses and underwriting commitments]  
*(Including names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a “best efforts” basis if such entities are not the same as the Managers)*
- (ii) Date of Subscription Agreement: [• ]
46. If non-syndicated, name and address of Dealer: [Not Applicable/give name and address]
47. Total commission and concession: [• ]
48. Non-exempt Offer: [Not Applicable] [An offer of the Securities may be made by [• ]] other than pursuant to Article 3(2) of the Prospectus Directive in [specify relevant Member State(s) - which must be jurisdictions where the Prospectus and any supplements have been passported] (Public Offer Jurisdictions) during the period from [specify date] until [specify date] (Offer Period).
49. Additional selling restrictions: [Give details]
50. Post-issuance Information: [• ]/[Not Applicable][Give details of secondary market pricing information or specify other particulars as may be applicable]

## **[LISTING AND ADMISSION TO TRADING APPLICATION**

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Securities described herein pursuant to the Certificate and Warrant Programme of Lloyds TSB Bank plc.]

## **RESPONSIBILITY**

[Information on underlying assets] has been extracted from [source]. 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 [• ], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By: [• ].....

Duly authorised



## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (i) Listing: [London/other (*specify*)/None]
- (ii) Admission to trading: [Application has been made for the Securities to be admitted to trading on [• ] with effect from [• ].] [Not Applicable.]  
(Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)

### 2. RATING

- Ratings: [The Securities to be issued have not been rated.]
- [The Securities to be issued have been rated:
- [S & P: [• ]]
- [Moody's: [• ]]
- [[Other]: [• ]]
- [and endorsed by [• ]] (*Insert this wording where one or more ratings included in the Final Terms has been endorsed by an EU registered credit rating agency for the purposes of Article 4(3) of the CRA Regulation*)
- [Include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]
- (*The above disclosure should only normally be included where the issue has been specifically rated.*)
- Insert one (or more) of the following options, as applicable:*
- [[*Insert credit rating agency/ies*] [is]/[are] established in the European Union and [has]/[have each] applied for registration under Regulation (EC) No 1060/2009, although the result of such application has not yet been determined.]
- [[*Insert credit rating agency/ies*] [is]/[are] established in the European Union and registered under Regulation (EC) No 1060/2009.]
- [[*Insert credit rating agency/ies*] [is]/[are] not established in the European Union and [has]/[have] not applied for registration under Regulation (EC) No 1060/2009.]

### 3. NOTIFICATION

The [*include name of competent authority in EEA home Member State*] [has been requested to provide/has provided — *include first alternative for an issue which is contemporaneous with an update of the Programme and the second alternative for subsequent issues*] the [*include names of competent authorities of host Member States*] with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive.]

#### 4. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement: “Save as discussed in [“Offering and Sale”], so far as the Bank is aware, no person involved in the offer of the Securities has an interest material to the offer.”]

#### 5. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- (i) Reasons for the offer: [• ]  
*(See “Use of Proceeds” wording in Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)*
- (ii) Estimated net proceeds: [• ]  
*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*
- (iii) Estimated total expenses: [• ]  
*(Expenses are required to be broken down into each principal intended “use” and presented in order of priority of such “uses”.)*

*((i) above is required where the reasons for the offer are different from making profit and/or hedging certain risks and where this is the case disclosure of net proceeds and total expenses at (ii) and (iii) above are also required).*

#### 6. PERFORMANCE OF [INDEX/BASKET OF INDICES], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING THE [INDEX/BASKET OF INDICES]] *(Index Securities only)*

*[Need to include details of where past and future performance and volatility of the [index/basket of indices] can be obtained, the relevant weighting of each index within a basket of indices and where pricing information is available]. [Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]*

*[Need to include the name of [the/each] index, ISIN (if applicable), the name of [the/each] index sponsor and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about [the/each] index can be obtained.]*

*[Identify the source of all third party information.]*

#### 7. PERFORMANCE OF [THE EQUITY/BASKET OF EQUITIES], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING [THE EQUITY/BASKET OF EQUITIES]] *(Equity Securities only)*

*[Need to include details of the name of the equity company, any security identification number of the equities including the ISIN, if relevant, where pricing information about the equities is available, the relevant weighting of each equity within a basket of equities (if relevant) and where past and future performance and volatility of the [equity/basket of equities] can be obtained.]*

*[Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]*

[Identify the source of all third party information.]

**8. PERFORMANCE OF [THE FX RATE/BASKET OF FX RATES], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING [THE FX RATE/BASKET OF FX RATES]]** (*Currency Securities only*)

[Need to include details of the FX rate, where pricing information about the FX rates is available, the relevant weighting of each FX rate within a basket of FX rates (if relevant) and where past and future performance and volatility of the [FX rate/basket of FX rates] can be obtained.]

[Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]

[Identify the source of all third party information.]

**9. PERFORMANCE OF [THE COMMODITY/COMMODITY INDEX/BASKET OF COMMODITIES/BASKET OF COMMODITY INDICES], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING [THE COMMODITY/COMMODITY INDEX/BASKET OF COMMODITIES/BASKET OF COMMODITY INDICES]]** (*Commodity Securities only*)

[Need to include details of the name of the commodity/commodity index, where pricing information about the commodities/commodity indices is available, the relevant weighting of each commodity/commodity index within a basket of commodities/commodity indices (if relevant) and where past and future performance and volatility of the [commodity/commodity index or basket of commodities/commodity indices] can be obtained.]

[Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]

[Identify the source of all third party information.]

**10. TERMS AND CONDITIONS OF THE OFFER**

(i) Names and addresses of any Dealers: [• ]

(ii) Offer Period: [• ]

(Should be from a specified date to a specified date or a formula such as “the Issue Date” or “the date which falls [• ] Business Days thereafter”.)

(iii) Offer Price: [[• ]/Up to [• ]].

(iv) Conditions to which the offer is subject: [Offers of the Securities are conditional on their issue [and on any additional conditions set out in the standard terms of business of the Dealers, notified to investors by such relevant Dealers.]] [The Issuer reserves the right to cancel the issue of the Securities for whatever reason including (without limitation) if (a) any circumstance occurs which, in the Issuer’s opinion, may have a significant impact on the issue or (b) the number of Securities or currency amount in respect of which offers are received is (or is determined by the Issuer or any Dealer to be likely to be) less than the number or amount specified in paragraph (vi) below.]

(v) [Description of the application process: [• ]

- |        |   |   |
|--------|---|---|
| (vi)   | [Details of the minimum and/or maximum amount of application: <sup>9</sup>  | [• ]  |
| (vii)  | [Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:                                | [• ]  |
| (viii) | [Details of method and time limits for paying up and delivering the Securities:   | [The Securities will be issued on the Issue Date against payment to the Issuer of the net subscription moneys. Investors will be notified by the relevant Dealer of their allocations of Securities and the settlement arrangements in respect thereof.]]   |
| (ix)   | [Manner and date in which results of the offer are to be made public:   | [• ]  |
| (x)    | [Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: | [• ]  |
| (xi)   | [Categories of potential investors to which the Securities are offered: <sup>10</sup>   | [Offers may be made by the Dealers in <i>[insert jurisdiction where the Prospectus has been approved and published and jurisdictions into which it has been passported]</i> to any person <i>[insert suitability criteria, if any are deemed appropriate pursuant to any applicable conduct of business rules]</i> . In other European Economic Area countries, offers will only be made by the Dealers pursuant to an exemption from the obligation under the Prospectus Directive as implemented in such countries to publish a prospectus.]] |
| (xii)  | [Process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made:          | [ <i>Process for notification –</i><br>No dealings in the Securities on a regulated market for the purposes of the Directive 2004/39/EC of the European Parliament and of the Council on Markets in financial instruments may take place prior to the Issue Date.]]   |
| (xiii) | [Amount of any expenses and taxes specifically charged to the subscriber or purchaser:  | [• ]  |
| (xiv)  | Name(s) and address(es), to the extent known to the Issuer, of the places in the various countries where the offer takes place:               | [None/give details]   |

## 11. OPERATIONAL INFORMATION

- |         |   |  |
|---------|---|--|
| (i)     | ISIN Code:  | [• ]   |
| (ii)    | Common Code:  | [• ]   |
| [(iii)] | <i>(insert here any other relevant codes such as CUSIP and CNS codes)</i> | [• ]   |
| [(iv)]  | Any clearing system(s) other than Euroclear                               | [Euroclear UK and Ireland Limited ( <b>CREST</b> ) |

<sup>9</sup> Whether in number of Securities or amount to invest.

<sup>10</sup> If the offer is being made simultaneously in the markets of two or more countries and if a tranche has been or is being reserved for certain of these, indicate any such tranche.

Bank S.A./N.V. and Clearstream Banking,  
société anonyme and the relevant identification  
number(s):

33 Cannon Street  
London EC4M 5SB]

[Not Applicable/*give name(s) and number(s)* [and set out any  
necessary terms and/or amendments to the Conditions]

## TERMS AND CONDITIONS OF THE SECURITIES

*The following is the text of the Conditions of the Securities. The applicable Final Terms in relation to any issue of Securities may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, supplement, replace or modify the following Conditions for the purposes of such Securities. The applicable Final Terms will be attached to each Global Security (as defined below) where applicable.*

The Securities of this Series (such Securities being hereinafter referred to as the “**Securities**”) are issued pursuant to an Agency Agreement dated 6 June 2011 (the “**Agency Agreement**”) between Lloyds TSB Bank plc as issuer (the “**Issuer**”), Citibank N.A., London Branch, as principal certificate and warrant agent (the “**Principal Certificate and Warrant Agent**”, which expression shall include any successor principal certificate and warrant agent and together with any certificate and warrant agent appointed pursuant to the terms of the Agency Agreement, the “**Certificate and Warrant Agents**” and each a “**Certificate and Warrant Agent**”, which expression shall include any successor certificate and warrant agents). The Securities have the benefit of the Agency Agreement as amended and/or supplemented by the applicable Final Terms and shall become valid obligations of the Issuer when the applicable Final Terms are attached to the relevant global security (the “**Global Security**”). Each Series of Securities will be represented by a Global Security (defined below). Pursuant to the Agency Agreement, the Issuer has covenanted in favour of each Securityholder that each Securityholder is entitled to exercise or enforce, in respect of each Security held by him, the rights and obligations attaching to the relevant Security as set out in, and subject to, the Agency Agreement, these Conditions and the applicable Final Terms.

As used herein, “**Series**” means the Securities of each original issue of such Securities together with the Securities of any further issue(s) expressed to be consolidated and forming a single series with the Securities of an original issue and which are identical in all respects (including as to listing) except for their respective issue dates and/or issue prices.

References herein to the “**applicable Final Terms**” are to Part A of the Final Terms relating to a particular Series of Securities and (where applicable) attached to the Global Security.

The Securityholders (as defined in Condition 1(B)) are entitled to the benefit of and are deemed to have notice of and are bound by all the provisions of the Agency Agreement (insofar as they relate to the Securities) and the applicable Final Terms, which are binding on them.

Copies of the Agency Agreement (which contains the form of the Final Terms) and the applicable Final Terms may be obtained during normal office hours from the registered office of the Issuer and from the specified offices of each Certificate and Warrant Agent, save that if the Securities are neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under Directive 2003/71/EC, the applicable Final Terms will only be obtainable by a Securityholder and such Securityholder must first produce evidence satisfactory to the Issuer or the relevant Certificate and Warrant Agent as to its holding of Securities and identity.

Citibank N.A., London Branch shall undertake the duties of calculation agent (the “**Calculation Agent**” which expression shall include any successor calculation agent) in respect of the terms and conditions of the Securities (the “**Conditions**” and each a “**Condition**”) as set out below and in the applicable Final Terms unless another entity is so specified as calculation agent in the applicable Final Terms in which case the expression Calculation Agent shall, in relation to such Securities, include such other specified calculation agent.

Definitive Securities will not be issued. Each Global Security will be deposited with a common depository (a “**Common Depository**”) on behalf of Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”) and Euroclear Bank S.A./N.V. (“**Euroclear**”).

Following their delivery into a clearing system, interests in Securities may be delivered, held and settled in Euroclear UK & Ireland Limited (formerly known as CRESTCo Limited) (“**CREST**”) by means of the through the issuance of dematerialised depository interests (“**CREST Depository Interests**” or “**CDIs**”) issued, held, settled and transferred through CREST, representing the interests in the relevant Securities underlying the CDIs (the “**Underlying Securities**”). The CDIs will be issued by the CREST Depository Limited (the “**CREST Depository**”) to investors who hold through CREST through the issuance of CDIs (“**CDI Holders**”) and will be issued by pursuant to the global deed poll dated 25 June 2001 governed by English law (as subsequently modified, supplemented and/or restated) (the “**CREST Deed Poll**”). For further details see “*CREST Depository Interests*”. **The applicable Final Terms for the**

**Securities are attached to the Global Security and supplement these Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, supplement, replace or modify these Conditions for the purposes of the Securities.**

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated.

**1. Type, Title and Transfer**

*(A) Type*

The Securities are Redeemable Certificates, Exercisable Certificates or Warrants as is specified in the applicable Final Terms. As used herein, the term “Warrants” shall include Exercisable Certificates.

The Securities may not be linked to any reference item but may be, without limitation, interest bearing debt securities (“**General Securities**”) or may be linked to a specified index or basket of indices (“**Index Securities**”), a specified equity or basket of equities (“**Equity Securities**”), a specified currency or basket of currencies (“**Currency Securities**”), a specified commodity, commodity index or basket of either (“**Commodity Securities**”) or any other or further type of securities as is specified in the applicable Final Terms. Certain terms which will, unless otherwise varied in the applicable Final Terms, apply to Index Securities, Equity Securities, Currency Securities or Commodity Securities are set out in Condition 16.

In the case of Warrants, the applicable Final Terms will indicate whether the Securities are American style Warrants (“**American Style Warrants**”) or European style Warrants (“**European Style Warrants**”) or such other type as may be specified in the applicable Final Terms, whether automatic exercise (“**Automatic Exercise**”) applies to the Warrants, whether settlement shall be by way of cash payment (“**Cash Settled Securities**”) and/or physical delivery (“**Physical Delivery Securities**”), whether the Warrants are call Warrants (“**Call Warrants**”) or put Warrants (“**Put Warrants**”), or such other type as may be specified in the applicable Final Terms, whether the Warrants may only be exercised in Units and whether averaging (“**Averaging**”) will apply. If Units are specified in the applicable Final Terms, Warrants must be exercised in Units and any Exercise Notice which purports to exercise Warrants in breach of this provision shall be void and of no effect.

In the case of Redeemable Certificates, the applicable Final Terms will indicate whether settlement shall be by way of cash payment (“**Cash Settled Securities**”) and/or physical delivery (“**Physical Delivery Securities**”) and whether Averaging will apply.

If Averaging is specified as applying in the applicable Final Terms, the applicable Final Terms will state the relevant Averaging Dates.

References in these Conditions, unless the context otherwise requires, to Cash Settled Securities shall be deemed to include references to Physical Delivery Securities which include an option (as set out in the applicable Final Terms) at the Issuer’s election to make cash settlement of such Securities pursuant to Condition 5(E) or Condition 8(D), as the case may be, and where settlement is to be by way of cash payment. References in these Conditions, unless the context otherwise requires, to Physical Delivery Securities shall be deemed to include references to Cash Settled Securities which include an option (as set out in the applicable Final Terms) at the Issuer’s election to make physical delivery of the relevant underlying asset in settlement of such Securities pursuant to Condition 5(E) or Condition 8(D), as the case may be, and where settlement is to be by way of physical delivery.

*(B) Title to Securities*

Each person who is for the time being shown in the records of Clearstream, Luxembourg or of Euroclear as the holder of a particular amount of Securities (in which regard any certificate or other document issued by Clearstream, Luxembourg or Euroclear as to the amount of Securities standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall (except as otherwise required by law) be treated by the Issuer, the Certificate and Warrant Agents, Clearstream, Luxembourg, Euroclear and all other persons dealing with said person as the holder of such amount of Securities for all purposes (and the expressions “**Securityholder**”, “**Warrantholder**”, “**Redeemable Certificateholder**” and “**holder of Securities**” and related expressions shall be construed accordingly).

Interests in Securities held by way of CDIs will represent indirect interests in the interest of CREST International Nominees Limited (the “**CREST Nominee**”) in the Underlying Securities. Pursuant to the CREST International Manual dated 14 April 2008 as amended, modified, varied or supplemented from time to time (the “**CREST Manual**”) and the CREST Rules (the “**CREST Rules**”) (contained in the CREST Manual), Securities held in global form by the Common Depository may be settled through CREST, and the CREST Depository will issue CDIs. The CDIs will be independent securities, constituted under English law which may be held and transferred through CREST.

Interests in the Underlying Securities will be credited to the CREST Nominee's account with Euroclear and the CREST Nominee will hold such interests as nominee for the CREST Depository which will issue CDIs to the relevant CREST participants.

Each CDI will be treated by the CREST Depository as if it were one Underlying Security, for the purposes of determining all rights and obligations and all amounts payable in respect thereof. The CREST Depository will pass on to CDI Holders any interest or other amounts received by it as holder of the Underlying Securities on trust for such CDI Holder. CDI Holders will also be able to receive from the CREST Depository notices of meetings of holders of Underlying Securities and other relevant notices issued by the Issuer. For further details see “*CREST Depository Interests*”.

(C) *Transfers of Securities*

Transfers of Warrants may not be effected after the exercise of such Warrants pursuant to Condition 6. After delivery of an Asset Transfer Notice pursuant to Condition 8, the relevant Redeemable Certificates may not be transferred.

Save for transactions where Securities are cleared through CREST, all transactions (including transfers of Securities) in the open market or otherwise must be effected through an account at Clearstream, Luxembourg or Euroclear, subject to and in accordance with the rules and procedures for the time being of Clearstream, Luxembourg or Euroclear, as the case may be. Title will pass upon registration of the transfer in the books of Clearstream, Luxembourg or Euroclear, as the case may be.

Transfers of interests in Underlying Securities by a CREST participant to a participant of Euroclear or Clearstream, Luxembourg will be effected by cancellation of the CDIs and transfer of an interest in such Securities underlying the CDIs to the account of the relevant participant with Euroclear or Clearstream, Luxembourg. See “*CREST Depository Interests*” for further details. Any reference herein to Clearstream, Luxembourg and/or Euroclear shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer from time to time and notified to the Securityholders in accordance with Condition 12.

Transfers of Securities may not be made (directly or indirectly) to a person located in the United States or to, or for the account or benefit of, a U.S. person (as defined in Regulation S under the U.S. Securities Act of 1933, as amended).

**2. Status of the Securities**

The Securities constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and rank *pari passu* and without any preference among themselves and (save to the extent that laws affecting creditors' rights generally in a bankruptcy or winding up may give preference to any of such other obligations) equally with all other present and future unsecured and unsubordinated obligations of the Issuer from time to time outstanding.

**3. Definitions and Interpretation**

For the purposes of these Conditions, the following general definitions will apply:

“**Actual Exercise Date**” means the Exercise Date (in the case of European Style Warrants) or, subject to Condition 7(A)(ii), the date during the Exercise Period on which the Warrant is actually or is deemed exercised (in the case of American Style Warrants) (as more fully set out in Condition 5(A)(i)).



“**Affiliate**” means in relation to any entity (the “**First Entity**”), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes “control” means ownership of a majority of the voting power of an entity.

“**Asset Amount**” means, in relation to a Physical Delivery Security or, if Units are specified in the applicable Final Terms, each Unit, as the case may be, the quantity of the Relevant Asset(s) which a Securityholder is entitled to receive on the Settlement Date or Redemption Date, as the case may be, in respect of each such Security or Unit, as the case may be, following payment of, in the case of Warrants, the Exercise Price by the Warrantholder and, in any other case any other sums payable rounded as provided in Condition 5, or Condition 8 as the case may be, as determined by the Calculation Agent including any documents evidencing such Asset Amount.

“**Cash Settlement Amount**” means, in relation to Cash Settled Securities, the amount to which the Securityholder is entitled in the Settlement Currency in relation to each such Security or, if Units are specified in the applicable Final Terms, each Unit, as the case may be, as determined by the Calculation Agent pursuant to the terms of the relevant Securities.

“**Clearing System**” means each clearance system specified as such in the applicable Final Terms and such further or alternative clearance system(s) as may be approved by the Issuer from time to time and notified to the Securityholders in accordance with Condition 12.

“**Clearing System Cut-off Time**” means (i) in the case of Euroclear, 10.00 a.m, Brussels time, (ii) in the case of Clearstream, Luxembourg, 10.00 a.m, Luxembourg time or (iii) such other time as determined by the Calculation Agent.

“**Early Cancellation Amount**” unless otherwise specified in the Final Terms, where the Securities are cancelled pursuant to Condition 9(A) (“*Illegality*”), Condition 9(B) (“*Taxation*”), Condition 16(A)(iii)(b)(4) (“*Modification and Cessation of Calculation of an Index*”), Condition 16(B)(iii)(b)(4) (“*Potential Adjustment Events, De-listing, Merger Event, Tender Offer, Nationalisation and Insolvency, Adjustments for Equity Securities in respect of Underlying Equities and Correction of Underlying Equity Prices*”), Condition 16(C)(iv)(d) (“*Rebasing of Securities*”), Condition 16(D)(iii)(e)(4) (“*Adjustment to Commodity Index*”) or Condition 17(b) (“*Additional Disruption Events*”) or otherwise, shall mean, an amount to in respect of each Security or, if Units are specified in the applicable Final Terms, each Unit, as the case may be, which amount shall be the fair market value of a Security or Unit, as the case may be, on a day selected by the Issuer in its sole and absolute discretion, adjusted to take account fully for any losses, expenses and costs to the Issuer and/or any of its Affiliates and any loss of tax relief or other tax consequences of unwinding or adjusting any underlying or related hedging arrangements (including but not limited to any options or selling or otherwise realising any Relevant Asset or other instruments of any type whatsoever which the Issuer and/or any of its Affiliates may hold as part of such hedging arrangements) and also taking into account, in the case of Warrants, if already paid by or on behalf of the Securityholder, the Exercise Price, all as calculated by the Calculation Agent.

“**Expenses**” means, in relation to a Security or, if Units are specified in the applicable Final Terms, a Unit, as the case may be, all taxes, duties and/or expenses, including any applicable depositary charges, transaction, exercise or redemption charges, trading costs, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or taxes or duties arising in connection with the exercise or redemption, as the case may be, of such Security or Unit, as the case may be, and/or, where applicable, the delivery or transfer of the Asset Amount pursuant to the terms of such Security or Unit, as the case may be.

“**In-The-Money**” means:

- (a) in the case of a Cash Settled Security which is a Warrant, the Cash Settlement Amount in respect of such Warrant is greater than zero; and
- (b) in the case of a Physical Delivery Security which is a Warrant, the value of the Asset Amount on the Actual Exercise Date for such Warrant is greater than the Exercise Price as determined by the Calculation Agent.

“**Redemption Date**” means, in respect of an issue of Redeemable Certificates, the date specified as such in the applicable Final Terms.

“**Relevant Asset**” means, in respect of Physical Delivery Securities, each underlying asset comprising the Asset Amount of a Securityholder, as specified in the applicable Final Terms.

“**Settlement Date**” means:

- (a) in relation to Cash Settled Securities which are Warrants, the date specified as such in the applicable Final Terms, subject to adjustment in accordance with Conditions 16 and 17; and
- (b) in relation to Physical Delivery Securities which are Warrants, the date specified as such in the applicable Final Terms.

The inclusion of specific provisions shall not limit, unless otherwise expressly specified, the applicability or scope of any other provision of the terms and conditions of any Securities.

#### **4 Interest**

The Securities may bear interest by reference to one or more fixed rates (“**Fixed Rate Securities**”), by reference to one or more floating rates (“**Floating Rate Securities**”) by reference to an equity or basket of equities (“**Equity Interest Securities**”), by reference to an index or basket of indices (“**Index Interest Securities**”), by reference to a currency or basket of currencies (“**Currency Interest Securities**”), by reference to a commodity, a commodity index or a basket of either (“**Commodity Interest Securities**”) or by reference to some other formula or method as specified in the Final Terms.

##### *(A) Interest on Fixed Rate Securities*

Each Fixed Rate Security bears interest from (and including) the Interest Commencement Date to (but excluding) the Redemption Date (in the case of Redeemable Certificates) or the earlier of (i) the Expiration Date and (ii) the Actual Exercise Date (in the case of Warrants), as the case may be, at the rate(s) per annum equal to the Rate(s) of Interest and such interest shall be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Redemption Date, Expiration Date or Actual Exercise Date, as the case may be.

Interest on the Fixed Rate Securities shall be calculated in respect of any period by applying the Rate of Interest to:

- (a) in the case of Fixed Rate Securities which are represented by a Global Security, the aggregate outstanding Nominal Amount of the Fixed Rate Securities represented by such Global Security unless a Calculation Amount is specified in the applicable Final Terms, in which case, the Calculation Amount; or
- (b) in all other circumstances, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Settlement Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

In this Condition 4(A),

“**Fixed Interest Period**” means the period from (and including) an Interest Payment Date (or, in the case of the first Fixed Interest Period, the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

##### *(B) Interest on Floating Rate Securities, Index Interest Securities, Equity Interest Securities, Currency Interest Securities, Commodity Interest Securities and Securities with other variable-linked interest provisions*

##### *(i) Interest Payment Dates*

Each Floating Rate Security, Index Interest Security, Equity Interest Security, Currency Interest Security and Commodity Interest Security bears interest from (and including) the Interest Commencement Date at the rate equal to the Rate of Interest 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 Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each also an “**Interest Payment Date**”) which (save as otherwise mentioned in these Conditions or specified in the applicable Final Terms) falls the number of months or such other periods specified as the Specified Period(s) 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.

The amount of interest payable shall be determined in accordance with Condition 4(B)(vii).

(ii) *Rate of Interest for Floating Rate Securities*

The rate of interest (the “**Rate of Interest**”) payable from time to time in respect of Floating Rate Securities will be determined in the manner specified in the applicable Final Terms.

(iii) *ISDA Determination for Floating Rate Securities*

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest in respect of Floating Rate Securities is to be determined, the Rate of Interest for each Interest Accrual Period in respect of such Floating Rate Securities shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate plus or minus (as indicated hereon) the Margin (if any). For the purposes of this sub-paragraph (A), “**ISDA Rate**” for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified hereon;
- (y) the Designated Maturity is a period specified hereon; and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

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

Unless otherwise stated hereon, the Minimum Rate of Interest shall be deemed to be zero.

(iv) *Screen Rate Determination for Floating Rate Securities*

(x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest in respect of Floating Rate Securities is to be determined, the Rate of Interest for each Interest Accrual Period in respect of such Floating Rate Securities will, subject as provided below, be either:

- (i) the offered quotation; or
- (ii) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at the Relevant Time on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest

quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Securities is specified hereon as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Securities will be determined as provided hereon.

- (y) If the Relevant Screen Page is not available or if sub-paragraph (x)(i) above applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(ii) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at the Relevant Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent.
- (z) If paragraph (y) above applies, the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered at the Relevant Time on the relevant Interest Determination Date, deposits in the Specified Currency (as defined in Condition 4(C)(xiii)) for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which at the Relevant Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Bank suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the 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 or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

- (v) *Rate of Interest for Index Interest Securities, Equity Interest Securities, Commodity Interest Securities, Currency Interest Securities and Securities with other variable-linked interest provisions*

The Rate of Interest in respect of Index Interest Securities, Equity Interest Securities, Commodity Interest Securities, Currency Interest Securities and Securities with other variable-linked interest provisions for each Interest Accrual Period shall be determined in the manner specified hereon on the Interest Determination Date and interest will accrue by reference to an Index or formula as specified hereon.

- (vi) *Margin, Maximum Rate of Interest, Minimum Rates of Interest*

- (a) If any Margin is specified hereon (either (A) generally, or (B) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (A), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (B), calculated in accordance with Condition 4(B) by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin subject always to the next paragraph.

- (b) If any Maximum Rate of Interest or Minimum Rate of Interest is specified hereon, then any Rate of Interest shall be subject to such maximum or minimum, as the case may be.
- (c) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (A) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (B) all figures shall be rounded to seven significant figures (with halves being rounded up) and (C) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of Yen, which shall be rounded down to the nearest Yen. For these purposes “unit” means the lowest amount of such currency that is available as legal tender in the country of such currency.

(vii) *Calculations*

The Interest Amount payable in respect of any Security for any Interest Accrual Period shall be calculated as set out in the definition of “Interest Amount”, unless a formula for its calculation is applicable to any Interest Accrual Period, in which case the amount of interest payable per Calculation Amount or Nominal Amount in respect of such Security for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be applied to the period for which interest is required to be calculated.

(viii) *Determination and Publication of Rates of Interest and Interest Amounts*

The Calculation Agent shall as soon as practicable on each Interest Determination Date or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest amounts for the relevant Interest Accrual Period, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date to be notified to the Issuer, any other Calculation Agent appointed in respect of the Securities that is to make a further calculation upon receipt of such information and, if the Securities are listed on a stock exchange or admitted to listing by another relevant authority and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 4(B), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Securityholders by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding on all parties.

(ix) *Determination or Calculation by Issuer*

If the Calculation Agent does not at any time for any reason determine or calculate the Rate of Interest for an Interest Accrual Period or any Interest Amount, the Issuer shall do so (or shall appoint an agent on its behalf to do so) and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Issuer shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(x) *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 4(B) whether by the Principal Certificate and Warrant Agent, the Calculation Agent or the Issuer shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Principal Certificate and Warrant Agent, the Calculation Agent, any other Certificate and Warrant Agent and all Securityholders and (in the absence as aforesaid) no liability shall attach to the Principal Certificate and Warrant Agent, the Calculation Agent or the Issuer, as the

case may be, in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(xi) *Accrual of Interest*

Each Security will cease to bear interest (if any) from the Redemption Date, in the case of Redeemable Certificates or the earlier of (i) the Expiration Date and (ii) the Actual Exercise Date, in the case of Warrants, unless payment of principal and/or delivery of all assets deliverable is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such Security have been paid and/or all assets deliverable in respect of such Security have been delivered; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Security has been received by the Principal Certificate and Warrant Agent and/or all assets in respect of such Security have been received by any agent appointed by the Issuer to deliver such assets to Securityholders and notice to that effect has been given to the Securityholders in accordance with Condition 12.

(xii) *Nature of the Return*

Any interest paid to the Securityholder shall constitute consideration paid for the use of the proceeds from acquiring the Securities and for the assumption of the risk that the Securityholder may not recover its original investment or that its return may be variable.

(xiii) *Definitions*

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

“**Business Day**” means:

- (a) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency (which in the case of Australian dollars shall be Sydney); or
- (b) in the case of euro, a day on which the TARGET System is operating (a “**TARGET Business Day**”); and
- (c) a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in any Business Centre(s) specified hereon.

“**Calculation Amount**” means the amount per security specified in the applicable Final Terms.

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest on any Security for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the “**Calculation Period**”):

- (a) if “**Actual/Actual**” or “**Actual/Actual – ISDA**” is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (b) if “**Actual/365 (Fixed)**” is specified hereon, the actual number of days in the Calculation Period divided by 365;

- (c) if “Actual/360” is specified hereon, the actual number of days in the Calculation Period divided by 360;
- (d) if “30/360”, “360/360” or “Bond Basis” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [360 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>2</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (e) if “30E/360” or “Eurobond Basis” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [360 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (f) if “30E/360 (ISDA)” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [360 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y<sub>1</sub>**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y<sub>2</sub>**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M<sub>1</sub>**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M<sub>2</sub>**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D<sub>1</sub>**” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case **D<sub>1</sub>** will be 30; and

“**D<sub>2</sub>**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Actual Exercise Date or Redemption Date, as the case may be, or (ii) such number would be 31, in which case **D<sub>2</sub>** will be 30; and

- (g) if “**Actual/Actual ICMA**” is specified hereon:
- (A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in such Calculation Period divided by the product of:
    - (x) the number of days in such Determination Period; and
    - (y) the number of Determination Periods normally ending in any year; or
  - (B) if the Calculation Period is longer than one Determination Period, the sum of:
    - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (i) the number of days in such Determination Period and (ii) the number of Determination Periods normally ending in any year; and
    - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (i) the number of days in such Determination Period and (ii) the number of Determination Periods normally ending in any year;

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

“**Determination Period**” means the period from and including a Determination Date (as specified hereon) in any year to but excluding the next Determination Date;

“**Euro-zone**” means the region comprised of member states of the European Union that adopt or have adopted the single currency in accordance with the Treaty establishing the European Community, as amended.

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

“**Interest Amount**” means for the relevant Interest Accrual Period, the amount of interest payable on the Securities calculated by the Calculation Agent as follows:



- (a) in the case of Securities which are represented by a Global Security, the aggregate outstanding Nominal Amount of the Securities represented by such Global Security unless a Calculation Amount is specified in the applicable Final Terms, in which case, the Calculation Amount; or
- (b) in all other circumstances, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Settlement Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

**“Interest Commencement Date”** means the Issue Date or such other date as may be specified hereon.

**“Interest Determination Date”** means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is not Sterling or euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

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

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

**“ISDA Definitions”** means the 2006 ISDA Definitions, as amended and supplemented and published by the International Swaps and Derivatives Association, Inc. (or as otherwise specified hereon).

**“Nominal Amount”** means the amount so specified in the applicable Final Terms (if any).

**“Rate of Interest”** means the rate of interest payable from time to time in respect of this Security and that is either specified or calculated in accordance with the provisions hereon.

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

**“Reference Rate”** means the rate specified as such hereon.

**“Relevant Screen Page”** means such page, section, caption, column or other part of a particular information service as may be specified hereon.

**“Relevant Time”** means, if the Reference Rate is LIBOR, approximately 11.00 a.m. (London time) or if the Reference Rate is EURIBOR, 11.00 a.m. (Brussels time).

**“Specified Currency”** means the currency specified hereon or, if none is specified, the currency in which the Securities are denominated.

**“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 (known as TARGET2) System or any successor thereto.

(C) *Interest on Credit Securities*

The rate or amount of interest in respect of Credit Securities shall be determined in the manner specified hereon.

**5. Exercise Rights: THIS CONDITION IS APPLICABLE FOR ISSUES OF WARRANTS ONLY**

*(A) Exercise Period and Exercise Date*

*(i) American Style Warrants*

American Style Warrants are exercisable on any Business Day during the Exercise Period specified in the applicable Final Terms (the “**Exercise Period**”) subject to Condition 7.

If Automatic Exercise is not specified as applying in the applicable Final Terms, any American Style Warrant with respect to which no Exercise Notice (as defined below) has been delivered in the manner set out in Condition 6, at or prior to the relevant Clearing System Cut-off Time on the last Business Day of the Exercise Period (the “**Expiration Date**”), shall become void.

If Automatic Exercise is specified as applying in the applicable Final Terms, any such American Style Warrant with respect to which no Exercise Notice has been delivered in the manner set out in Condition 6, at or prior to the relevant Clearing System Cut-off Time on the Expiration Date, shall be automatically exercised on the Expiration Date and the provisions of Condition 6(E) shall apply.

The Business Day during the Exercise Period on which an Exercise Notice is delivered prior to the relevant Clearing System Cut-off Time and the copy thereof so received by the Principal Certificate and Warrant Agent, or, if Automatic Exercise is specified as applying in the applicable Final Terms and no Exercise Notice has been delivered at or prior to the relevant Clearing System Cut-off Time on the Expiration Date and the relevant Warrants are in the determination of the Calculation Agent In-The-Money, the Expiration Date is referred to herein as the “**Actual Exercise Date**”. If any such Exercise Notice is received by Clearstream, Luxembourg or Euroclear or if the copy thereof is received by the Principal Certificate and Warrant Agent, in the case of Clearstream, Luxembourg or Euroclear, after the relevant Clearing System Cut-off Time, on any Business Day during the Exercise Period, such Exercise Notice will be deemed to have been delivered on the next Business Day, which Business Day shall be deemed to be the Actual Exercise Date, provided that any such Security in respect of which no Exercise Notice has been delivered in the manner set out in Condition 6 at or prior to the relevant Clearing System Cut-off Time on the Expiration Date shall (i), if Automatic Exercise is not specified as applying in the applicable Final Terms, become void or (ii), if Automatic Exercise is specified as applying in the applicable Final Terms and such Warrant is In-The-Money, be automatically exercised on the Expiration Date as provided above and the provisions of Condition 6(E).

*(ii) European Style Warrants*

European Style Warrants are only exercisable on the Exercise Date specified in the applicable Final Terms (the “**Exercise Date**”) subject to Condition 7.

If Automatic Exercise is not specified as applying in the applicable Final Terms, any European Style Warrant with respect to which no Exercise Notice has been delivered in the manner set out in Condition 6, at or prior to the relevant Clearing System Cut-off Time on the Actual Exercise Date, shall become void.

If Automatic Exercise is specified as applying in the applicable Final Terms, any such European Style Warrant with respect to which no Exercise Notice has been delivered in the manner set out in Condition 6, at or prior to the relevant Clearing System Cut-off Time on the Actual Exercise Date and which is in the determination of the Calculation Agent In-The-Money, shall be automatically exercised on the Actual Exercise Date and the provisions of Condition 6(E) shall apply.

*(B) Cash Settlement*

If the Warrants are Cash Settled Securities, each such Warrant or, if Units are specified in the applicable Final Terms, each Unit entitles its holder, upon due exercise and, except in relation to Warrants where Automatic Exercise: No delivery of Exercise Notice is specified as applying in the applicable Final Terms, subject to certification as to non-U.S. beneficial ownership, to receive from the Issuer on the Settlement Date a Cash Settlement Amount calculated by the Calculation Agent (which shall not be less than zero) equal to:

- (i)* where Averaging is not specified in the applicable Final Terms:

- (a) if such Warrants are Call Warrants,  
(Settlement Price less Exercise Price);
  - (b) if such Warrants are Put Warrants,  
(Exercise Price less Settlement Price); and
  - (c) if such Warrants are neither Call Warrants nor Put Warrants, the Cash Settlement Amount will be as specified in the applicable Final Terms; or
- (ii) where Averaging is specified in the applicable Final Terms:
- (a) if such Warrants are Call Warrants,  
(the arithmetic mean of the Settlement Prices for all the Averaging Dates - Exercise Price);
  - (b) if such Warrants are Put Warrants,  
(Exercise Price less the arithmetic mean of the Settlement Prices for all the Averaging Dates); and
  - (c) if such Warrants are neither Call Warrants nor Put Warrants, the Cash Settlement Amount will be as specified in the applicable Final Terms.

Any amount determined pursuant to the above, if not an amount in the Settlement Currency, will be converted into the Settlement Currency at the Exchange Rate specified in the applicable Final Terms for the purposes of determining the Cash Settlement Amount. The Cash Settlement Amount will be rounded to the nearest two decimal places (or, in the case of Japanese Yen, the nearest whole unit) in the relevant Settlement Currency, 0.005 (or, in the case of Japanese Yen, half a unit) being rounded in accordance with applicable market convention, with Warrants exercised at the same time by the same Warrantholder being aggregated for the purpose of determining the aggregate Cash Settlement Amounts payable in respect of such Warrants or, if Units are specified in the applicable Final Terms, such Units, as the case may be.

Subject as provided herein, except where Automatic Exercise and Automatic Exercise: No delivery of Exercise Notice are each specified as applying in the applicable Final Terms, the Issuer shall on the Settlement Date pay or cause to be paid the Cash Settlement Amount (if any) for each duly exercised Warrant or, if Units are specified in the applicable Final Terms, each duly exercised Unit, as the case may be, to the Warrantholder's account specified in the relevant Exercise Notice for value on the Settlement Date less any Expenses not already paid, such payment to be made in accordance with the rules of Clearstream, Luxembourg or Euroclear, or, as the case may be, CREST.

Subject as provided herein, where Automatic Exercise and Automatic Exercise: No delivery of Exercise Notice are each specified as applying in the applicable Final Terms, the Issuer shall on the Settlement Date pay or cause to be paid the Cash Amount Settlement Amount (if any) for each automatically exercised Warrant or, if Units are specified in the applicable Final Terms, each automatically exercised Unit, as the case may be, to, or to the order of, the Common Depositary for the account of the relevant Warrantholders for value on the Settlement Date less any Expenses not already paid, such payment to be made in accordance with the rules of Clearstream, Luxembourg or Euroclear, or CREST, as the case may be.

(C) *Physical Settlement*

- (i) Exercise Rights in relation to Warrants which are Physical Delivery Securities

If the Warrants are Physical Delivery Securities, each such Warrant or, if Units are specified in the applicable Final Terms, each Unit, as the case may be, entitles its holder, upon due exercise and subject to certification as to non-U.S. beneficial ownership, to receive from the Issuer on the Settlement Date the Asset Amount subject to payment by the Warrantholder of the relevant Exercise Price specified in the applicable Final Terms and any

other sums payable. The method of delivery of the Asset Amount and how it will be evidenced are set out in the applicable Final Terms.

Warrants or, if Units are specified in the applicable Final Terms, Units, as the case may be, exercised at the same time by the same Warrantholder will be aggregated for the purpose of determining the aggregate Asset Amounts in respect of such Warrants or Units, as the case may be, provided that the aggregate Asset Amounts in respect of the same Warrantholder will be rounded down to the nearest whole unit of the Relevant Asset or each of the Relevant Assets, as the case may be and as specified in the applicable Final Terms, in such manner as the Issuer shall determine. Therefore, fractions of the Relevant Asset or of each of the Relevant Assets, as the case may be, will not be delivered and in lieu thereof the relevant Warrantholder will receive an amount in the Settlement Currency equal to the value of any such fractions after such aggregation as calculated by the Calculation Agent from such source(s) as it may select (and converted if necessary into the Settlement Currency by reference to such exchange rate as the Calculation Agent deems appropriate). Payment of any such amount will be made to the account specified by the Warrantholder in the relevant Exercise Notice as referred to in Condition 6(A) or in such manner as shall be notified to the Warrantholders in accordance with Condition 12.

For the purposes of any Warrant which is a Physical Delivery Security (i) the Issuer shall be under no obligation to register or procure the registration of any Warrantholder or any other person as the registered shareholder in the register of members of any Relevant Asset, and (ii) the Issuer shall not be obliged to account to any Warrantholder or any person for any entitlement received or that is receivable in respect of any Relevant Assets comprising the Asset Amount in respect of any Warrant or Unit if the date on which the Relevant Assets are first traded on the relevant Exchange ex such entitlement is on or prior to the Actual Exercise Date.

Following exercise of an Equity Security which is a Physical Delivery Security, all dividends on the relevant Underlying Equities to be delivered will be payable to the party that would receive such dividend according to market practice for a sale of the Underlying Equities executed on the relevant Actual Exercise Date and to be delivered in the same manner as such relevant Underlying Equities. Any such dividends to be paid to a Warrantholder will be paid to the account specified by the Warrantholder in the relevant Exercise Notice as referred to in Condition 6(A).

Subject as provided herein and subject to payment of the aggregate Exercise Prices and payment of any Expenses with regard to the relevant Warrants or, if Units are specified in the applicable Final Terms, relevant Units, as the case may be, the Issuer shall on the Settlement Date deliver, or procure the delivery of, the Asset Amount for each duly exercised Warrant or Unit, as the case may be, pursuant to the details specified in the applicable Exercise Notice. Subject as provided in this Condition 5(C) and Condition 5(D), the Asset Amount shall be delivered in such manner as set out in the applicable Final Terms.

After delivery of the Asset Amount and for the Intervening Period (as defined below), none of the Issuer, the Calculation Agent and any other person shall at any time (i) be under any obligation to deliver or procure delivery to any Warrantholder any letter, certificate, notice, circular or any other document or, except as provided herein, payment whatsoever received by that person in respect of the Asset Amount, (ii) be under any obligation to exercise or procure exercise of any or all rights attaching to the Asset Amount or (iii) be under any liability to a Warrantholder in respect of any loss or damage which such Warrantholder may sustain or suffer as a result, whether directly or indirectly, of that person being registered during such Intervening Period as legal owner of the Asset Amount.

“**Intervening Period**” means such period of time as any person other than the relevant Warrantholder shall continue to be registered as the legal owner of any securities or other obligations comprising the Asset Amount.

(ii) Settlement Disruption

If, following the exercise of Physical Delivery Securities, in the opinion of the Calculation Agent, delivery of the Asset Amount using the method of delivery specified in the applicable Final Terms is not practicable by reason of a Settlement Disruption Event (as defined below) subsisting on any Settlement Date, then such Settlement Date for such Warrants shall be postponed to the first following Settlement Business Day in respect of which no Settlement Disruption Event is subsisting, provided that the Issuer may elect in its sole and absolute discretion to satisfy its obligations in respect of the relevant Warrant or, if Units are specified in the applicable Final Terms, the relevant Unit, as the case may be, by delivering the Asset Amount using such other

commercially reasonable manner as it may select and, in such event, the Settlement Date shall be such day as the Issuer deems appropriate in connection with delivery of the Asset Amount in such other commercially reasonable manner. For the avoidance of doubt, where a Settlement Disruption Event affects some but not all of the Relevant Assets comprising the Asset Amount, the Settlement Date for the Relevant Assets not affected by the Settlement Disruption Event will be the originally designated Settlement Date. If a Settlement Disruption Event will result in the delivery on a Settlement Date of some but not all of the Relevant Assets comprising the Asset Amount, the Calculation Agent shall determine the appropriate *pro rata* portion of the Exercise Price to be paid by the relevant Warrantholder in respect of that partial settlement.

For so long as delivery of the Asset Amount is not practicable by reason of a Settlement Disruption Event, then in lieu of physical settlement and notwithstanding any other provision hereof, the Issuer may elect in its sole and absolute discretion to satisfy its obligations in respect of the relevant Warrant or, if Units are specified in the applicable Final Terms, the relevant Unit, as the case may be, by payment to the relevant Warrantholder of the Disruption Cash Settlement Price not later than the fifth Business Day following the date that notice of such election is given to the Warrantholders in accordance with Condition 12. Payment of the Disruption Cash Settlement Price will be made to the account specified by the Warrantholder in the relevant Exercise Notice as referred to in Condition 6(A) or in such manner as shall be notified to the Warrantholders in accordance with Condition 12. The Calculation Agent shall give notice as soon as practicable to the Warrantholders in accordance with Condition 12 that a Settlement Disruption Event has occurred.

No Warrantholder shall be entitled to any payment in respect of the relevant Warrant or, if Units are specified in the applicable Final Terms, the relevant Unit, as the case may be, in the event of any delay in the delivery of the Asset Amount due to the occurrence of a Settlement Disruption Event and the Issuer shall not be in breach of these Conditions and no liability in respect thereof shall attach to the Issuer.

For the purposes hereof:

**“Disruption Cash Settlement Price”** in respect of any relevant Warrant or, if Units are specified in the applicable Final Terms, any relevant Unit, as the case may be, shall be the fair market value of such Warrant or Unit, as the case may be on a day selected by the Issuer in its sole and absolute discretion provided that such day is not more than 15 days prior to the date that the Calculation Agent gives notice to the Warrantholders that a Settlement Disruption Event has occurred as provided above (taking into account, where the Settlement Disruption Event affected some but not all of the Relevant Assets comprising the Asset Amount and such non-affected Relevant Assets have been duly delivered as provided above, the value of such Relevant Assets and, taking into account in all cases, such amount of the Exercise Price as has been paid) adjusted to take account fully for any losses, expenses and costs to the Issuer and/or any of its Affiliates of unwinding or adjusting any underlying or related hedging arrangements (including but not limited to any options or selling or otherwise realising any Relevant Assets or other instruments of any type whatsoever which the Issuer and/or any of its Affiliates may hold as part of such hedging arrangements), all as calculated by the Calculation Agent.

**“Settlement Disruption Event”** means, in the opinion of the Calculation Agent, an event beyond the control of the Issuer as a result of which delivery of the Relevant Asset(s) by or on behalf of the Issuer using the method specified in the applicable Final Terms is not practicable.

(D) *Failure to Deliver due to Illiquidity*

If, “Failure to Deliver due to Illiquidity” is specified as applying in the applicable Final Terms and, following the exercise of such Warrants, in the opinion of the Calculation Agent, it is impossible or impracticable to deliver, when due, some or all of the Relevant Assets (the **“Affected Relevant Assets”**) comprising the Asset Amount, where such failure to deliver is due to illiquidity in the market for the Relevant Assets (a **“Failure to Deliver”**), then:

- (a) subject as provided elsewhere in these Conditions, any Relevant Assets which are not Affected Relevant Assets, will be delivered on the originally designated Settlement Date in accordance with Condition 5(C)(i) and the Calculation Agent shall determine the appropriate *pro rata* portion of the Exercise Price to be paid by the relevant Warrantholder in respect of that partial settlement; and
- (b) in respect of any Affected Relevant Assets, in lieu of physical settlement and notwithstanding any other provision hereof, the Issuer may elect in its sole and absolute discretion in lieu of delivery of the Affected Relevant Assets, to pay to the relevant Warrantholder the Failure to Deliver Settlement Price

no later than the fifth Business Day following the date that notice of such election is given to the Warrantholders in accordance with Condition 12. Payment of the Failure to Deliver Settlement Price will be made to the account specified by the Warrantholder in the relevant Exercise Notice referred to in Condition 6(A) or in such manner as shall be notified to the Warrantholders in accordance with Condition 12. The Calculation Agent shall give notice as soon as practicable to the Warrantholders in accordance with Condition 12 that the provisions of this Condition 5(D) apply. If the Issuer does not so elect, the provisions of Condition 5(C)(ii) shall apply.

For the purposes hereof:

**“Failure to Deliver Settlement Price”** in respect of any relevant Warrant or, if Units are specified in the applicable Final Terms, any relevant Unit, as the case may be, shall be the fair market value of the Affected Relevant Assets on a day selected by the Issuer in its sole and absolute discretion prior to the date on which the Calculation Agent gives notice to the Warrantholders as provided above (taking into account the pro rata portion of the Exercise Price paid or payable in relation to the Affected Relevant Assets adjusted to take account fully for any proportionate losses, expenses and costs to the Issuer and/or any of its Affiliates of unwinding or adjusting any underlying or related hedging arrangements (including but not limited to any options or selling or otherwise realising any Relevant Assets or other instruments of any type whatsoever which the Issuer and/or any of its Affiliates may hold as part of such hedging arrangements), all as calculated by the Calculation Agent.

(E) *Variation of Settlement*

If the applicable Final Terms specify that the Issuer has an option to vary settlement in respect of the Warrants, following a valid exercise of Warrants in accordance with these Conditions, the Issuer may in its sole and absolute discretion in respect of each such Warrant or, if Units are specified in the applicable Final Terms, each Unit, elect not to pay the relevant Warrantholders the Cash Settlement Amount or not to deliver or procure delivery of the Asset Amount to the relevant Warrantholders, as the case may be, but, in lieu thereof, to deliver or procure delivery of the Asset Amount or make payment of the Cash Settlement Amount on the Settlement Date to the relevant Warrantholders, as the case may be. Notification of any such election will be given to Warrantholders no later than the relevant Clearing System Cut-off Time on the second Business Day following the Actual Exercise Date in accordance with Condition 12.

(F) *General*

In relation to any Warrants where Automatic Exercise is specified as applying in the applicable Final Terms, the expressions **“exercise”**, **“due exercise”** and related expressions shall be construed to apply to any such Warrants which are automatically exercised in accordance with the above provisions.

None of the Issuer, the Calculation Agent or the Certificate and Warrant Agents shall have any responsibility for any errors or omissions in the calculation of any Cash Settlement Amount or of any Asset Amount.

The purchase of Warrants does not confer on any Warrantholder any rights (whether in respect of voting, distributions or otherwise) attaching to any Relevant Asset.

All references in this Condition to **“Luxembourg or Brussels time”** shall, where Warrants are cleared through an additional or alternative clearing system, be deemed to refer as appropriate to the time in the city where the relevant clearing system is located.

**6. Exercise Procedure: THIS CONDITION IS APPLICABLE FOR ISSUES OF WARRANTS ONLY**

(A) *Exercise Notice*

To exercise Warrants, instructions in the form and with the content prescribed by the relevant Clearing System through which the relevant Warrantholder exercises its Warrants (an **“Exercise Notice”**) must be given to that Clearing System or in accordance with the provisions set out in Condition 5 and this Condition 6. In addition, the Warrantholder must undertake to pay all Expenses or other taxes or duties in relation to the Warrants or, if Units are specified in the applicable Final Terms, the Units being exercised and authorise the relevant Clearing System to deduct an amount in respect thereof from any Cash Settlement Amount due to such Warrantholder

and to pay it to the order of the Issuer and, in the case of Warrants which are Physical Delivery Securities, the Exercise Notice shall:

- (i) include such details as are required for delivery of the Asset Amount which may include account details and/or the name and address of any person(s) into whose name evidence of the Asset Amount is to be registered and/or any bank, broker or agent to whom documents evidencing the Asset Amount are to be delivered.
- (ii) certify, *inter alia*, that the beneficial owner of each Warrant or, if Units are specified in the applicable Final Terms, each Unit, as the case may be, being exercised is not a U.S. person (as defined in the Exercise Notice) or a person who has purchased such Warrant for resale to U.S. persons, that the Warrant or Unit, as the case may be, is not being exercised within the United States or on behalf of a U.S. person and that no cash, securities or other property have been or will be delivered within the United States or to, or for the account or benefit of, a U.S. person in connection with the exercise thereof; and
- (iii) authorise the production of such certification in any applicable administrative or legal proceedings.

(B) *Verification of the Warrantholder*

Upon receipt of an Exercise Notice, Clearstream, Luxembourg or Euroclear, as the case may be, shall verify that the person exercising the Warrants is the Warrantholder thereof according to the books of Clearstream, Luxembourg or Euroclear, as the case may be. Subject thereto, Clearstream, Luxembourg or Euroclear, as the case may be, will confirm to the Principal Certificate and Warrant Agent the Series number and the number of Warrants being exercised and the account details, if applicable, for the payment of the Cash Settlement Amount or, as the case may be, the details for the delivery of the Asset Amount in respect of each Warrant or, if Units are specified in the applicable Final Terms, each Unit, as the case may be, being exercised. Upon receipt of such confirmation, the Principal Certificate and Warrant Agent will inform the Issuer thereof. Clearstream, Luxembourg or Euroclear, as the case may be, will on or before the Settlement Date debit the account of the relevant Warrantholder with the Warrants being exercised. If the Warrants are American Style Warrants, upon exercise of less than all the Warrants constituted by the Global Security, the Common Depositary will, on the instructions of, and on behalf, of the Principal Certificate and Warrant Agent, note such exercise on the Schedule to such Global Security and the number of Warrants so constituted shall be reduced by the cancellation *pro tanto* of the Warrants so exercised.

(C) *Determinations*

Any determination as to whether an Exercise Notice is duly completed and in proper form shall be made by Clearstream, Luxembourg or Euroclear, as the case may be, in either case, in consultation with the Principal Certificate and Warrant Agent and the Issuer, and shall be conclusive and binding on the Issuer, the Certificate and Warrant Agents and the relevant Warrantholder. Subject as set out below, any Exercise Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Certificate and Warrant Agent and the Issuer immediately after being delivered or sent to Clearstream, Luxembourg or Euroclear as provided in paragraph (A) above, shall be null and void.

If such Exercise Notice is subsequently corrected to the satisfaction of Clearstream, Luxembourg or Euroclear, as the case may be, in consultation with the Principal Certificate and Warrant Agent and the Issuer, it shall be deemed to be a new Exercise Notice submitted at the time such correction was delivered (and copied, as the case may be).

**If Automatic Exercise is not specified as applying in the applicable Final Terms, any Warrant with respect to which the Exercise Notice has not been duly completed and delivered in the manner set out above by the cut-off time specified in Condition 5(A)(i), in the case of American Style Warrants, or Condition 5(A)(ii), in the case of European Style Warrants, shall become void.**

The Issuer or the Principal Certificate and Warrant Agent or, in the case of Securities cleared through CREST, the Issuer shall use reasonable endeavours promptly to notify the Warrantholder submitting an Exercise Notice if it has been determined as provided above that such Exercise Notice is incomplete or not in proper form. In the absence of negligence or wilful misconduct on its part, none of the Issuer, the Certificate and Warrant Agents, Clearstream, Luxembourg and Euroclear shall be liable to any person with respect to any action taken

or omitted to be taken by it in connection with such determination or the notification of such determination to a Warrantholder.

(D) *Delivery of an Exercise Notice*

Delivery of an Exercise Notice shall constitute an irrevocable election by the relevant Warrantholder to exercise the Warrants specified. After the delivery of such Exercise Notice, such exercising Warrantholder may not transfer such Warrants. Notwithstanding this, if any Securityholder does so transfer or attempts so to transfer such Securities, the Securityholder will be liable to the Issuer for any Expenses suffered or incurred by the Issuer or any of its Affiliates through whom it has hedged its position, including those suffered or incurred as a consequence of the Issuer or any of its Affiliates through whom it has hedged its position having terminated or commenced any related hedging operations in reliance on the relevant Exercise Notice and subsequently (i) entering into replacement hedging operations in respect of such Securities or (ii) paying any amount on the subsequent exercise of such Securities without having entered into any replacement hedging operations.

(E) *Automatic Exercise*

This paragraph only applies if Automatic Exercise is specified as applying in the applicable Final Terms and the Warrants are automatically exercised as provided in Condition 5(A)(i) or Condition 5(A)(ii) (to be so automatically exercised the Warrants must be, in the determination of the Calculation Agent, In-The-Money).

If “Automatic Exercise : Exercise Notice by Cut-off Date” is specified as applying in the applicable Final Terms then this paragraph (E)(1) shall apply and not paragraph (2) below:

- (1) In order to receive the Cash Settlement Amount, if the Warrants are Cash Settled Securities, or the Asset Amount, if the Warrants are Physical Delivery Securities, in respect of a Warrant, or if Units are specified in the applicable Final Terms, a Unit, as the case may be, the relevant Warrantholder must deliver or send by authenticated SWIFT message (or such other method acceptable to the relevant Clearing System) (confirmed in writing) a duly completed Exercise Notice to Clearstream, Luxembourg or Euroclear, as the case may be, with a copy to the Principal Certificate and Warrant Agent and the Issuer on any Business Day until not later than the relevant Clearing System Cut-off Time, on the day (the “**Cut-off Date**”) falling 180 days after (i) the Expiration Date, in the case of American Style Warrants, or (ii) the Actual Exercise Date, in the case of European Style Warrants. The Exercise Notice shall include the applicable information set out in the Exercise Notice referred to in Condition 6(A). The Business Day during the period from the Expiration Date or the Actual Exercise Date, as the case may be, until the Cut-off Date on which an Exercise Notice is delivered to Clearstream, Luxembourg or Euroclear, as the case may be, and a copy thereof delivered to the Principal Certificate and Warrant Agent and the Issuer is referred to in this Condition 6(E) as the “**Exercise Notice Delivery Date**”, provided that if the Exercise Notice is received by Clearstream, Luxembourg or Euroclear, as the case may be, or if the copy thereof is received by the Principal Certificate and Warrant Agent and the Issuer after the relevant Clearing System Cut-off Time, on any Business Day, such Exercise Notice shall be deemed to have been delivered on the next Business Day, which Business Day shall be deemed to be the Exercise Notice Delivery Date.

Subject to the relevant Warrantholder performing its obligations in respect of the relevant Warrant or, if Units are specified in the applicable Final Terms, the relevant Unit, as the case may be, in accordance with these Conditions, the Settlement Date for such Warrants or Units, as the case may be, shall, subject as provided herein, be (i) in the case of Cash Settled Securities, the fifth Business Day following the Exercise Notice Delivery Date and (ii) in the case of Physical Delivery Securities, the fifth Settlement Business Day following the Exercise Notice Delivery Date.

**If a Warrantholder does not so deliver an Exercise Notice in accordance with this Condition 6(E) at or prior to the relevant Clearing System Cut-off Time, on the Cut-off Date, the Issuer’s obligations in respect of such Warrants shall be discharged and no further liability in respect thereof shall attach to the Issuer.**

In relation to Cash Settled Securities, only, if Automatic Exercise: No delivery of Exercise Notice is specified as applying in the applicable Final Terms, then this paragraph (E)(2) shall apply:



- (2) In order to receive the Cash Settlement Amount, the relevant Warrantholder will not be required to deliver or send an Exercise Notice or any order form of notification and any such Warrant will be settled pursuant to and subject as provided herein.

(F) *Exercise Risk*

Exercise of the Warrants is subject to all applicable laws, regulations and practices in force on the relevant Exercise Date and neither the Issuer nor the Certificate and Warrant Agents shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. None of the Issuer and the Certificate and Warrant Agents shall under any circumstances be liable for any acts or defaults of any of the Common Depositary, Clearstream, Luxembourg, Euroclear or CREST in relation to the performance of its duties in relation to the Warrants.

The Issuer will be discharged by payment or delivery to, or to the order of, the Common Depositary or Clearstream, Luxembourg or Euroclear, as the case may be, in respect of the amount so paid or delivered. Each of the persons shown in the records of Clearstream, Luxembourg or Euroclear, as the case may be, as the holder of a particular number of Warrants or, in respect of CDIs, in accordance with the rules and regulations of CREST, must look solely to Clearstream, Luxembourg or Euroclear or the CREST Depositary, as the case may be, for his share of each such payment or delivery so made to, or to the order of, Clearstream, Luxembourg or Euroclear or the CREST Depositary, as the case may be.

**7. Minimum and Maximum Number of Warrants Exercisable: THIS CONDITION IS APPLICABLE FOR ISSUES OF WARRANTS ONLY**

(A) *American Style Warrants*

This paragraph (A) applies only to American Style Warrants.

- (i) The number of Warrants exercisable by any Warrantholder on any Actual Exercise Date, or, in the case of Automatic Exercise, the number of Warrants held by any Warrantholder on any Actual Exercise Date, in each case as determined by the Issuer, must not be less than the Minimum Exercise Number specified in the applicable Final Terms and, if specified in the applicable Final Terms, if a number greater than the Minimum Exercise Number, must be an integral multiple of the number specified in the applicable Final Terms. Any Exercise Notice which purports to exercise Warrants in breach of this Condition shall, unless the Issuer otherwise decides, in its sole and absolute discretion, be void and of no effect.
- (ii) If the Issuer determines that the number of Warrants being exercised on any Actual Exercise Date by any Warrantholder or a group of Warrantholders (whether or not acting in concert) exceeds the Maximum Exercise Number (a number equal to the Maximum Exercise Number being the “Quota”), the Issuer may deem the Actual Exercise Date for the first Quota of such Warrants, selected in the sole and absolute discretion of the Issuer, to be such day and the Actual Exercise Date for each additional Quota of such Warrants (and any remaining number thereof) to be each of the succeeding Business Days until all such Warrants have been attributed with an Actual Exercise Date, provided, however, that the deemed Actual Exercise Date for any such Warrants which would thereby fall after the Expiration Date shall fall on the Expiration Date. In any case where more than the Quota of Warrants are exercised on the same day by Warrantholder(s), the order of settlement in respect of such Warrants shall be at the sole and absolute discretion of the Issuer.

(B) *European Style Warrants*

This paragraph (B) applies only to European Style Warrants.

The number of Warrants exercisable by any Warrantholder on the Exercise Date as determined by the Issuer, must not be less than the Minimum Exercise Number specified in the applicable Final Terms and, if specified in the applicable Final Terms, if a number greater than the Minimum Exercise Number, must be an integral multiple of the number specified in the applicable Final Terms. Any Exercise Notice which purports to exercise Warrants in breach of this provision shall, unless the Issuer otherwise decides, in its sole and absolute discretion, be void and of no effect.

**8. Redemption and Redemption Procedure for Redeemable Certificates: THIS CONDITION IS APPLICABLE FOR ISSUES OF REDEEMABLE CERTIFICATES ONLY**

*(A) Redemption*

Subject as provided in these Conditions and as specified in the applicable Final Terms, each Redeemable Certificate will be redeemed by the Issuer:

- (i) in the case of a Cash Settled Security, by payment of the Cash Settlement Amount; or
- (ii) in the case of a Physical Delivery Security, subject as provided herein, by delivery of the Asset Amount,

such redemption to occur in either case, subject as provided below, on the Redemption Date. If (i) the date for payment of any amount in respect of the Redeemable Certificates is not a Business Day, the Redeemable Certificateholder shall not be entitled to payment until the next following Business Day and shall not be entitled to any further payment in respect of such delay or (ii) the date for delivery of any Asset Amount in respect of the Redeemable Certificates is not a Settlement Business Day, the Redeemable Certificateholder shall not be entitled to delivery of the Asset Amount until the next following Settlement Business Day.

*(B) Cash Settlement*

Subject as provided herein, if the Redeemable Certificates are Cash Settled Securities, each Redeemable Certificate entitles its holder to receive from the Issuer, on the Redemption Date, the Cash Settlement Amount determined in accordance with the formula specified, or as otherwise provided, in the applicable Final Terms. The Issuer shall on the Redemption Date pay or cause to be paid the Cash Settlement Amount for each Redeemable Certificate to, or to the order of, the Common Depository for the account of the relevant Redeemable Certificateholders, for value on the Redemption Date less any Expenses, such payment to be made in accordance with the rules of Clearstream, Luxembourg or Euroclear or CREST, as the case may be.

*(C) Physical Settlement*

*(1) Asset Transfer Notices*

In relation to Redeemable Certificates which are Physical Delivery Securities, in order to obtain delivery of the Asset Amount(s) in respect of any Redeemable Certificate, the relevant Redeemable Certificateholder must deliver, or send by tested telex (confirmed in writing), to Clearstream, Luxembourg or Euroclear (as applicable) with a copy to the Principal Certificate and Warrant Agent and the Issuer, in each case, not later than the relevant Clearing System Cut-off Time on the date (the “**Cut-off Date**”) falling two Business Days prior to the Redemption Date, a duly completed asset transfer notice (an “**Asset Transfer Notice**”) in the form set out in the Agency Agreement (copies of which form may be obtained from Clearstream, Luxembourg, Euroclear and the Certificate and Warrant Agents during normal office hours) in accordance with the provisions set out in this Condition 8.

The Asset Transfer Notice shall:

- (a) specify the Series number of the Redeemable Certificates and the number of Redeemable Certificates the subject of the Asset Transfer Notice;
- (b) specify the number of the Redeemable Certificateholder’s account at Clearstream, Luxembourg or Euroclear, as the case may be, to be debited with such Redeemable Certificates;
- (c) irrevocably instruct Clearstream, Luxembourg or Euroclear, as the case may be, to debit on or before the Redemption Date the relevant Redeemable Certificateholder’s account with the relevant Redeemable Certificates;
- (d) include an undertaking to pay all Expenses or other taxes or duties arising from the redemption of such Redeemable Certificates and an authority to Clearstream, Luxembourg or Euroclear, as the case

may be, to debit a specified account of the Redeemable Certificateholder at Clearstream, Luxembourg or Euroclear, as the case may be, in respect thereof and to pay such Expenses or other taxes or duties;

- (e) include such details as are required by the applicable Final Terms for delivery of the Asset Amount which may include account details and/or the name and address of any person(s) into whose name evidence of the Asset Amount is to be registered and/or any bank, broker or agent to whom documents evidencing the Asset Amount are to be delivered and specify the name and number of the Redeemable Certificateholder's account with Euroclear or Clearstream, Luxembourg, as the case may be, to be credited with any cash payable by the Issuer, either in respect of any cash amount constituting the Asset Amount or any dividends relating to the Asset Amount or as a result of the occurrence of a Settlement Disruption Event and the Issuer electing to pay the Disruption Cash Settlement Price or as a result of the occurrence of a Failure to Deliver and the Issuer electing to pay the Failure to Deliver Settlement Price;
  - (f) certify, *inter alia*, that the beneficial owner of each Redeemable Certificate is not a U.S. person (as defined in the Asset Transfer Notice) or a person who purchased such Redeemable Certificate for resale to U.S. persons, that the Redeemable Certificate is not being redeemed within the United States or on behalf of a U.S. person and no cash, securities or other property have been or will be delivered within the United States or to, or for the account or benefit of, a U.S. person in connection with any redemption thereof; and
  - (g) authorise the production of such certification in any applicable administrative or legal proceedings,
- all as provided in the Agency Agreement.

If Condition 8(D) applies, the form of Asset Transfer Notice required to be delivered will be different from that set out above. Copies of such Asset Transfer Notice may be obtained from Clearstream, Luxembourg, Euroclear and the Certificate and Warrant Agents during normal office hours.

(2) Verification of the Redeemable Certificateholder

Upon receipt of an Asset Transfer Notice, Clearstream, Luxembourg or Euroclear, as the case may be, shall verify that the person delivering the Asset Transfer Notice is the holder of the Redeemable Certificates described therein according to the books of Clearstream, Luxembourg or Euroclear, as the case may be. Subject thereto, Clearstream, Luxembourg or Euroclear, as the case may be, will confirm to the Principal Certificate and Warrant Agent the Series number and number of Redeemable Certificates the subject of such notice and the details for the delivery of the Asset Amount in respect of each Redeemable Certificate. Upon receipt of such confirmation, the Principal Certificate and Warrant Agent will inform the Issuer thereof. Clearstream, Luxembourg or Euroclear, as the case may be, will on or before the Delivery Date debit the account of the relevant Redeemable Certificateholder with the relevant Redeemable Certificates.

(3) Determinations

Any determination as to whether an Asset Transfer Notice is duly completed and in proper form shall be made by Clearstream, Luxembourg or Euroclear, as the case may be, in each case, in consultation with the Principal Certificate and Warrant Agent and the Issuer, and shall be conclusive and binding on the Issuer, the Certificate and Warrant Agents and the relevant Redeemable Certificateholder. Subject as set out below, any Asset Transfer Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Certificate and Warrant Agent and the Issuer immediately after being delivered or sent to Clearstream, Luxembourg or Euroclear, as the case may be, as provided in paragraph (1) above, shall be null and void.

If such Asset Transfer Notice is subsequently corrected to the satisfaction of Clearstream, Luxembourg or Euroclear, as the case may be, in consultation with the Principal Certificate and Warrant Agent and the Issuer, it shall be deemed to be a new Asset Transfer Notice submitted at the time such correction was delivered to Clearstream, Luxembourg or Euroclear, as the case may be, and copied to the Principal Certificate and Warrant Agent and the Issuer.

The Issuer shall use reasonable endeavours promptly to notify the Redeemable Certificateholder submitting an Asset Transfer Notice if it has determined as provided above that such Asset Transfer Notice is incomplete or not in proper form. In the absence of negligence or wilful misconduct on its part, none of the Issuer, the

Certificate and Warrant Agents, Clearstream, Luxembourg and Euroclear shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Redeemable Certificateholder.

(4) Delivery of an Asset Transfer Notice

After delivery of an Asset Transfer Notice, the relevant Redeemable Certificateholder may not transfer the Redeemable Certificates which are the subject of such notice.

(5) Delivery of the Asset Amount

Subject as provided herein, the Issuer shall deliver, or procure the delivery of, the Asset Amount for each duly redeemed Certificate herein on the Redemption Date (such date, subject to adjustment in accordance with this Condition, the “**Delivery Date**”) pursuant to the details specified in the applicable Asset Transfer Notice, provided that the Asset Transfer Notice is duly delivered to Clearstream, Luxembourg or Euroclear, as the case may be, with a copy to the Principal Certificate and Warrant Agent and the Issuer, as provided above on or prior to the Cut-Off Date. Subject as provided in Condition 8(C)(6) and Condition 8(C)(7), the Asset Amount shall be delivered and evidenced in such manner as set out in the applicable Final Terms.

If a Redeemable Certificateholder fails to give an Asset Transfer Notice as provided herein with a copy to the Principal Certificate and Warrant Agent and the Issuer, on or prior to the Cut-Off Date, then the Asset Amount will be delivered as soon as practicable after the Redemption Date (in which case, such date of delivery shall be the Delivery Date) at the risk of such Redeemable Certificateholder in the manner provided herein. For the avoidance of doubt, in such circumstances such Redeemable Certificateholder shall not be entitled to any payment, whether of interest or otherwise, as a result of such Delivery Date falling after the Redemption Date and no liability in respect thereof shall attach to the Issuer **PROVIDED THAT if a Redeemable Certificateholder does not so deliver an Asset Transfer Notice in accordance with this Condition 8(C) at or prior to the relevant Clearing System Cut-off Time, on the date falling 180 days after the Cut-off Date, the Issuer’s obligations in respect of such Redeemable Certificates shall be discharged and no further liability in respect thereof shall attach to the Issuer.**

All Expenses arising from the delivery of the Asset Amount in respect of such Redeemable Certificates shall be for the account of the relevant Redeemable Certificateholder and no delivery of the Asset Amount shall be made until all Expenses have been paid to the satisfaction of the Issuer by the relevant Redeemable Certificateholder.

Redeemable Certificates held by the same Redeemable Certificateholder will be aggregated for the purpose of determining the aggregate Asset Amounts in respect of such Redeemable Certificates provided that the aggregate Asset Amounts in respect of the same Redeemable Certificateholder will be rounded down to the nearest whole unit of the Relevant Asset or each of the Relevant Assets, as the case may be, in such manner as the Issuer shall determine. Therefore, fractions of the Relevant Asset or of each of the Relevant Assets, as the case may be, will not be delivered and in lieu thereof the relevant Redeemable Certificateholder will receive an amount in the Settlement Currency equal to the value of any such fractions after such aggregation as calculated by the Calculation Agent from such source(s) as it may select (and converted if necessary into the Settlement Currency by reference to such exchange rate as the Calculation Agent deems appropriate). Payment of any such amount will be made to the account specified by the Redeemable Certificateholder in the relevant Asset Transfer Notice as referred to in Condition 8(C)(1)(e) or in such manner as shall be notified to the Redeemable Certificateholders in accordance with Condition 12.

For the purposes of any Redeemable Certificate which is a Physical Delivery Security (i) the Issuer shall be under no obligation to register or procure the registration of any Redeemable Certificateholder or any other person as the registered shareholder in the register of members of any Underlying Equities, and (ii) the Issuer shall not be obliged to account to any Redeemable Certificateholder or any person for any entitlement received or that is receivable in respect of any Underlying Equities comprising the entitlement in respect of any Redeemable Certificate or, if Units are specified in the applicable Final Terms, any Unit if the date on which the Underlying Equities are first traded on the relevant Exchange ex such entitlement is on or prior to the Delivery Date.

Following the Delivery Date of an Equity Security which is a Physical Delivery Security all dividends on the relevant Underlying Equities to be delivered will be payable to the party that would receive such dividend

according to market practice for a sale of the Underlying Equities executed on the relevant Delivery Date and to be delivered in the same manner as such relevant Underlying Equities. Any such dividends to be paid to a Redeemable Certificateholder will be paid to the account specified by the Redeemable Certificateholder in the relevant Asset Transfer Notice as referred to in Condition 8(C)(1)(e).

After delivery of the Asset Amount and for the Intervening Period, none of the Issuer, the Calculation Agent and any other person shall at any time (i) be under any obligation to deliver or procure delivery to any Redeemable Certificateholder any letter, certificate, notice, circular or any other document or, except as provided herein, payment whatsoever received by that person in respect of the Asset Amount, (ii) be under any obligation to exercise or procure exercise of any or all rights attaching to the Asset Amount or (iii) be under any liability to a Redeemable Certificateholder in respect of any loss or damage which such Redeemable Certificateholder may sustain or suffer as a result, whether directly or indirectly, of that person being registered during such Intervening Period as legal owner of the Asset Amount.

**“Intervening Period”** means such period of time as any person other than the relevant Redeemable Certificateholder shall continue to be regarded as the legal owner of any securities or other obligations comprising the Asset Amount.

(6) Settlement Disruption

If, in the opinion of the Calculation Agent, delivery of the Asset Amount using the method of delivery specified in the applicable Final Terms is not practicable by reason of a Settlement Disruption Event (as defined below) subsisting on any Delivery Date, then such Delivery Date for such Redeemable Certificates shall be postponed to the first following Settlement Business Day in respect of which no Settlement Disruption Event is subsisting, provided that the Issuer may elect in its sole and absolute discretion to satisfy its obligations in respect of the relevant Redeemable Certificate by delivering the Asset Amount using such other commercially reasonable manner as it may select and, in such event, the Delivery Date shall be such day as the Issuer deems appropriate in connection with delivery of the Asset Amount in such other commercially reasonable manner. For the avoidance of doubt, where a Settlement Disruption Event affects some but not all of the Relevant Assets comprising the Asset Amount, the Delivery Date for the Relevant Assets not affected by the Settlement Disruption Event will be the originally designated Delivery Date.

For so long as delivery of the Asset Amount is not practicable by reason of a Settlement Disruption Event, then in lieu of physical settlement and notwithstanding any other provision hereof, the Issuer may elect in its sole and absolute discretion to satisfy its obligations in respect of the relevant Redeemable Certificate by payment to the relevant Redeemable Certificateholder of the Disruption Cash Settlement Price not later than the fifth Business Day following the date that notice of such election is given to the Redeemable Certificateholders in accordance with Condition 12. Payment of the Disruption Cash Settlement Price will be made to the account specified by the Redeemable Certificateholder in the relevant Asset Transfer Notice as referred to in Condition 8(C)(1)(e) or in such manner as shall be notified to the Redeemable Certificateholders in accordance with Condition 12. The Calculation Agent shall give notice as soon as practicable to the Redeemable Certificateholders in accordance with Condition 12 that a Settlement Disruption Event has occurred.

No Redeemable Certificateholder shall be entitled to any payment in respect of the relevant Redeemable Certificate in the event of any delay in the delivery of the Asset Amount due to the occurrence of a Settlement Disruption Event and the Issuer shall not be in breach of these Conditions and no liability in respect thereof shall attach to the Issuer.

For the purposes hereof:

**“Disruption Cash Settlement Price”** in respect of any relevant Redeemable Certificate shall be the fair market value of such Redeemable Certificate on a day selected by the Issuer in its sole and absolute discretion provided that such day is not more than 15 days before the date that the Calculation Agent gives notice to the Redeemable Certificateholders that a Settlement Disruption Event has occurred as provided above (taking into account, were the Settlement Disruption Event affected some but not all of the Relevant Assets comprising the Asset Amount and such non-affected Relevant Assets have been duly delivered as provided above, the value of such Relevant Assets) adjusted to take account fully for any losses, expenses and costs to the Issuer and/or any of its Affiliates of unwinding and adjusting any underlying or related hedging arrangements (including but not limited to any options or selling or otherwise realising any Relevant Assets or other instruments of any type

whatsoever which the Issuer and/or any of its Affiliates may hold as part of such hedging arrangements), all as calculated by the Calculation Agent.

**“Settlement Disruption Event”** means, in the opinion of the Calculation Agent, an event beyond the control of the Issuer as a result of which delivery of the Relevant Asset(s) by or on behalf of the Issuer using the method specified in the applicable Final Terms is not practicable.

(7) *Failure to Deliver due to Illiquidity*

If “Failure to Deliver due to Illiquidity” is specified as applying in the applicable Final Terms and in the opinion of the Calculation Agent, it is impossible or impracticable to deliver, when due, some or all of the Relevant Assets (the **“Affected Relevant Assets”**) comprising the Asset Amount, where such failure to deliver is due to illiquidity in the market for the Relevant Assets (a **“Failure to Deliver”**), then:

- (a) subject as provided elsewhere in these Conditions, any Relevant Assets which are not Affected Relevant Assets, will be delivered on the originally designated Redemption Date in accordance with this Condition 8 (subject as provided herein); and
- (b) in respect of any Affected Relevant Assets, in lieu of physical settlement and notwithstanding any other provision hereof, the Issuer may elect in its sole and absolute discretion in lieu of delivery of the Affected Relevant Assets, to pay to the relevant Redeemable Certificateholder the Failure to Deliver Settlement Price no later than the fifth Business Day following the date that notice of such election is given to the Redeemable Certificateholders in accordance with Condition 12. Payment of the Failure to Deliver Settlement Price will be made to the account specified by the Redeemable Certificateholder in the relevant Asset Transfer Notice referred to in Condition 8(C)(1)(e) or in such manner as shall be notified to the Redeemable Certificateholders in accordance with Condition 12. The Calculation Agent shall give notice as soon as practicable to the Redeemable Certificateholders in accordance with Condition 12 that the provisions of this Condition 8(C)(7) apply. If the Issuer does not so elect, the provisions of Condition 8(C)(6) shall apply.

For the purposes hereof:

**“Failure to Deliver Settlement Price”** in respect of any relevant Redeemable Certificate shall be the fair market value of the Affected Relevant Assets on a day selected by the Issuer in its sole and absolute discretion prior to the date on which the Calculation Agent gives notice to the Redeemable Certificateholders as provided above adjusted to take account fully for any proportionate losses, expenses and costs to the Issuer and/or any of its Affiliates of unwinding or adjusting any underlying or related hedging arrangements (including but not limited to any options or selling or otherwise realising any Relevant Assets or other instruments of any type whatsoever which the Issuer and/or any of its Affiliates may hold as part of such hedging arrangements), all as calculated by the Calculation Agent.

(D) *Variation of Settlement*

If the applicable Final Terms specify that the Issuer has an option to vary settlement in respect of the Certificates, the Issuer may at its sole and absolute discretion in respect of each such Certificate, elect not to pay the relevant Redeemable Certificateholders the Cash Settlement Amount or not to deliver or procure delivery of the Asset Amount to the relevant Redeemable Certificateholders, as the case may be, but, in lieu thereof to deliver or procure delivery of the Asset Amount or make payment of the Cash Settlement Amount on the Redemption Date to the relevant Redeemable Certificateholders, as the case may be. Notification of such election will be given to Redeemable Certificateholders no later than the Relevant Clearing System Cut-off Time on the second Business Day following the Redemption Date in accordance with Condition 12.

(E) *General*

None of the Issuer, the Calculation Agent and the Certificate and Warrant Agents shall have any responsibility for any errors or omissions in the calculation of any Cash Settlement Amount or of any Asset Amount.

The purchase of Redeemable Certificates does not confer on any Redeemable Certificateholder any rights (whether in respect of voting, distributions or otherwise) attaching to any Relevant Assets.

All references in this Condition to Luxembourg or Brussels time shall, where Redeemable Certificates are cleared through an additional or alternative clearing system, be deemed to refer as appropriate to the time in the city where the relevant clearing system is located.

(F) *Redemption Risk*

Redemption of the Redeemable Certificates is subject to all applicable laws, regulations and practices in force on the relevant Delivery Date and none of the Issuer and the Certificate and Warrant Agents shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. None of the Issuer and the Certificate and Warrant Agents shall under any circumstances be liable for any acts or defaults of any of the Common Depositary, Clearstream, Luxembourg, or Euroclear in relation to the performance of its duties in relation to the Redeemable Certificates.

The Issuer will be discharged by payment or delivery to, or to the order of, the Common Depositary or Clearstream, Luxembourg or Euroclear, as the case may be, in respect of the amount so paid or delivered. Each of the persons shown in the records of Clearstream, Luxembourg or Euroclear, as the case may be, as the holder of a particular amount of the Redeemable Certificates must look solely to Clearstream, Luxembourg or Euroclear, as the case may be, for his share of each such payment or delivery so made to, or to the order of, Clearstream, Luxembourg or Euroclear, as the case may be.

**9. Cancellation due to Illegality or Taxation**

(A) *Illegality*

If the Issuer determines in good faith that either the performance of its obligations under the Securities or that any arrangement made to hedge its position under the Securities has or will become unlawful, illegal, or otherwise prohibited in whole or in part under any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power (but, if not having the force of law, only if compliance with it is in accordance with the general practice of persons to whom it is intended to apply), or in the interpretation thereof (an “**Illegality**”), the Issuer may cancel the Securities by giving notice to Securityholders in accordance with Condition 12.

Should any one or more of the provisions contained in these Conditions be or become invalid, the validity of the remaining provisions shall not in any way be affected thereby.

If the Issuer cancels the Securities, then the Issuer will, if and to the extent permitted by applicable law, pay the Early Cancellation Amount to each Securityholder in respect of each Security or, if Units are specified in the applicable Final Terms, each Unit, as the case may be, held by such holder. Payment will be made in such manner as shall be notified to the Securityholders in accordance with Condition 12.

(B) *Taxation*

If the Issuer determines in good faith that either the performance of its obligations under the Securities or that any arrangements made to hedge its position under the Securities: (i) has resulted in, or (ii) will result in (following a change in any applicable present or future law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power, or in the interruption thereof or following a decision of any court or tribunal), the Issuer and/or any of its Affiliates not being entitled to tax relief in respect of any losses, costs or expenses incurred in relation to the Securities or such hedging arrangements or any other adverse tax consequences, the Issuer may, having given not more than 30 nor less than 3 days’ notice to Securityholders in accordance with Condition 12, cancel the Securities.

If the Issuer cancels the Securities pursuant to this Condition 9(B), then, on a date selected by the Issuer, the Issuer will pay the Early Cancellation Amount to each Securityholder in respect of each Security or, if Units are specified in the applicable Final Terms, each Unit, as the case may be, held by such Securityholder. Payment will be made in such manner as shall be notified to the Securityholders in accordance with Condition 12.

**10. Purchases**

Any of the Issuer or its subsidiaries or Affiliates may, but is not obliged to, at any time purchase Securities at any price in the open market or by tender or private treaty. Any Securities so purchased or otherwise acquired may, at the Issuer's discretion, be held or resold or surrendered for cancellation.

**11. Certificate and Warrant Agents, Determinations and Modifications and Meetings of Securityholders**

*(A) Certificate and Warrant Agents*

The specified offices of the Certificate and Warrant Agents are as set out at the end of these Conditions.

The Issuer reserves the right at any time to vary or terminate the appointment of any Certificate and Warrant Agent and to appoint further or additional Certificate and Warrant Agents, provided that no termination of appointment of the Principal Certificate and Warrant Agent shall become effective until a replacement Principal Certificate and Warrant Agent shall have been appointed and, provided that so long as any of the Securities are listed on a stock exchange, there shall be a Certificate and Warrant Agent having a specified office in each location required by the rules and regulations of the relevant listing authority or stock exchange. Notice of any termination of appointment and of any changes in the specified office of any Certificate and Warrant Agent will be given to the Securityholders in accordance with Condition 12. In acting under the Agency Agreement, each Certificate and Warrant Agent acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Securityholders and any determinations and calculations made in respect of the Securities by any Certificate and Warrant Agent shall (save in the case of manifest error) be final, conclusive and binding on the Issuer and the Securityholders.

*(B) Calculation Agent*

The Issuer reserves the right at any time to vary or terminate the appointment of the Calculation Agent, provided that there will at all times be a Calculation Agent. Notice of any termination of appointment of the Calculation Agent will be given to Securityholders in accordance with Condition 12.

In relation to each Series of Securities, the Calculation Agent (whether it be the Issuer or another entity) acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Securityholders.

The Calculation Agent may, with the consent of the Issuer, delegate any of its obligations and functions to a third party as it deems appropriate and any determination or calculation by any such delegate shall be deemed to be a determination or calculation by the Calculation Agent.

*(C) Determinations*

Any determination made by the Issuer and/or the Calculation Agent pursuant to these Conditions shall (save in the case of manifest error) be final, conclusive and binding on the Issuer, the Calculation Agent and the Securityholders.

In making any determination in respect of any adjustment pursuant to these Conditions, the Issuer and/or Calculation Agent shall not have regard to any interests arising from circumstances particular to individual Securityholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such determination for individual Securityholders (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 any political sub-division thereof and the Issuer and/or Calculation Agent shall not be entitled to require, nor shall any Securityholder be entitled to claim, from the Issuer, the Calculation Agent or any other person any indemnification or payment in respect of any tax consequences of any such determination upon individual Securityholders.

*(D) Modifications*

The Issuer may modify these Conditions and/or the Agency Agreement without the consent of the Securityholders in any manner which the Issuer may deem necessary or desirable provided that either:



- (i) such modification is not materially prejudicial to the interests of the Securityholders in the sole and absolute discretion of the Issuer (without considering the individual circumstances of any holders of Securities or the tax or other consequences of such adjustment in any particular jurisdiction); or
- (ii) such modification is of a formal, minor or technical nature or to correct a manifest or proven error or to cure, correct or supplement any defective provision contained herein and/or therein or to comply with any mandatory provision of law of the jurisdiction in which the Issuer is incorporated; or
- (iii) in respect of Securities which the Issuer determines (whether before or after issue) to list on a stock exchange, market or quotation system, such modification is made to enable such Securities to be listed on such stock exchange, market or quotation system.

Notice of any such modification, which will be binding on the Securityholders, will be given to the Securityholders in accordance with Condition 12 but failure to give, or non-receipt of, such notice will not affect the validity of any such modification.

(E) *Meetings of Securityholders*

The Agency Agreement contains provisions for convening meetings of the Securityholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Agency Agreement) of a modification of these Conditions or the Agency Agreement. At least 21 days' notice (exclusive of the day on which the notice is given and of the day on which the meeting is held) specifying the date, time and place of the meeting shall be given to Securityholders. Such a meeting may be convened by the Issuer or Securityholders holding not less than 10 per cent. (by number) of the Securities for the time being remaining outstanding. The quorum at a meeting of the Securityholders (except for the purpose of passing an Extraordinary Resolution) will be two or more persons holding or representing not less than 10 per cent. (by number) of the Securities for the time being remaining outstanding or, at any adjourned meeting, two or more persons being or representing Securityholders whatever the number of Securities so held or represented. The quorum at a meeting of Securityholders for the purpose of passing an Extraordinary Resolution will be two or more persons holding or representing not less than 50 per cent. (by number) of the Securities for the time being remaining outstanding or, at any adjourned meeting, two or more persons being or representing Securityholders holding not less than 10 per cent. (by number) of the Securities for the time being remaining outstanding. A resolution will be an Extraordinary Resolution when it has been passed at a duly convened meeting by not less than three-fourths of the votes cast by Securityholders at such meeting as, being entitled to do so, vote in person or by proxy. An Extraordinary Resolution passed at any meeting of the Securityholders shall be binding on all the Securityholders, whether or not they are present at the meeting, save for those Warrants remaining unexercised but for which an Exercise Notice shall have been received as described in Condition 6 prior to the date of the meeting. Warrants which have not been exercised but in respect of which an Exercise Notice has been received as described in Condition 6 will not confer the right to attend or vote at, or join in convening, or be counted in the quorum for, any meeting of the Warrantholders. Resolutions can be passed in writing if passed unanimously.

**12. Notices**

All notices to Securityholders shall be valid if (i) (a) delivered to Clearstream, Luxembourg and Euroclear for communication by them to the Securityholders, (b) published in a daily newspaper with general circulation in the United Kingdom, expected to be the *Financial Times* or (c) published on the website of RNS at <http://www.londonstockexchange.com/exchange/prices-and-news/news/market-news/market-news-home.html> and any such notices shall be conclusively presumed to have been received by the Securityholders and (ii) if and so long as the Securities are listed on a stock exchange, in accordance with the rules and regulations of the relevant stock exchange or other relevant authority. Any such notice shall be deemed to have been given on the date of such delivery or, if earlier, the date of any publication as required by any relevant stock exchange or, if published more than once, on the date of the first such publication.

**13. Expenses and Taxes**

- (A) A Securityholder must pay or discharge all Expenses relating to such Security as provided above and, in relation to any Security, no payment of any Cash Settlement Amount or delivery of any Asset Amount, in respect of such Security, will be made until all Expenses in relation to such Security have been paid or discharged to the satisfaction of the Issuer.

- (B) The Issuer shall not be liable for or otherwise obliged to pay any tax, duty or other payment which may arise as a result of the ownership, transfer, exercise (in the case of Warrants), redemption (in the case of Certificates) or enforcement of any Security by any person and all payments and/or deliveries made by the Issuer shall be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

#### 14. Further Issues

The Issuer shall be at liberty from time to time without the consent of Securityholders to create and issue further Securities which (i) are expressed to be consolidated and form a single Series with the outstanding Securities and (ii) are identical in all respects with such Securities except for their respective issue dates and/or issue prices.

#### 15. Substitution of the Issuer

The Issuer (or any previously substituted company from time to time) shall, without the consent of the Securityholders, be entitled at any time to substitute for the Issuer any other company (the “**Substitute**”) as principal obligor in respect of all obligations arising from or in connection with the Securities provided that (i) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Securities represent valid, legally binding and enforceable obligations of the Substitute have been taken, fulfilled and done and are in full force and effect; (ii) the Substitute shall have assumed all obligations arising from or in connection with the Securities and shall have become a party to the Agency Agreement, with any consequential amendments; (iii) either (a) the Substitute shall be the holding company of the Issuer (the holding company currently being Lloyds Banking Group plc, company number SC095000) or (b) the obligations of the Substitute in respect of the Securities shall be unconditionally and irrevocably guaranteed by the Issuer, (iv) each stock exchange or listing authority on which the Securities are listed shall have confirmed that, following the proposed substitution of the Substitute, the Securities would continue to be listed on such stock exchange; and (v) the Issuer shall have given at least 30 days’ prior notice of the date of such substitution to the Securityholders in accordance with Condition 12.

#### 16. Terms for Securities

##### (A) *Index Securities*

##### (i) *Settlement of Index Securities*

If Settlement Date Extension or Redemption Date Extension, as the case may be, is specified hereon as being applicable, where the Cash Settlement Amount is determined in respect of a Valuation Date or Averaging Date(s), and where the Valuation Date or the Averaging Date, as the case may be, falling immediately prior to the Settlement Date (in the case of Warrants or Exercisable Certificates) or Redemption Date (in the case of Redeemable Certificates), as the case may be, is postponed as a result of the occurrence of a Disrupted Day, the Settlement Date or Redemption Date, as the case may be, shall be the later of (i) the date specified hereon as the Settlement Date (the “**Scheduled Settlement Date**”) or Redemption Date (the “**Scheduled Redemption Date**”), as the case may be, and (ii) the day falling the number of Extension Business Days after the postponed Valuation Date or the postponed Averaging Date, as the case may be. If any amount is payable on the exercise or redemption of an Index Security to which Settlement Date Extension or Redemption Date Extension, as the case may be, applies, and the Settlement Date or Redemption Date, as the case may be, is postponed pursuant to a Settlement Date Extension or Redemption Date Extension, as the case may be, such amount will be due on the relevant date as so postponed without any interest or other sum payable in respect of the postponement of the payment of such amount.

##### (ii) *Index Interest Securities*

Interest shall be payable on each Index Interest Security in accordance with the provisions of Condition 4.

If Payment Date Extension is specified hereon as being applicable, where the Interest Amount(s) are determined in respect of a Valuation Date or Averaging Date, and such Valuation Date or Averaging Date, as the case may be, is postponed as a result of the occurrence of a Disrupted Day, the Interest Payment Date relating to such postponed Valuation Date or postponed Averaging Date shall be the later of (i) the Interest Payment Date specified hereon (the “**Scheduled Payment Date**”) and (ii) the day falling the number of

Extension Business Days after such postponed Valuation Date or postponed Averaging Date, as the case may be. If any amount is payable on an Interest Payment Date in respect of an Index Interest Security to which Payment Date Extension applies, and such Interest Payment Date is postponed pursuant to a Payment Date Extension, such amount will be due on the Interest Payment Date as so postponed without any interest or other sum payable in respect of the postponement of the payment of such amount.

(iii) *Adjustments to an Index*

(a) Successor Index Sponsor Calculates and Reports an Index

If a relevant Index is (A) not calculated and announced by the Index Sponsor but is calculated and announced by a successor sponsor (a “**Successor Index Sponsor**”) acceptable to the Calculation Agent or (B) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of that Index, then, in each case, that index (the “**Successor Index**”) will be deemed to be the Index.

(b) Modification and Cessation of Calculation of an Index

If (A) on or prior to the Valuation Date or an Averaging Date the relevant Index Sponsor makes or announces that it will make a material change in the formula for or the method of calculating a relevant Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalisation, contracts or commodities and other routine events) (an “**Index Modification**”) or permanently cancels the Index and no Successor Index exists (an “**Index Cancellation**”), or (B) on the Valuation Date or an Averaging Date the Index Sponsor or (if relevant) the Successor Index Sponsor fails to calculate and announce a relevant Index (an “**Index Disruption**”) and together with an Index Modification and an Index Cancellation, each, an “**Index Adjustment Event**”), then the Issuer may take the action described in (1), (2), (3) or (4) below:

- (1) require the Calculation Agent to determine if such Index Adjustment Event has a material effect on the Securities and, if so, to calculate the Settlement Price using, in lieu of a published level for that Index, the level for that Index as at the Valuation Time on the Valuation Date or that Averaging Date, as the case may be, as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to the change, failure or cancellation but using only those securities/commodities that comprised that Index immediately prior to that Index Adjustment Event;
- (2) substitute such Index with a different index and, following such substitution, the Calculation Agent shall make such adjustment (if any) as it considers appropriate to the Settlement Price, the Exercise Price and/or any of the other terms hereof;
- (3) where the Securities or, if Units are specified in the applicable Final Terms, the Units, as applicable, are specified hereon as relating to a Basket of Indices, remove such Index from the basket of Indices and, following such removal, the Calculation Agent shall make such adjustment (if any) as it considers appropriate to the Settlement Price; or
- (4) give notice to the Securityholders in accordance with Condition 12 and redeem all, but not some only, of the Securities on a date selected by the Issuer, by payment of the Early Cancellation Amount to each Securityholder in respect of each Security or, if Units are specified in the applicable Final Terms, each Unit, as the case may be, held by such Securityholder. Payment will be made in such manner as shall be notified to the Securityholders in accordance with Condition 12.

(c) Notice

Upon the occurrence of an Index Adjustment Event, the Issuer shall give notice as soon as practicable to Securityholders in accordance with Condition 12 giving details of the action proposed to be taken in relation thereto.

(d) Correction of an Index

If Correction of an Index is specified as applying hereon and the official closing level of an Index published on the Valuation Date or an Averaging Date is subsequently corrected and the correction (the “**Corrected Index Level**”) is published by the Index Sponsor or (if relevant) the Successor Index Sponsor prior to the relevant Correction Cut-Off Date specified hereon, then the Calculation Agent in its sole and absolute discretion shall

determine what, if any, adjustment to make to the closing level for such Index for the Valuation Date or such Averaging Date, as the case may be, and the Calculation Agent shall use such amended closing level for such Index to determine the relevant Exercise Price or Redemption Amount, as the case may be.

For the avoidance of doubt, any Corrected Index Level published on or after the relevant Correction Cut-Off Date shall be disregarded.

(iv) *Definitions relevant to Index Securities*

“**Averaging Date**” means each date specified as an Averaging Date hereon or (if any such date is not a Scheduled Trading Day) the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day. If any such day is a Disrupted Day, then:

- (a) if “**Omission**” is specified hereon as applying, then such date will be deemed not to be an Averaging Date for purposes of determining the Cash Settlement Amount or Asset Amount, as the case may be, provided that, if through the operation of this provision there would not be an Averaging Date, then the provisions of the definition of “Valuation Date” will apply for the purposes of determining the relevant level, price or amount on the final Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day; or
- (b) if “**Postponement**” is specified hereon as applying, then the provisions of the definition of “Valuation Date” will apply for purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or
- (c) if “**Modified Postponement**” is specified hereon as applying:
  - (A) where the Securities relate to a single Index, the Averaging Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date, then (x) that eighth Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether the eighth Scheduled Trading Day is already an Averaging Date), and (y) the Calculation Agent shall determine the relevant level, price or amount for that Averaging Date in accordance with sub-paragraph (a)(B) of the definition of “Valuation Date” below; and
  - (B) where the Securities relate to a Basket of Indices, the Averaging Date for each Index not affected by the occurrence of a Disrupted Day shall be the originally designated Averaging Date (the “**Scheduled Averaging Date**”) and the Averaging Date for an Index affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date in relation to such Index. If the first succeeding Valid Date in relation to such Index has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date, then (x) that eighth Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date) in relation to such Index, and (y) the Calculation Agent shall determine the relevant level, price or amount for such Averaging Date in accordance with sub-paragraph (b)(B) of the definition of “Valuation Date” below.

“**Disrupted Day**” means (i) where the relevant Index is specified hereon as not being a Multi-Exchange Index, any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred or (ii) where the relevant Index is specified hereon as being a Multi-Exchange Index, any Scheduled Trading Day on which (A) the Index 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.

“**Early Closure**” means the closure on any Exchange Business Day of the Exchange in respect of any Component Security or any 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: (a) 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 (b) the submission deadline for orders to be entered into the relevant Exchange or Related Exchange system for execution at the relevant Valuation Time on such Exchange Business Day.

**“Exchange”** means:

- (a) where the relevant Index is not specified hereon as being a Multi-Exchange Index, each exchange or quotation system specified hereon as such for such Index, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the securities/commodities comprising such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the securities/commodities comprising such Index on such temporary substitute exchange or quotation system as on the original Exchange); and
- (b) where the relevant Index is specified hereon as being a Multi-Exchange Index, in relation to each component security of that 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 either (a) where the relevant Index is not specified hereon as being a Multi-Exchange Index, any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time or (b) where the relevant Index is specified hereon as being a Multi-Exchange Index, any Scheduled Trading Day on which (A) the Index Sponsor publishes the level of the Index and (B) each Related Exchange is open for trading during its regular trading session, notwithstanding the Related Exchange closing prior to its Scheduled Closing Time.

**“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 any Related Exchange.

**“Extension Business Days”** means, if Settlement Date Extension or Redemption Date Extension is specified hereon as applicable, the number of Business Days specified hereon, or, if none, (a) in respect of a Settlement Date Extension, the number of Business Days that the Scheduled Settlement Date (in the case of Warrants or Exercisable Certificates) or the Scheduled Redemption Date (in the case of Redeemable Certificates) falls after the Scheduled Valuation Date or the original date that, but for the occurrence of an event causing a Disrupted Day, would have been the Averaging Date (the **“Affected Averaging Date”**), as the case may be, falling immediately prior to the Scheduled Settlement Date or Scheduled Redemption Date, as the case may be, and (b) in respect of a Payment Date Extension, the number of Business Days that the Scheduled Payment Date falls after the Scheduled Valuation Date or the Affected Averaging Date, as the case may be, falling immediately prior to the Scheduled Payment Date.

**“Indices”** and **“Index”** mean the indices or index specified hereon and related expressions shall be construed accordingly.

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

**“Market Disruption Event”** means, in respect of an Index,

- (a) where such Index is specified hereon as not being a Multi-Exchange Index:
  - (A) the occurrence or existence at any time during the one hour period that ends at the relevant Valuation Time:
  - (x) of any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise:

- (i) on any relevant Exchange(s) relating to securities that comprise 20 per cent. or more of the level of the relevant Index; or
    - (ii) in futures or options contracts relating to the relevant Index on any relevant Related Exchange; or
  - (y) of any event (other than an event described in (B) below) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (1) to effect transactions in, or obtain market values for, on any relevant Exchange(s), securities that comprise 20 per cent. or more of the level of the relevant Index, or (2) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Index on any relevant Related Exchange; or
- (B) the closure on any Exchange Business Day of any relevant Exchange(s) relating to securities/commodities that comprise 20 per cent. or more of the level of the relevant Index or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or such Related Exchange(s), as the case may be, at least one hour prior to (x) the actual closing time for the regular trading session on such Exchange(s) or such Related Exchange(s) on such Exchange Business Day or, if earlier, (y) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day,
- which in any such case the Calculation Agent determines is material; or
- (b) where such Index is specified hereon as being a Multi-Exchange Index, in respect of a Component Security included in such Index either:
- (A) the occurrence or existence, in respect of any Component Security, of:
- (x) a Trading Disruption in respect of such Component Security, which the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Exchange in respect of such Component Security; or
  - (y) 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
  - (z) an Early Closure in respect of such Component Security, which the Calculation Agent determines is material; and
- either:
- (1) where it is not specified hereon that the Threshold Percentage applies, the aggregate of all Component Securities in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists comprises 20 per cent. or more of the level of the Index; or
  - (2) where it is specified hereon that the Threshold Percentage applies, the sum of (A) the aggregate of all Component Securities in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists and (B) the Threshold Percentage comprises 20 per cent. or more of the level of the Index;
- OR
- (B) the occurrence or existence, in respect of futures or options contracts relating to the Index, of:
- (x) a Trading Disruption at any time during the one hour period that ends at the Valuation Time in respect of any Related Exchange;
  - (y) an Exchange Disruption at any time during the one hour period that ends at the Valuation Time in respect of any Related Exchange; or

- (z) an Early Closure,

in each case in respect of such futures or options contracts and which the Calculation Agent determines is material.

For the purpose of determining whether a Market Disruption Event exists in relation to an Index or in respect of a Component Security at any time, if an event giving rise to a Market Disruption Event occurs in respect of a security included in the Index or such Component Security at that time, then the relevant percentage contribution of that security or Component Security, as the case may be, to the level of that Index shall be based on a comparison of (i) the portion of the level of that Index attributable to that security or Component Security, as the case may be, and (ii) the overall level of that Index, in each case either (x) except where the relevant Index is specified hereon as being a Multi-Exchange Index, immediately before the occurrence of such Market Disruption Event or (y) where the relevant Index is specified hereon as being a Multi-Exchange Index, using the official opening weightings as published by the Index Sponsor as part of the market “opening data”.

The Calculation Agent shall give notice as soon as practicable to the Securityholders in accordance with Condition 12 of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day, would have been an Averaging Date or the Valuation Date. Without limiting the obligation of the Calculation Agent to give notice to the Securityholders as set forth in the preceding sentence, failure by the Calculation Agent to notify the Securityholders of the occurrence of a Disrupted Day shall not affect the validity of the occurrence and effect of such Disrupted Day.

“**Multi-Exchange Index**” means an Index identified or specified as such hereon.

“**Related Exchange**” means, in relation to an Index, each exchange or quotation system specified hereon as such for such Index, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Index on such temporary substitute exchange or quotation system as on the original Related Exchange), provided that where “All Exchanges” is specified hereon as the Related Exchange, “Related Exchange” shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or option contracts relating to such Index.

“**Scheduled Closing Time**” means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

“**Scheduled Trading Day**” means (a) where the relevant Index is specified hereon as not being a Multi-Exchange Index, any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions or (b) where the relevant Index is specified hereon as being a Multi-Exchange Index, any day on which (A) the Index Sponsor is scheduled to publish the level of that Index, (B) each Related Exchange is scheduled to be open for trading for its regular trading session and (C) where it is specified hereon that the Threshold Percentage applies in relation to such Index, the Threshold Percentage is equal to or less than 20 per cent.

“**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.

“**Settlement Price**” means:

- (a) where the Securities are specified hereon as relating to a single Index, an amount equal to the official closing level of the Index as determined by the Calculation Agent (or if a Valuation Time other than the Scheduled Closing Time is specified hereon, the level of the Index determined by the Calculation Agent at such Valuation Time) on (A) if a Valuation Date is specified hereon, the Valuation Date (as defined below) or (B) if Averaging Dates are specified hereon, an Averaging Date and, in any case, if specified hereon, without regard to any subsequently published correction; and
- (b) where the Securities are specified hereon as relating to a Basket of Indices, an amount equal to the sum of the values calculated for each Index as the official closing level of each Index as determined by the Calculation Agent (or if a Valuation Time other than the Scheduled Closing Time is specified

hereon, the level of the Index determined by the Calculation Agent at such Valuation Time) on (A) if a Valuation Date is specified hereon, the Valuation Date or (B) if Averaging Dates are specified hereon, an Averaging Date and, in any case, if specified hereon, without regard to any subsequently published correction, multiplied by the relevant Multiplier specified hereon.

**“Trading Disruption”** means any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange, as the case may be, or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise: (a) relating to any Component Security on the Exchange in respect of such Component Security; or (b) in futures or options contracts relating to the Index on any Related Exchange.

**“Threshold Percentage”** means, in relation to an Index and on any day, the percentage of the Component Securities that comprise the level of such Index that 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.

For the purposes of determining the Threshold Percentage, the relevant percentage contribution of each Component Security unavailable for trading shall be based on a comparison of (x) the portion of the level of that Index to that Component Security relative to (y) the overall level of that Index, in each case using the official opening weightings as published by the relevant Index Sponsor as part of the market “opening data”.

**“Valid Date”** means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date does not or is not deemed to occur.

**“Valuation Date”** means the date specified hereon as such or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day then:

- (a) where the Securities are specified hereon as relating to a single Index, the Valuation Date shall be the first succeeding Scheduled Trading Day unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day. In that case (A) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date (notwithstanding the fact that such day is a Disrupted Day) and (B) the Calculation Agent shall determine the Settlement Price in the manner set out hereon or, if not set out or not practicable, determine the Settlement Price by determining 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/commodity comprised in the Index (or if an event giving rise to a Disrupted Day has occurred in respect of the relevant security/commodity on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security/commodity as of the Valuation Time on that eighth Scheduled Trading Day); or
- (b) where the Securities are specified hereon as relating to a Basket of Indices, the Valuation Date for each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date and the Valuation Date for each Index affected by the occurrence of a Disrupted Day (each an **“Affected Index”**) shall be the next following Scheduled Trading Day that is not a Disrupted Day relating to the Affected Index, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day relating to that Index. In that case, (A) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date for the Affected Index, notwithstanding the fact that such day is a Disrupted Day and (B) the Calculation Agent shall determine the Settlement Price using, in relation to the Affected Index, the level of that Index determined in the manner set out hereon or, if not set out or if not practicable, using the level of that Index as of the Valuation Time on that eighth Scheduled Trading Day in accordance with the formula for and method of calculating that Index last in effect prior to the occurrence of the Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on that eighth Scheduled Trading Day of each security/commodity comprised in that Index (or if an event giving rise to a Disrupted Day has occurred in respect of the relevant security/commodity on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security/commodity as of the Valuation Time on that eighth Scheduled Trading Day).



“**Valuation Time**” means:

- (a) in respect of each Index specified hereon as not being a Multi-Exchange Index, the Relevant Time specified hereon or if no Relevant Time is specified, the Scheduled Closing Time on the relevant Exchange on the relevant Valuation Date or Averaging Date, as the case may be, in relation to such Index. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time; or
- (b) in respect of each Index specified hereon as being a Multi-Exchange Index, (A) for the purposes of determining whether a Market Disruption Event has occurred: (x) in respect of a Component Security, the Scheduled Closing Time on the relevant Exchange and (y) in respect of any options contracts or futures contracts on the relevant Index, the close of trading on the relevant Related Exchange, and (B) in all other circumstances, the time at which the official closing level of the Index is calculated and published by the Index Sponsor. If, for the purposes of (A) 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.

(B) *Equity Securities*

(i) *Settlement of Equity Securities*

If Settlement Date Extension or Redemption Date Extension, as the case may be, is specified hereon as being applicable, where the Cash Settlement Amount (in the case of Cash Settled Securities) or the Asset Amount (in the case of Physical Delivery Securities), as the case may be, is determined in respect of a Valuation Date or Averaging Date(s), and where the Valuation Date or the Averaging Date, as the case may be, falling immediately prior to the Settlement Date (in the case of Warrants or Exercisable Certificates) or Redemption Date (in the case of Redeemable Certificates), as the case may be, is postponed as a result of the occurrence of a Disrupted Day, the Settlement Date or Redemption Date, as the case may be, shall be the later of (i) the date specified hereon as the Settlement Date (the “**Scheduled Settlement Date**”) or Redemption Date (the “**Scheduled Redemption Date**”), as the case may be, and (ii) the day falling the number of Extension Business Days after the postponed Valuation Date or the postponed Averaging Date, as the case may be. If any amount is payable on the exercise or redemption of an Equity Security to which Settlement Date Extension or Redemption Date Extension, as the case may be, applies, and the Settlement Date or Redemption Date, as the case may be, is postponed pursuant to an Settlement Date Extension or Redemption Date Extension, as the case may be, such amount will be due on the relevant date as so postponed without any interest or other sum payable in respect of the postponement of the payment of such amount.

(ii) *Equity Interest Securities*

Interest shall be payable on each Equity Interest Security in accordance with the provisions of Condition 4.

If Payment Date Extension is specified hereon as being applicable, where the Interest Amount(s) are determined in respect of a Valuation Date or Averaging Date, and such Valuation Date or Averaging Date, as the case may be, is postponed as a result of the occurrence of a Disrupted Day, the Interest Payment Date relating to such postponed Valuation Date or postponed Averaging Date shall be the later of (i) the Interest Payment Date specified hereon (the “**Scheduled Payment Date**”) and (ii) the day falling the number of Extension Business Days after such postponed Valuation Date or postponed Averaging Date, as the case may be. If any amount is payable on an Interest Payment Date in respect of an Equity Interest Security to which Payment Date Extension applies, and such Interest Payment Date is postponed pursuant to a Payment Date Extension, such amount will be due on the Interest Payment Date as so postponed without any interest or other sum payable in respect of the postponement of the payment of such amount.

(iii) *Potential Adjustment Events, De-listing, Merger Event, Tender Offer, Nationalisation and Insolvency, Adjustments for Equity Securities in respect of Underlying Equities and Correction of Underlying Equity Prices*

- (a) If Potential Adjustment Events are specified hereon as being applicable, then following the declaration by an Equity Issuer of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting, concentrative or other effect on the theoretical value of an Underlying Equity and, if so, will (A) either (i) make the corresponding

adjustment, to the Cash Settlement Amount, and/or the Asset Amount(s) and/or the Exercise Price and/or the Settlement Price and/or the Multiplier and/or any of the other terms hereof as the Calculation Agent determines appropriate to account for that diluting, concentrative or other effect or (ii) substitute the relevant Underlying Equity with a different underlying equity and, following such substitution, the Calculation Agent shall make such adjustment (if any) as it considers appropriate to the Settlement Price and/or any of the other terms hereof (provided that no such adjustment or substitution will be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relative to the Underlying Equity) and (B) determine the effective date of that adjustment or substitution. The Calculation Agent may (but need not) determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Underlying Equities traded on that options exchange.

In making any determination in respect of any such adjustment or substitution, the Calculation Agent shall not have regard to any interests arising from circumstances particular to individual Securityholders, (whatever their number) and, in particular, but without limitation, shall not have regard to the consequences of any such determination for individual Securityholders, (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 any political sub-division thereof and no Securityholder, shall be entitled to claim, from the Issuer, the Calculation Agent or any other person any indemnification or payment in respect of any tax consequences of any such determination upon individual Securityholders.

Upon the occurrence (if relevant) of the Potential Adjustment Event, the Calculation Agent shall give notice as soon as practicable to the Securityholders in accordance with Condition 12 stating the occurrence of the Potential Adjustment Event, giving details thereof and the action proposed to be taken in relation thereto.

- (b) If (x) De-listing, Merger Event, Nationalisation and Insolvency is specified hereon as applying and/or (y) Tender Offer is specified hereon as applying and (in the case of (x)) a De-listing, Merger Event, Nationalisation or Insolvency occurs or (in the case of (y)) a Tender Offer occurs, in each case, in relation to an Underlying Equity, the Issuer in its sole and absolute discretion may:
- (1) require the Calculation Agent to determine the appropriate adjustment, if any, to be made to any one or more of the Cash Settlement Amount and/or the Asset Amount(s) and/or the Settlement Price and/or the Exercise Price and/or the Multiplier and/or any of the other terms hereof to account for the De-listing, Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment; or
  - (2) where the Securities are specified hereon as relating to a Basket of Underlying Equities, remove such Underlying Equity from the basket of Underlying Equities and, following such removal, the Calculation Agent shall determine the appropriate adjustment, if any, to be made to any one or more of the Cash Settlement Amount and/or the Settlement Price and/or the Asset Amount(s) and/or the Exercise Price and/or the Multiplier and/or any of the other terms hereof to account for the De-listing, Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment; or
  - (3) substitute such Underlying Equity with a different underlying equity and, following such substitution, the Calculation Agent shall make such adjustment (if any) as it considers appropriate to the Settlement Price and/or any of the other terms hereof; or
  - (4) give notice to the Securityholders in accordance with Condition 12 and cancel all, but not some only, of the Securities or, if Units are specified in the applicable Final Terms, the Units, as applicable, on a date selected by the Issuer, by payment of the Early Cancellation Amount to each Securityholder in respect of each Security or, if Units are specified in the applicable Final Terms, each Unit, as the case may be, held by such Securityholder. Payment will be made in such manner as shall be notified to the Securityholders in accordance with Condition 12.

If the provisions of this Condition 16(B)(iii)(b) apply, the Calculation Agent may (but need not) determine the appropriate adjustment by reference to the adjustment in respect of the De-listing,

Merger Event, Nationalisation or Insolvency or Tender Offer, as the case may be, made by an options exchange to options on the Underlying Equities traded on that options exchange.

In making any determination in respect of any such adjustment, the Issuer and/or Calculation Agent shall not have regard to any interests arising from circumstances particular to individual Securityholders (whatever their number) and, in particular, but without limitation, shall not have regard to the consequences of any such determination for individual Securityholders (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 any political sub-division thereof and no Securityholder shall be entitled to require, nor shall any Securityholder be entitled to claim, from the Issuer, the Calculation Agent or any other person any indemnification or payment in respect of any tax consequences of any such determination upon individual Securityholders.

Upon the occurrence (if relevant) of a De-listing, Merger Event, Nationalisation or Insolvency or Tender Offer, the Calculation Agent shall give notice as soon as practicable to the Securityholders in accordance with Condition 12 stating the occurrence of the De-listing, Merger Event, Nationalisation or Insolvency or Tender Offer, as the case may be, giving details thereof and the action proposed to be taken in relation thereto.

- (c) In respect of Equity Securities relating to Underlying Equities originally quoted, listed and/or dealt as of the Trade Date in a currency of a member state of the European Union that has not adopted the single currency in accordance with the Treaty establishing the European Community, as amended, if such Underlying Equities are at any time after the Trade Date quoted, listed and/or dealt exclusively in euro on the relevant Exchange, then the Calculation Agent will adjust any one or more of the Cash Settlement Amount and/or the Asset Amount(s) and/or Settlement Price and/or the Exercise Price and/or the Multiplier and/or any of the other terms hereof as the Calculation Agent determines to be appropriate to preserve the economic terms of the Securities. The Calculation Agent will make any conversion necessary for the purposes of any such adjustment as of the Valuation Time at an appropriate mid-market spot rate of exchange determined by the Calculation Agent prevailing as of the Valuation Time. No adjustments under this Condition 16(B)(iii)(c) will affect the currency denomination of any payments in respect of the Securities.

Upon making any such adjustment, the Calculation Agent shall give notice as soon as practicable to the Securityholders in accordance with Condition 12, stating the adjustment to the Cash Settlement Amount and/or the Asset Amount(s) and/or Settlement Price and/or the Exercise Price and/or the Multiplier and/or any of the other terms hereof.

- (d) If Correction of Underlying Equity Prices is specified hereon as applying and the price of an Underlying Equity published on the Valuation Date or an Averaging Date is subsequently corrected and the correction (the “**Corrected Underlying Equity Price**”) is published on the relevant Exchange prior to the relevant Correction Cut-Off Date specified hereon, then the Calculation Agent in its sole and absolute discretion shall determine what, if any, adjustments to make to the closing price for such Underlying Equity for the Valuation Date or such Averaging Date, as the case may be, and the Calculation Agent shall use such amended price of such Underlying Equity to determine the Cash Settlement Amount or Asset Amount, as the case may be.

For the avoidance of doubt, any Corrected Underlying Equity Price published on or after the relevant Correction Cut-Off Date shall be disregarded.

- (iv) *Definitions relevant to Equity Securities*

“**Averaging Date**” means each date specified as an Averaging Date hereon or (if any such date is not a Scheduled Trading Day) the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day. If any such day is a Disrupted Day, then:

- (a) if “**Omission**” is specified hereon as applying, then such date will be deemed not to be an Averaging Date for purposes of determining the relevant Cash Settlement Amount or Asset Amount, as the case may be, provided that, if through the operation of this provision there would not be an Averaging Date, then the provisions of the definition of “Valuation Date” will apply for the purposes of

determining the Settlement Price on the final Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day; or

- (b) if “**Postponement**” is specified hereon as applying, then the provisions of the definition of “Valuation Date” will apply for purposes of determining the Settlement Price on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or
- (c) if “**Modified Postponement**” is specified hereon as applying:
  - (A) where the Securities relate to a single Underlying Equity, the Averaging Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date, then (x) that eighth Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether the eighth Scheduled Trading Day is already an Averaging Date), and (y) the Calculation Agent shall determine the Settlement Price for that Averaging Date in accordance with sub-paragraph (b)(B) of the definition of “Valuation Date” below; and
  - (B) where the Securities relate to a Basket of Underlying Equities, the Averaging Date for each Underlying Equity not affected by the occurrence of a Disrupted Day shall be the originally designated Averaging Date (the “**Scheduled Averaging Date**”) and the Averaging Date for an Underlying Equity affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date in relation to such Underlying Equity. If the first succeeding Valid Date in relation to such Underlying Equity has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date, then (x) that eighth Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date) in relation to such Underlying Equity, and (y) the Calculation Agent shall determine the Settlement Price for such Averaging Date in accordance with sub-paragraph (b)(B) of the definition of “Valuation Date”) below;

“**De-listing**” means, in respect of any Underlying Equity, the Exchange announces that pursuant to the rules of such Exchange, such Underlying Equity ceases (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or Tender Offer) and is not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in any member state of the European Union) or another exchange or quotation system located in another country which exchange or quotation system and country is deemed acceptable by the Calculation Agent.

“**Disrupted Day**” means any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred.

“**Equity Issuer**” has the meaning set out hereon.

“**Exchange**” means, in respect of an Underlying Equity, each exchange or quotation system specified hereon as such for such Underlying Equity, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Underlying Equity has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Underlying Equity on such temporary substitute exchange or quotation system as on the original Exchange).

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

“**Extension Business Days**” means, if Settlement Date Extension or Redemption Date Extension is specified hereon as applicable, the number of Business Days specified hereon, or, if none, (a) in respect of a Settlement Date Extension, the number of Business Days that the Scheduled Settlement Date (in the case of Warrants or

Exercisable Certificates) or the Scheduled Redemption Date (in the case of Redeemable Certificates) falls after the Scheduled Valuation Date or the original date that, but for the occurrence of an event causing a Disrupted Day, would have been the Averaging Date (the “**Affected Averaging Date**”), as the case may be, falling immediately prior to the Scheduled Settlement Date or Scheduled Redemption Date, as the case may be, and (b) in respect of a Payment Date Extension, the number of Business Days that the Scheduled Payment Date falls after the Scheduled Valuation Date or the Affected Averaging Date, as the case may be, falling immediately prior to such Scheduled Payment Date.

“**Insolvency**” means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding up of, or any analogous proceeding affecting, an Equity Issuer (a) all the Underlying Equities of that Equity Issuer are required to be transferred to a trustee, liquidator or other similar official or (b) holders of the Underlying Equities of that Equity Issuer become legally prohibited from transferring them.

“**Market Disruption Event**” means, in respect of an Underlying Equity:

- (a) the occurrence or existence at any time during the one hour period that ends at the relevant Valuation Time of:
  - (A) 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:
    - (x) relating to the Underlying Equity on the relevant Exchange; or
    - (y) in futures or options contracts relating to the Underlying Equity on any relevant Related Exchange; or
  - (B) any event (other than an event described in (b) below) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (x) to effect transactions in, or obtain market values for, the Underlying Equities on the Exchange, or (y) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Underlying Equity on any relevant Related Exchange,
- (b) the closure on any Exchange Business Day of any relevant Exchange(s) or Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or such Related Exchange(s), as the case may be, at least one hour prior to (A) the actual closing time for the regular trading session on such Exchange(s) or such Related Exchange(s) on such Exchange Business Day or if earlier (B) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day,

which in any such case the Calculation Agent determines is material.

The Calculation Agent shall give notice as soon as practicable to the Securityholders in accordance with Condition 12 of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day, would have been an Averaging Date or the Valuation Date. Without limiting the obligation of the Calculation Agent to give notice to the Securityholders as set forth in the preceding sentence, failure by the Calculation Agent to notify the Securityholders of the occurrence of a Disrupted Day shall not affect the validity of the occurrence and effect of such Disrupted Day.

“**Merger Date**” means the closing date of a Merger Event or, where a closing date cannot be determined under the local law relevant to such Merger Event, such other date as determined by the Calculation Agent.

“**Merger Event**” means, in respect of any relevant Underlying Equities, any:

- (a) reclassification or change of such Underlying Equities that results in a transfer of, or an irrevocable commitment to transfer all such Underlying Equities outstanding to another entity or person; or
- (b) consolidation, amalgamation, merger or binding share exchange of an Equity Issuer with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Equity Issuer is the continuing entity and which does not result in any such reclassification or change of all such Underlying Equities outstanding); or

- (c) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Underlying Equities of the Equity Issuer that results in a transfer of or an irrevocable commitment to transfer all such Underlying Equities (other than such Underlying Equities owned or controlled by such other entity or person); or
- (d) consolidation, amalgamation, merger or binding share exchange of the Equity Issuer or its subsidiaries with or into another entity in which the Equity Issuer is the continuing entity and which does not result in a reclassification or change of all such Underlying Equities outstanding but results in the outstanding Underlying Equities (other than Underlying Equities owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Underlying Equities immediately following such event,

in each case where the Merger Date is on or before an Averaging Date or the Valuation Date or, if the Securities are to be redeemed by delivery of Underlying Equities, the Exercise Date or Redemption Date, as the case may be.

**“Nationalisation”** means that all the Underlying Equities or all or substantially all the assets of an Equity Issuer are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

**“Potential Adjustment Event”** means any of the following:

- (a) a subdivision, consolidation or reclassification of relevant Underlying Equities (unless resulting in a Merger Event), or a free distribution or dividend of any such Underlying Equities to existing holders by way of bonus, capitalisation or similar issue;
- (b) a distribution, issue or dividend to existing holders of the relevant Underlying Equities of (A) such Underlying Equities or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of an Equity Issuer equally or proportionately with such payments to holders of such Underlying Equities or (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Equity Issuer as a result of a spin-off or other similar transaction or (D) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- (c) an extraordinary dividend as determined by the Calculation Agent;
- (d) a call by an Equity Issuer in respect of relevant Underlying Equities that are not fully paid;
- (e) a repurchase by an Equity Issuer or any of its subsidiaries of relevant Underlying Equities whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or
- (f) in respect of an Equity Issuer, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of such Equity Issuer, pursuant to a shareholder rights plan or arrangement directed against hostile take-overs that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or
- (g) any other event that has or may have, in the opinion of the Calculation Agent, a diluting, concentrative or other effect on the theoretical value of the relevant Underlying Equities.

**“Related Exchange”** means, in relation to an Underlying Equity, each exchange or quotation system specified hereon as such in relation to such Underlying Equity, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Underlying Equity has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Underlying Equity on such temporary substitute exchange or quotation system as on the original Related Exchange), provided that where “All Exchanges” is specified hereon as the Related Exchange, Related Exchange shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Underlying Equity.

**“Scheduled Closing Time”** means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

**“Scheduled Trading Day”** means any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions.

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

**“Settlement Price”** means:

- (a) where the Securities are specified hereon as relating to a single Underlying Equity, an amount equal to the official closing price (or the price at the Valuation Time on (A) if a Valuation Date is specified hereon, the Valuation Date or (B) if Averaging Dates are specified in the relevant Final Terms, an Averaging Date) of the Underlying Equity quoted on the Relevant Exchange and, if specified in the relevant Final Terms, without regard to any subsequently published correction as determined by or on behalf of the Calculation Agent (or if, in the opinion of the Calculation Agent, no such official closing price (or, as the case may be, the price at the Valuation Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the relevant Final Terms) can be determined at such time and, if the Valuation Date or such Averaging Date, as the case may be, is not a Disrupted Day, an amount determined by the Calculation Agent in good faith to be equal to the arithmetic mean of the closing fair market buying price (or the fair market buying price at the Valuation Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the relevant Final Terms) and the closing fair market selling price (or the fair market selling price at the Valuation Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the relevant Final Terms) for the Underlying Equity based, at the Calculation Agent’s discretion, either on the arithmetic mean of the foregoing prices or the middle market quotations provided to it by two or more financial institutions (as selected by the Calculation Agent) engaged in the trading of the Underlying Equity or on such other factors as the Calculation Agent shall decide). The amount determined pursuant to the foregoing shall be converted, if Exchange Rate is specified in the relevant Final Terms as applying, into the Specified Currency at the Exchange Rate and such converted amount shall be the Settlement Price; and
- (b) where the Securities are specified hereon as relating to a Basket of Underlying Equities, an amount equal to the sum of the values calculated for each Underlying Equity as the official closing price (or the price at the Valuation Time on (A) if a Valuation Date is specified in the relevant Final Terms, the Valuation Date or (B) if Averaging Dates are specified hereon, an Averaging Date) of the Underlying Equity quoted on the Relevant Exchange as determined by or on behalf of the Calculation Agent and, if so specified in the relevant Final Terms, without regard to any subsequently published correction (or if, in the opinion of the Calculation Agent, no such official closing price (or, as the case may be, the price at the Valuation Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the relevant Final Terms) can be determined at such time and, if the Valuation Date or such Averaging Date, as the case may be, is not a Disrupted Day, an amount determined by the Calculation Agent in good faith to be equal to the arithmetic mean of the closing fair market buying price (or the fair market buying price at the Valuation Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the relevant Final Terms) and the closing fair market selling price (or, as the case may be, the fair market selling price at the Valuation Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the relevant Final Terms) for the Underlying Equity based, at the Calculation Agent’s discretion, either on the arithmetic mean of the foregoing prices or the middle market quotations provided to it by two or more financial institutions (as selected by the Calculation Agent) engaged in the trading of the Underlying Equity or on such other factors as the Calculation Agent shall decide), multiplied by the relevant Multiplier. Each value determined pursuant to the foregoing shall be converted, if the Exchange Rate is specified in the relevant Final Terms as applying, into the Specified Currency at the Exchange Rate and the sum of such converted amounts shall be the Settlement Price.

**“Tender Offer”** means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Equity Issuer, as determined by the Calculation Agent, based upon the making of filings

with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

“**Underlying Equity**” means each underlying equity as set out in the relevant Final Terms.

“**Valid Date**” means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date does not or is not deemed to occur.

“**Valuation Date**” means the date specified hereon as such or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day then:

- (a) where the Securities are specified hereon as relating to a single Underlying Equity, the 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 Scheduled Valuation Date is a Disrupted Day. In that case (A) the eighth Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (B) the Calculation Agent shall, where practicable, determine the Settlement Price in the manner set out hereon or, if not set out or not so practicable, determine the Reference Price in accordance with its good faith estimate of the Settlement Price as of the Valuation Time on that eighth Scheduled Trading Day; or
- (b) where the Securities are specified hereon as relating to a Basket of Underlying Equities the Valuation Date for each Underlying Equity not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Valuation Date for each Underlying Equity affected (each an “**Affected Equity**”) by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Equity unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day relating to the Affected Equity. In that case, (A) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date for the Affected Equity, notwithstanding the fact that such day is a Disrupted Day, and (B) the Calculation Agent shall determine, where practicable, the Settlement Price using, in relation to the Affected Equity, a price determined in the manner set out hereon or, if not set out or if not practicable, using its good faith estimate of the value for the Affected Equity as of the Valuation Time on that eighth Scheduled Trading Day and otherwise in accordance with the above provisions.

“**Valuation Time**” means the Valuation Time specified hereon or, if no Valuation Time is specified, the Scheduled Closing Time on the relevant Exchange on the Valuation Date or Averaging Date, as the case may be, in relation to each Underlying Equity to be valued. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

(C) *Currency Securities*

(i) *Redemption of Currency Securities*

If Settlement Date Extension or Redemption Date Extension, as the case may be, is specified hereon as being applicable, where the Cash Settlement Amount is determined in respect of a Reference Date, and where the Reference Date falling immediately prior to the Settlement Date (in the case of Warrants or Exercisable Certificates) or Redemption Date (in the case of Redeemable Certificates), as the case may be, is postponed as a result of the occurrence of a Disrupted Day, the Settlement Date or Redemption Date, as the case may be, shall be the later of (i) the date specified hereon as the Settlement Date (the “**Scheduled Settlement Date**”) or Redemption Date (the “**Scheduled Redemption Date**”), as the case may be, and (ii) the day falling the number of Extension Business Days after the postponed Reference Date. If any amount is payable on the exercise or redemption of a Currency Security to which Settlement Date Extension or Redemption Date Extension, as the case may be, applies, and the Settlement Date or Redemption Date, as the case may be, is postponed pursuant to a Settlement Date Extension or Redemption Date Extension, as the case may be, such amount will be due on the relevant date as so postponed without any interest or other sum payable in respect of the postponement of the payment of such amount.

(ii) *Currency Interest Securities*



Interest shall be payable on each Currency Interest Security in accordance with the provisions of Condition 4.

If Payment Date Extension is specified hereon as being applicable, where the Interest Amount(s) are determined in respect of a Reference Date and such Reference Date is postponed as a result of the occurrence of a Disrupted Day, the Interest Payment Date relating to such postponed Reference Date shall be the later of (i) the Interest Payment Date specified hereon (the “**Scheduled Payment Date**”) and (ii) the day falling the number of Extension Business Days after such postponed Reference Date. If any amount is payable on an Interest Payment Date in respect of a Currency Interest Security to which Payment Date Extension applies, and such Interest Payment Date is postponed pursuant to a Payment Date Extension, such amount will be due on the Interest Payment Date as so postponed without any interest or other sum payable in respect of the postponement of the payment of such amount.

(iii) *Averaging*

If “Averaging Dates” are specified in the applicable Final Terms, then for the purposes of determining the FX Rate in relation to a Valuation Date, the FX Rate will be arithmetic mean of the FX Rates on each specified Averaging Date (or, if different, the day on which rates for each Averaging Date would, in the ordinary course, be published or announced by the relevant price source).

Unless otherwise specified in the Final Terms, in the case where it becomes impossible to obtain the FX Rate on an Averaging Date (or, if different, the day on which rates for that Averaging Date would, in the ordinary course, be published or announced by the relevant price source), such Averaging Date will be deemed not to be a relevant Averaging Date for purposes of determining the relevant Cash Settlement Amount. If, through operation of this provision there would not be an Averaging Date with respect to the relevant Settlement Date, the provisions of Condition 16(C)(iv) will apply for purposes of determining the relevant FX Rate on such Averaging Date as if such Averaging Date were a Reference Date on which an FX Disruption Event had occurred.

(iv) *Adjustment to a Currency*

(a) *Consequences of Disrupted Days*

(1) *Single FX Rate and Reference Dates*

Where the Securities relate to a single FX Rate, and if the Calculation Agent determines that any Reference Date in respect of such FX Rate is a Disrupted Day, the Calculation Agent shall determine such FX Rate on such Reference Date in accordance with the first applicable Disruption Fallback (applied in accordance with its terms).

(2) *FX Rate Basket and Reference Dates*

Where the Securities relate to a Basket of FX Rates, and if the Calculation Agent determines that any Reference Date in respect of one or more of such FX Rates is a Disrupted Day, then:

(A) for each FX Rate for which the Calculation Agent determines that such Reference Date is not a Disrupted Day, the FX Rate will be determined on such Reference Date from the relevant FX Price Source; and

(B) for each FX Rate for which the Calculation Agent determines that such Reference Date is a Disrupted Day, the Calculation Agent shall determine such FX Rate on such Reference Date in accordance with the first applicable Disruption Fallback (applied in accordance with its terms).

(b) *Corrections to Published and Displayed Rates*

For purposes of determining the FX Rate for any Reference Date:

(1) In any case where an FX Rate is based on information obtained from the Reuter Monitor Money Rates Service, or any other financial information service, the FX Rate will be subject to the

corrections, if any, to that information subsequently displayed by that source within one hour of the time when such rate is first displayed by such source, unless the Calculation Agent determines in its sole and absolute discretion that it is not practicable to take into account such correction.

(2) Notwithstanding sub-paragraph (1) above, in any case where the FX Rate is based on information published or announced by any Governmental Authority in a relevant country, the FX Rate will be subject to the corrections, if any, to that information subsequently published or announced by that source, unless the Calculation Agent determines in its sole and absolute discretion that it is not practicable to take into account such correction including, but not limited to, in relation to any calculations or determinations connected with the expiry, settlement or exercise of any Securities.

In the event that the Calculation Agent identifies any correction referred to in paragraph (1) or (2) above, if applicable, the Issuer may (but shall not be obliged to) take such action as it considers necessary or appropriate to pay to Securityholders or to recover from Securityholders (in either case, if an amount has already been paid based on a subsequently corrected price) as a result of such correction. Notwithstanding the foregoing, under no circumstances shall the Issuer be obliged to recover any moneys from any relevant Clearing System. The Calculation Agent shall not be obliged to make any determination under this Condition 16(C)(iv)(b) and shall have no liability to any person for any determination made or not made under this Condition 16(C)(b).

(c) Successor Currency

Where the relevant Final Terms specify that “Successor Currency” is applicable in respect of an FX Rate, then:

(1) each Reference Currency will be deemed to include any lawful successor currency to the Reference Currency (the “**Successor Currency**”);

(2) if the Calculation Agent determines that on or after the Issue Date but on or before any relevant date under the Securities on which an amount may be payable, a country has lawfully eliminated, converted, redenominated or exchanged its currency in effect on the Issue Date or any Successor Currency, as the case may be (the “**Original Currency**”) for a Successor Currency, then for the purposes of calculating any amounts of the Original Currency or effecting settlement thereof, any Original Currency amounts will be converted to the Successor Currency by multiplying the amount of Original Currency by a ratio of Successor Currency to Original Currency, which ratio will be calculated on the basis of the exchange rate set forth by the relevant country of the Original Currency for converting the Original Currency into the Successor Currency on the date on which the elimination, conversion, redenomination or exchange took place, as determined by the Calculation Agent. If there is more than one such date, the date closest to such relevant date will be selected (or such other date as may be selected by the Calculation Agent in its sole and absolute discretion);

(3) notwithstanding sub-paragraph (2) above but subject to sub-paragraph (4) below, the Calculation Agent may (to the extent permitted by the applicable law), in good faith and in a commercially reasonable manner, select such other exchange rate or other basis for the conversion of an amount of the Original Currency to the Successor Currency and, will make such adjustment(s) that it determines to be appropriate, if any, to any variable, calculation methodology, valuation, settlement, payment terms or any other terms in respect of the Securities to account for such elimination, conversion, redenomination or exchange of the Reference Currency; and

(4) notwithstanding the foregoing provisions, with respect to any Reference Currency that is substituted or replaced by the Euro, the consequences of such substitution or replacement will be determined in accordance with applicable law.

(d) Rebasing of Securities

If the relevant Final Terms specify that “Rebasing” is applicable, then if, on or prior to any Reference Date or any other relevant date, the Calculation Agent is unable to obtain a value for an FX Rate (because the Reference Currency and/or Base Currency ceases to exist, or for any other reason other than a temporary disruption, as determined by the Calculation Agent), the Calculation Agent may rebase the Securities against another foreign exchange rate determined by the Calculation Agent, in its

sole and absolute discretion, to be a comparable foreign exchange rate. If the Calculation Agent determines in its sole and absolute discretion that there is not such a comparable foreign exchange rate, the Issuer may elect to redeem the Securities by notice to Securityholders on the date specified in the notice at the Early Cancellation Amount (as defined in Condition 3).

(v) *Definitions relevant to Currency Securities*

“**Averaging Date**” means each date specified as an Averaging Date in the Final Terms, or, if such day is not a Scheduled Trading Day, the first preceding day that is a Scheduled Trading Day, unless an alternative adjustment is specified in the Final Terms as being applicable to each Averaging Date.

“**Base Currency**” means the currency specified as such in the relevant Final Terms.

“**Benchmark Obligation**” means the benchmark obligation specified in the applicable Final Terms.

“**Calculation Agent Determination**” means, in respect of an FX Rate and any relevant day, that the FX Rate for such relevant day (or a method for determining the FX Rate) will be determined by the Calculation Agent taking into consideration all available information that in good faith it deems relevant.

“**Disruption Fallback**” means, in respect of an FX Rate, Calculation Agent Determination, Fallback Reference Price and/or such other sources or methods specified as such or otherwise determined as an alternative basis for determining such FX Rate as may be provided in the relevant Final Terms. The applicable Disruption Fallback in respect of an FX Rate shall be as specified in the relevant Final Terms, and if two or more Disruption Fallbacks are specified, unless otherwise provided in the Final Terms, such Disruption Fallbacks shall apply in the order in which they are specified, such that if the Calculation Agent determines that the FX Rate cannot be determined by applying one Disruption Fallback, then the next Disruption Fallback specified shall apply.

“**Disrupted Day**” means any day on which an FX Disruption Event occurs.

“**Extension Business Days**” means, if Settlement Date Extension or Redemption Date Extension is specified hereon as applicable, the number of Business Days specified hereon, or, if none, (a) in respect of a Settlement Date Extension, the number of Business Days that the Scheduled Settlement Date (in the case of Warrants or Exercisable Certificates) or the Scheduled Redemption Date (in the case of Redeemable Certificates) falls after the Scheduled Valuation Date or the original date that, but for the occurrence of an event causing a Disrupted Day, would have been the Averaging Date (the “**Affected Averaging Date**”), as the case may be, falling immediately prior to the Scheduled Settlement Date and (b) in respect of a Payment Date Extension, the number of Business Days that the Scheduled Payment Date falls after the Scheduled Valuation Date or the Affected Averaging Date, as the case may be, falling immediately prior to the Scheduled Payment Date.

“**Fallback Reference Price**” means, in respect of any relevant day, that the Calculation Agent will determine the FX Rate on such relevant day on the basis of the exchange rate for one unit of the Base Currency in terms of the Reference Currency for such FX Rate, published by available recognised financial information vendors (as selected by the Calculation Agent) other than the applicable FX Price Source, at or around the applicable Valuation Time on such relevant day.

“**FX Disruption Event**” means the occurrence or existence, as determined by the Calculation Agent, of any of the following events, if specified as applicable in the relevant Final Terms:

- (a) “**Benchmark Obligation Default**”: With respect to any Benchmark Obligation, the occurrence of an event of default or other similar condition or event (however described) including, but not limited to:
- (1) the failure of timely payment in full of any principal, interest or other amounts due (without giving effect to any applicable grace periods) in respect of such Benchmark Obligation;
  - (2) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due in respect of such Benchmark Obligation; or

(3) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due in respect of such Benchmark Obligation without the consent of all holders of such Benchmark Obligation.

The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of the relevant entity to issue or enter into such Benchmark Obligation;

- (b) **“Price Materiality”**: The Primary Rate differs from the Secondary Rate by at least the Price Materiality Percentage;
- (c) **“Currency Replacement”**: A relevant currency ceases to exist and is replaced by a new currency in a relevant jurisdiction;
- (d) **“Dual Exchange Rate”**: A relevant FX Rate splits into dual or multiple currency exchange rates;
- (e) **“Governmental Authority Event”**: A Governmental Authority of a relevant jurisdiction has given public notice of its intention to impose any controls which are likely to materially affect the Issuer’s ability to hedge its obligations with respect to the Currency Securities or to unwind any such hedge;
- (f) **“Illiquidity”**: It is or becomes or is likely to become impossible or impracticable for the Issuer to obtain any currency or obtain or use an FX Rate in an appropriate amount;
- (h) **“Inconvertibility”**: The occurrence of any event that makes it or is likely to make it impossible and/or impracticable for the Issuer to convert one relevant currency into another through customary legal channels (including, without limitation, any event that has the direct or indirect effect of hindering, limiting or restricting convertibility by way of any delays, increased costs or discriminatory rates of exchange or any current or future restrictions on repatriation of one currency into another currency);
- (i) **“Non-Transferability”**: The occurrence of any event in or affecting any relevant jurisdiction that makes it or is likely to make it impossible and/or impracticable for the Issuer to deliver any relevant currency into a relevant account; and/or
- (j) **“Price Source Disruption”**: It becomes impossible or impracticable to obtain an FX Rate on or in respect of a Reference Date (or, if different, the day on which rates for that Reference Date would, in the ordinary course, be published or announced by the relevant price source).

and/or any other event specified as an FX Disruption Event in the relevant Final Terms.

**“FX Price Source”** means, in respect of an FX Rate, the price source(s) specified in the relevant Final Terms for such FX Rate or if the relevant rate is not published or announced by such FX Price Source at the relevant time, the successor or alternative price source or page/publication for the relevant rate as determined by the Calculation Agent in its sole and absolute discretion.

**“FX Rate”** means, in respect of any relevant day and a Reference Currency, the exchange rate of one currency for another currency expressed as a number of units of the Reference Currency (or fractional amounts thereof) per unit of the Base Currency (and, if the relevant Final Terms specify a Number of FX Settlement Days, for settlement in the Number of FX Settlement Days reported and/or calculated and/or published by the FX Rate Sponsor), which appears on the FX Price Source at approximately the applicable Valuation Time on such day, or such other rate specified or otherwise determined as provided in the relevant Final Terms.

**“FX Rate Sponsor”** means, for any FX Rate, the entity specified as such in the relevant Final Terms.

**“Governmental Authority”** means any de facto or de jure government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of a relevant jurisdiction.

**“Number of FX Settlement Days”** means such number or amount as is specified in the relevant Final Terms.

“**Price Materiality Percentage**” means the percentage specified as such in the applicable Final Terms.

“**Price Source Disruption**” means it becomes impossible or otherwise impracticable to obtain the FX Rate on the Reference Date (or if different, the day on which rates for that Reference Date would, in the ordinary course, be published or announced by the relevant FX Price Source).

“**Primary Rate**” means the FX Rate specified as such in the applicable Final Terms.

“**Reference Currency**” means each currency specified as such in the relevant Final Terms. The Reference Currency may be defined in the applicable Final Terms or be interpreted by reference to Condition 16(C)(vi).

“**Reference Date**” means, in respect of an FX Rate, each Averaging Date or Valuation Date, subject to adjustment in accordance with this Condition 16(C).

“**Scheduled Trading Day**” means any day on which each FX Price Source would, in the ordinary course, publish or announce the relevant FX Rate.

“**Secondary Rate**” means the FX Rate specified as such in the applicable Final Terms.

“**Settlement Price**” means:

- (a) where the Securities are specified hereon as relating to a single FX Rate, an amount equal to the FX Rate as determined by the Calculation Agent at the Valuation Time on (A) if a Valuation Date is specified hereon, the Valuation Date (as defined below) or (B) if Averaging Dates are specified hereon, an Averaging Date; and
- (b) where the Securities are specified hereon as relating to a Basket of FX Rates, an amount equal to the sum of the values calculated for each FX Rate at the Valuation Time on (A) if a Valuation Date is specified hereon, the Valuation Date or (B) if Averaging Dates are specified hereon, an Averaging Date, multiplied by the relevant Multiplier specified hereon.

“**Valuation Date**” means each date specified as such or otherwise determined as provided in the relevant Final Terms, or if such date is not a Scheduled Trading Day, the first preceding day that is a Scheduled Trading Day, unless an alternate adjustment is specified in the Final Terms as being applicable.

“**Valuation Time**” means, in respect of an FX Rate, each time specified as such or otherwise determined as provided in the relevant Final Terms.

(vi) *Reference Currencies and Principal Financial Centres*

Where any of the following are specified in the applicable Final Terms, they shall have the meaning prescribed below:

- (a) Reference Currencies
  - (i) **Algerian Dinar.** “Algerian Dinar” and “DZD” each means the lawful currency of the People’s Democratic Republic of Algeria.
  - (ii) **Angolan Kwanza.** “Angolan Kwanza”, “Kwanza” and “AOA” each means the lawful currency of the Republic of Angola.
  - (iii) **Argentine Peso.** “Argentine Peso” and “ARS” each means the lawful currency of the Argentine Republic.
  - (iv) **Australian Dollar.** “Australian Dollar”, “A\$” and “AUD” each means the lawful currency of the Commonwealth of Australia.
  - (v) **Brazilian Real.** “Brazilian Real”, “Brazilian Reais” and “BRL” each means the lawful currency of the Federative Republic of Brazil.
  - (vi) **Bulgarian Lev.** “Bulgarian Lev” and “BGL” each means the lawful currency of the Republic of Bulgaria.

- (vii) **Canadian Dollar.** “Canadian Dollar”, “C\$” and “CAD” each means the lawful currency of Canada.
- (viii) **Chilean Peso.** “Chilean Peso” and “CLP” each means the lawful currency of the Republic of Chile.
- (ix) **Chinese Renminbi.** “Chinese Renminbi”, “CNY” and “RMB” each means the lawful currency of the People’s Republic of China.
- (x) **Colombian Peso.** “Colombian Peso” and “COP” each means the lawful currency of the Republic of Colombia.
- (xi) **Croatian Kuna.** “Croatian Kuna” and “HRK” each means the lawful currency of the Republic of Croatia.
- (xii) **Czech Koruna.** “Czech Koruna” and “CZK” each means the lawful currency of the Czech Republic.
- (xiii) **Danish Krone.** “Danish Krone”, “Dkr” and “DKK” each means the lawful currency of the Kingdom of Denmark.
- (xiv) **Ecuadorian Sucre.** “Ecuadorian Sucre” and “ECS” each means the lawful currency of the Republic of Ecuador.
- (xv) **Egyptian Pound.** “Egyptian Pound” and “EGP” each means the lawful currency of the Arab Republic of Egypt.
- (xvi) **Euro.** “Euro”, “euro” and “EUR” each means the lawful currency of the participating member states of the European Union adopted in accordance with the Treaty establishing the European Communities, as amended by the Treaty on European Union.
- (xvii) **Ghanaian Cedi.** “Ghanaian Cedi”, “Cedi” and “GHS” each means the lawful currency of the Republic of Ghana.
- (xviii) **Hong Kong Dollar.** “Hong Kong Dollar”, “HK\$” and “HKD” each means the lawful currency of Hong Kong.
- (xix) **Hungarian Forint.** “Hungarian Forint” and “HUF” each means the lawful currency of the Republic of Hungary.
- (xx) **Indian Rupee.** “Indian Rupee” and “INR” each means the lawful currency of the Republic of India.
- (xxi) **Indonesian Rupiah.** “Indonesian Rupiah” and “IDR” each means the lawful currency of the Republic of Indonesia.
- (xxii) **Israeli Shekel.** “Israeli Shekel” and “ILS” each means the lawful currency of the State of Israel.
- (xxiii) **Kazakhstan Tenge.** “Kazakhstan Tenge”, “Tenge” and “KZT” each means the lawful currency of the Republic of Kazakhstan.
- (xxiv) **Kenyan Shilling.** “Kenyan Shilling” and “KES” each means the lawful currency of the Republic of Kenya.
- (xxv) **Korean Won.** “Korean Won” and “KRW” each means the lawful currency of the Republic of Korea.
- (xxvi) **Kuwaiti Dinar.** “Kuwaiti Dinar” and “KWD” each means the lawful currency of the State of Kuwait.
- (xxvii) **Latvian Lats.** “Latvian Lats” and “LVL” each means the lawful currency of the Republic of Latvia.
- (xxviii) **Lebanese Pound.** “Lebanese Pound” and “LBP” each means the lawful currency of the Republic of Lebanon.
- (xxix) **Lithuanian Litas.** “Lithuanian Litas” and “LTL” each means the lawful currency of the Republic of Lithuania.

- (xxx) **Malaysian Ringgit.** “Malaysian Ringgit” and “MYR” each means the lawful currency of the Federation of Malaysia.
- (xxxi) **Mexican Peso.** “Mexican Peso” and “MXN” each means the lawful currency of the United Mexican States.
- (xxxii) **Moroccan Dirham.** “Moroccan Dirham” and “MAD” each means the lawful currency of the Kingdom of Morocco.
- (xxxiii) **New Zealand Dollar.** “New Zealand Dollar”, “NZ\$” and “NZD” each means the lawful currency of New Zealand.
- (xxxiv) **Nigerian Naira.** “Nigerian Naira” and “NGN” each means the lawful currency of the Republic of Nigeria.
- (xxxv) **Norwegian Krone.** “Norwegian Krone”, “Nkr” and “NOK” each means the lawful currency of the Kingdom of Norway.
- (xxxvi) **Pakistani Rupee.** “Pakistani Rupee” and “PKR” each means the lawful currency of the Islamic Republic of Pakistan.
- (xxxvii) **Peruvian Sol.** “Peruvian Nuevo Sol”, “Peruvian Sol” and “PEN” each means the lawful currency of the Republic of Peru.
- (xxxviii) **Philippine Peso.** “Philippine Peso” and “PHP” each means the lawful currency of the Republic of the Philippines.
- (xxxix) **Polish Zloty.** “Polish Zloty” and “PLN” each means the lawful currency of the Republic of Poland.
- (xl) **Romanian Leu.** “Romanian Leu”, “ROL” and “RON” each means the lawful currency of Romania.
- (xli) **Russian Ruble.** “Russian Ruble”, “Russian Rouble”, “RUR” and “RUB” each means the lawful currency of the Russian Federation.
- (xlii) **Saudi Arabian Riyal.** “Saudi Arabian Riyal”, “Saudi Arabian Rial” and “SAR” each means the lawful currency of the Kingdom of Saudi Arabia.
- (xliii) **Singapore Dollar.** “Singapore Dollar”, “S\$” and “SGD” each means the lawful currency of the Republic of Singapore.
- (xliv) **South African Rand.** “South African Rand”, “Rand”, “R” and “ZAR” each means the lawful currency of the Republic of South Africa.
- (xlv) **Sri Lankan Rupee.** “Sri Lankan Rupee” and “LKR” each means the lawful currency of the Democratic Socialist Republic of Sri Lanka.
- (xlvi) **Sterling.** “Sterling”, “British Pound”, “United Kingdom Pound”, “£”, “GBP” and “STG” each means the lawful currency of the United Kingdom.
- (xlvii) **Swedish Krona.** “Swedish Krona”, “Skr” and “SEK” each means the lawful currency of the Kingdom of Sweden.
- (xlviii) **Swiss Franc.** “Swiss Franc”, “Sfr”, “CHF” and “SWF” each means the lawful currency of Switzerland.
- (xlix) **Taiwanese Dollar.** “Taiwanese Dollar”, “New Taiwanese Dollar” and “TWD” each means the lawful currency of the Republic of China.
- (l) **Thai Baht.** “Thai Baht” and “THB” each means the lawful currency of the Kingdom of Thailand.
- (li) **Tunisian Dinar.** “Tunisian Dinar” and “TND” each means the lawful currency of the Republic of Tunisia.
- (lii) **Turkish Lira.** “Turkish Lira”, “TRY” and “TRL” each means the lawful currency of the Republic of Turkey.

- (liii) **Ukrainian Hryvnia.** “Ukrainian Hryvnia” and “UAH” each means the lawful currency of the Republic of Ukraine.
- (liv) **U.S. Dollar.** “U.S. Dollar”, “Dollar”, “U.S.\$”, “\$” and “USD” each means the lawful currency of the United States of America.
- (lv) **Venezuelan Bolivar.** “Venezuelan Bolivar”, “Venezuelan Bolivar Fuerte” and “VEF” each means the lawful currency of the Bolivarian Republic of Venezuela.
- (lvi) **Vietnamese Dong.** “Vietnamese Dong” and “VND” each means the lawful currency of the Socialist Republic of Vietnam.
- (lvii) **Yen.** “Yen”, “Japanese Yen”, “¥” and “JPY” each means the lawful currency of Japan.
- (lviii) **Zambian Kwacha.** “Zambian Kwacha” and “ZMK” each means the lawful currency of the Republic of Zambia.

(b) Principal Financial Centre

Unless otherwise specified in the applicable Final Terms, the principal financial centre with respect to each currency defined in this Condition 16(C) is the financial centre or centres indicated below with respect to such currency:

<b>Currency</b>	<b>Principal Financial Centre(s)</b>
Algerian Dinar	Algiers
Angolan Kwanza	Luanda
Argentine Peso	Buenos Aires
Australian Dollar	Sydney and Melbourne
Brazilian Real	Brasilia, Rio de Janeiro or São Paulo
Bulgarian Lev	Sofia
Canadian Dollar	Toronto
Chilean Peso	Santiago
Chinese Renminbi	Beijing
Colombian Peso	Bogota
Croatian Kuna	Zagreb
Czech Koruna	Prague
Danish Krone	Copenhagen
Ecuadorian Sucre	Guayaquil
Egyptian Pound	Cairo
Ghanaian Cedi	Accra
Hong Kong Dollar	Hong Kong



<b>Currency</b>	<b>Principal Financial Centre(s)</b>
Hungarian Forint	Budapest
Indian Rupee	Mumbai
Indonesian Rupiah	Jakarta and Singapore
Israeli Shekel	Tel Aviv
Kazakhstan Tenge	Almaty
Kenyan Shilling	Nairobi
Korean Won	Seoul
Kuwaiti Dinar	Kuwait City
Latvian Lats	Riga
Lebanese Pound	Beirut
Lithuanian Litas	Vilnius
Malaysian Ringgit	Kuala Lumpur and Singapore
Mexican Peso	Mexico City
Moroccan Dirham	Rabat
New Zealand Dollar	Wellington and Auckland
Nigerian Naira	Lagos
Norwegian Krone	Oslo
Pakistani Rupee	Karachi
Peruvian Sol	Lima
Philippine Peso	Manila
Polish Zloty	Warsaw
Romanian Leu	Bucharest
Russian Ruble	Moscow
Saudi Arabian Riyal	Riyadh
Singapore Dollar	Singapore
South African Rand	Johannesburg
Sri Lankan Rupee	Colombo
Sterling	London

<b>Currency</b>	<b>Principal Financial Centre(s)</b>
Swedish Krona	Stockholm
Swiss Franc	Zurich
Taiwanese Dollar	Taipei
Thai Baht	Bangkok and Singapore
Tunisian Dinar	Tunis
Turkish Lira	Ankara
Ukrainian Hryvnia	Kiev
U.S. Dollar	New York
Venezuelan Bolivar	Caracas
Vietnamese Dong	Hanoi and Singapore
Yen	Tokyo
Zambian Kwacha	Lusaka

(D) *Commodity Securities*

(i) *Settlement of Commodity Securities*

If Settlement Date Extension or Redemption Date Extension, as the case may be, is specified hereon as being applicable, where the Cash Settlement Amount is determined in respect of a Valuation Date or Averaging Date(s), and where the Valuation Date or the Averaging Date, as the case may be, falling immediately prior to the Settlement Date (in the case of Warrants or Exercisable Certificates) or Redemption Date (in the case of Redeemable Certificates), as the case may be, is postponed as a result of the occurrence of a Commodity Market Disruption Event, the Settlement Date or Redemption Date, as the case may be, shall be the later of (i) the date specified hereon as the Settlement Date (the “**Scheduled Settlement Date**”) or Redemption Date (the “**Scheduled Redemption Date**”), as the case may be, and (ii) the day falling the number of Extension Business Days after the postponed Valuation Date or the postponed Averaging Date, as the case may be. If any amount is payable on the exercise or redemption of a Commodity Security to which Settlement Date Extension or Redemption Date Extension, as the case may be, applies, and the Settlement Date or Redemption Date, as the case may be, is postponed pursuant to a Settlement Date Extension or Redemption Date Extension, as the case may be, such amount will be due on the relevant date as so postponed without any interest or other sum payable in respect of the postponement of the payment of such amount.

(ii) *Commodity Interest Securities*

Interest shall be payable on each Commodity Interest Security in accordance with the provisions of Condition 4.

If Payment Date Extension is specified hereon as being applicable, where the Interest Amount(s) are determined in respect of a Valuation Date or Averaging Date, as the case may be, and such Valuation Date or Averaging Date, as the case may be, is postponed as a result of the occurrence of a Commodity Market Disruption Event, the Interest Payment Date relating to such postponed Valuation Date or Averaging Date, as the case may be, shall be the later of (i) the Interest Payment Date specified hereon (the “**Scheduled Payment Date**”) and (ii) the day falling the number of Extension Business Days after such postponed Valuation Date or Averaging Date, as the case may be, as the case may be. If any amount is payable on an Interest Payment Date in respect of a Commodity Interest Security to which Payment Date Extension applies, and such Interest

Payment Date is postponed pursuant to a Payment Date Extension, such amount will be due on the Interest Payment Date as so postponed without any interest or other sum payable in respect of the postponement of the payment of such amount.

(iii) *Adjustment to a Commodity*

(a) Determination of Relevant Commodity Price for Commodity Securities

The Relevant Commodity Price for a Relevant Commodity or a Commodity Index for any Valuation Date or Averaging Date as the case may be, shall be the price, expressed as a price per unit of the Relevant Commodity or the price of the Commodity Index, determined by the Calculation Agent with respect to that Valuation Date or Averaging Date as the case may be, in respect of which:

- (1) the Commodity Reference Price is as specified in the applicable Final Terms;
- (2) the Specified Price is as specified in the applicable Final Terms; and
- (3) the Delivery Date (if any) is as specified in the applicable Final Terms;

(b) Commodity Market Disruption Event and Disruption Fallback

If, in the opinion of the Calculation Agent, a Commodity Market Disruption Event has occurred and is continuing on any Valuation Date or Averaging Date, as the case may be, (or, if different, the day on which prices for that Valuation Date or Averaging Date, as the case may be, would, in the ordinary course, be published by the Price Source), the Relevant Commodity Price for that Valuation Date or Averaging Date, as the case may be, will be determined by the Calculation Agent in accordance with the first applicable Disruption Fallback that provides a Relevant Commodity Price.

(c) Common Pricing

With respect to Securities relating to a Basket of Commodities, if “Common Pricing” has been selected in the applicable Final Terms as:

- (1) “Applicable” then, no date will be a Valuation Date or Averaging Date, as the case may be, unless such date is a day on which all referenced Commodity Reference Prices (for which such date would otherwise be a Valuation Date or Averaging Date, as the case may be) are scheduled to be published or announced.
- (2) “Not Applicable” then, if the Calculation Agent determines that a Commodity Market Disruption Event has occurred or exists on the Valuation Date or Averaging Date, as the case may be, in respect of any Relevant Commodity and/or Commodity Index in the basket (the “**Affected Commodity**”), the Relevant Commodity Price of each Relevant Commodity and/or Commodity Index within the basket which is not affected by the occurrence of a Commodity Market Disruption Event shall be determined on its scheduled Valuation Date or Averaging Date, as the case may be, and the Relevant Commodity Price for the Affected Commodity shall be determined in accordance with the first applicable Disruption Fallback that provides a Relevant Commodity Price.

(d) Correction to Published Prices

For purposes of determining or calculating the Relevant Commodity Price for any day, if the price published or announced on a given day and used or to be used by the Calculation Agent to determine the Relevant Commodity Price in respect of that day is subsequently corrected and the correction is published or announced by the person responsible for that publication or announcement within 30 calendar days after the original publication or announcement, the Calculation Agent may, in its sole discretion, recalculate the Relevant Commodity Price for that day, using such corrected price. The Calculation Agent shall notify the Issuer of any such correction, the revised Relevant Commodity Price and, if any amount (the “**Actual Amount**”) has been paid or delivered to Securityholders on the basis of the original Relevant Commodity Price, the amount that should have been paid or delivered

to the Securityholders on the basis of the corrected Relevant Commodity Price (the “**Adjusted Amount**”). Upon being notified of the Adjusted Amount, the Issuer may (but shall not be obliged to) take such action as it considers necessary or appropriate to either pay or deliver additional amounts (if the Adjusted Amount is greater than the Actual Amount) or recover amounts (if the Adjusted Amount is less than the Actual Amount), from the person to whom the Actual Amounts were paid or delivered. Notwithstanding the foregoing, under no circumstances shall the Issuer be obligated to recover any moneys from any relevant Clearing System. The Calculation Agent shall not be obliged to make any determination under this Condition 16(D)(iii)(d) and shall have no liability to any person for any determination made or not made under this Condition 16(D)(iii)(d).

Notwithstanding the foregoing, where the Calculation Agent, in its sole discretion, determines that the price published or announced on a given day and used or to be used by it to determine the Relevant Commodity Price in respect of that day is expected to be subsequently corrected, then the Calculation Agent may, in its sole discretion, delay the determination or calculation of the Relevant Commodity Price in respect of such day and instead notify the Issuer of the expected correction. If the Calculation Agent notifies the Issuer of an expected correction to a Relevant Commodity Price, the Issuer shall not make any payments or deliveries, until the Calculation Agent determines or calculates the correct Relevant Commodity Price and the day on which such payments or deliveries are due shall be delayed to the same extent as was the determination or calculation of the correct Relevant Commodity Price. No additional amounts shall be payable or deliverable as a result of any such delay.

(e) Adjustments to Commodity Index

With respect to a Commodity Index:

- (1) If the Commodity Index is permanently cancelled or the Commodity Reference Price is not calculated and announced by the Commodity Index Sponsor of such Commodity Index or any of its affiliates but (i) is calculated and announced by a successor Commodity Index Sponsor (the “**Successor Commodity Index Sponsor**”) acceptable to the Calculation Agent, or (ii) replaced by a successor index (the “**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 Relevant Commodity Price, then the Relevant Commodity Price will be deemed to be the price so calculated and announced by that Successor Commodity Index Sponsor or that Successor Index, as the case may be.
- (2) If the Calculation Agent determines that (i) the Commodity Index Sponsor makes a material change in the formula for or the method of calculating the Relevant Commodity Price or in any other way materially modifies such Commodity Index (other than a modification prescribed in that formula or method to maintain the Relevant Commodity Price in the event of changes in constituent commodities and weightings and other routine events), or (ii) the Commodity Index Sponsor permanently cancels the Commodity Index or (iii) the Commodity Index Sponsor fails to calculate and announce the Commodity Index for a continuous period of three Scheduled Trading Days and the Calculation Agent determines that there is no Successor Commodity Index Sponsor or Successor Index (such events (i) (ii) and (iii) to be collectively referred to as “**Index Adjustment Events**”), then the Calculation Agent may at its option (in the case of (i)) and shall (in the case of (ii) and (iii)) calculate the Relevant Commodity Price using in lieu of the published level for that Commodity Index (if any), the level for that Commodity Index as at the relevant determination date as determined by the Calculation Agent in accordance with the formula for and method of calculating that Commodity Index last in effect prior to the relevant Index Adjustment Event, but using only those futures contracts that comprised that Commodity Index immediately prior to the relevant Index Adjustment Event (other than those futures contracts that have ceased to be listed on any relevant exchange).
- (3) If the Calculation Agent determines, in its sole and absolute discretion, that it is not reasonably practicable (taking into account the costs involved) to calculate or continue to calculate the Commodity Index pursuant to the preceding paragraph, the Calculation Agent may rebase the Securities against another index or basket of indices, as applicable, determined by the Calculation Agent to be comparable to the relevant Commodity Index, and, following such rebasing, the Calculation Agent will make such adjustment(s) that it

determines to be appropriate, if any, to any variable, calculation methodology, valuation, settlement, payment terms or any other terms of the Securities to account for such rebasing.

- (4) If the Calculation Agent determines, in its sole and absolute discretion, that there is not such an index or basket of indices comparable to the relevant Commodity Index, and/or that application of the preceding paragraphs would not achieve a commercially reasonable result, the Calculation Agent may determine that the Securities shall be redeemed, in which event the Issuer will cause to be paid to each Securityholder in respect of each Security held by it an amount equal to the Early Cancellation Amount (as defined in Condition 3).
- (5) On making any such adjustment or determination, the Calculation Agent shall give notice as soon as practicable to the Securityholders stating the adjustment to any amount payable under the Securities, the determination and/or any of the other relevant terms and giving brief details of the Index Adjustment Event, provided that any failure to give such notice shall not affect the validity of the Index Adjustment Event or any action taken.
- (6) Any other adjustment specified in the applicable Final Terms.

(f) Commodity Index Disclaimer

The Securities are not sponsored, endorsed, sold, or promoted by the Commodity Index or the Commodity Index Sponsor and no Commodity Index Sponsor makes any representation whatsoever, whether express or implied, either as to the results to be obtained from the use of the Commodity Index and/or the levels at which the Commodity Index stands at any particular time on any particular date or otherwise. No Commodity Index or Commodity Index Sponsor shall be liable (whether in negligence or otherwise) to any person for any error in the Commodity Index and the Commodity Index Sponsor is under no obligation to advise any person of any error therein. No Commodity Index Sponsor is making any representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with the Securities. The Issuer shall have no liability to the Securityholders for any act or failure to act by the Commodity Index Sponsor in connection with the calculation, adjustment, or maintenance of the Commodity Index. Except as may be disclosed prior to the Issue Date and specified in the relevant Final Terms, none of the Issuer, the Calculation Agent or any of their respective Affiliates has any affiliation with or control over the Commodity Index or Commodity Index Sponsor or any control over the computation, composition, or dissemination of the Commodity Index. Although the Calculation Agent will obtain information concerning the Commodity Index from publicly available sources it believes reliable, it will not independently verify this information. Accordingly, no representation, warranty, or undertaking (express or implied) is made and no responsibility is accepted by the Issuer, its Affiliates, or the Calculation Agent as to the accuracy, completeness, and timeliness of information concerning the Commodity Index.

(iv) *Definitions relevant to Commodity Securities*

“**Averaging Date**” means each date specified as an Averaging Date in the Final Terms, subject to adjustment upon the occurrence of a Disrupted Day.

“**Basket of Commodities**” means a basket composed of Relevant Commodities and/or Commodity Indices in the relative proportions specified in the applicable Final Terms.

“**Commodity Index**” means each index comprising one or more commodities or commodity futures contracts, as specified in the applicable Final Terms.

“**Commodity Index Sponsor**” means each commodity index sponsor as specified in the applicable Final Terms.

“**Commodity Reference Price**” means, in respect of a Relevant Commodity or Commodity Index, the reference price as specified in the applicable Final Terms and determined by the Calculation Agent. The specified Commodity Reference Price may be defined in the applicable Final Terms or be interpreted by reference to Condition 16(D)(vi).

**“Delivery Date”** means, in respect of a Commodity Reference Price, the relevant date or month and year for delivery of the Relevant Commodity as specified in the applicable Final Terms:

**“Exchange”** means, in respect of a Commodity Reference Price, each exchange or principal trading market specified in the applicable Final Terms or Commodity Reference Price.

**“Extension Business Days”** means, if Settlement Date Extension or Redemption Date Extension is specified hereon as applicable, the number of Business Days specified hereon, or, if none, (i) in respect of a Settlement Date Extension, the number of Business Days that the Scheduled Settlement Date (in the case of warrants or Exercisable Certificates) or the Scheduled Redemption Date (in the case of Redeemable Certificates) falls after the original date that, but for the occurrence of a Commodity Market Disruption Event, would have been the Valuation Date or Averaging Date, as the case may be, (the **“Affected Pricing Date”**), falling immediately prior to the Scheduled Settlement Date or Scheduled Redemption Date, as the case may be and (ii) in respect of a Payment Date Extension, the number of Business Days that the Scheduled Payment Date falls after the Affected Pricing Date falling immediately prior to the Scheduled Payment Date.

**“Price Source”** means, in respect of a Commodity Reference Price, the publication (or such other origin of reference, including an Exchange) containing (or reporting) the Specified Price (or prices from which the Specified Price is calculated) as specified in the relevant Commodity Reference Price or the applicable Final Terms.

**“Relevant Commodity”** means, in respect of a Commodity Security, each commodity specified in the applicable Final Terms.

**“Relevant Commodity Price”** means, in respect of a Relevant Commodity or Commodity Index, for any Valuation Date or Averaging Date, as the case may be, the price, expressed as a price per unit of the Relevant Commodity or the price of the Commodity Index, determined by the Calculation Agent with respect to that Valuation Date or Averaging Date, as the case may be, for the specified Commodity Reference Price.

**“Scheduled Trading Day”** means, in respect of a Price Source (or such other origin of reference including an Exchange), each day on which such Price Source (or such other origin or reference including an Exchange) would, in the ordinary course, publish or announce the relevant the Specified Price (or prices from which the Specified Price is calculated).

**“Settlement Price”** means:

- (a) where the Securities are specified hereon as relating to a single Commodity, an amount equal to the value calculated for such Commodity as determined by the Calculation Agent at the Valuation Time on (A) if a Valuation Date is specified hereon, the Valuation Date (as defined below) or (B) if Averaging Dates are specified hereon, an Averaging Date; and
- (b) where the Securities are specified hereon as relating to a Basket of Commodities, an amount equal to the sum of the values calculated for each Commodity at the Valuation Time on (A) if a Valuation Date is specified hereon, the Valuation Date or (B) if Averaging Dates are specified hereon, an Averaging Date, multiplied by the relevant Multiplier specified hereon.

**“Specified Price”** means, in respect of a Commodity Reference Price, the price as specified in the applicable Final Terms.

**“Valid Date”** means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date does not or is not deemed to occur.

**“Valuation Date”** means each date specified as such or otherwise determined as provided in the relevant Final Terms as such or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, unless, in the opinion of the Calculation Agent such day is a Disrupted Day in which case, the Valuation Date shall be as determined in accordance with Condition 16(D)(iii)(e).

**“Valuation Time”** means, each time specified as such or otherwise determined as provided in the relevant Final Terms.

- (v) *Terms relating to Commodity Market Disruption Events and Disruption Fallback*

**“Calculation Agent Determination”** means, the Calculation Agent will determine the Relevant Commodity Price (or a method for determining the Relevant Commodity Price), taking into consideration the latest available quotation for the relevant Commodity Reference Price and any other information that in its sole discretion it deems relevant.

**“Commodity Market Disruption Event”** means, the occurrence of any of the following events:

- (a) with respect to a Relevant Commodity:
  - (i) Price Source Disruption;
  - (ii) Trading Disruption;
  - (iii) Disappearance of Commodity Reference Price;
  - (iv) Material Change in Formula;
  - (v) Material Change in Content; or
  - (vi) any additional Commodity Market Disruption Events specified in the applicable Final Terms.
- (b) with respect to a Commodity Index:
  - (i) a temporary or permanent failure by the applicable exchange or other price source to announce or publish (a) the final settlement price for the Commodity Reference Price or (b) closing price for any futures contract included in the Commodity Reference Price;
  - (ii) a material limitation, suspension or disruption of trading in one or more of the futures contracts included in the Commodity Reference Price; or
  - (iii) the closing price for any futures contract included in the Commodity Reference Price is a “limit price”, which means that the closing price for such contract for a day has increased or decreased from the previous day’s closing price by the maximum amount permitted under applicable exchange rules.

**“Delayed Publication or Announcement”** means that the Relevant Commodity Price for a Valuation Date or Averaging Date, as the case may be, will be determined based on the Specified Price in respect of the original day scheduled as such Valuation Date or Averaging Date, as the case may be, that is published or announced by the relevant Price Source retrospectively on the first succeeding Scheduled Trading Day on which the Commodity Market Disruption Event ceases to exist, unless that Commodity Market Disruption Event continues to exist (measured from and including the original day that would otherwise have been the Valuation Date or Averaging Date, as the case may be, or the Relevant Commodity Price continues to be unavailable, for consecutive Scheduled Trading Days equal in number to the Maximum Days of Disruption as specified in the relevant Final Terms, or if no number of days is so specified, a period of two consecutive Scheduled Trading Days).

**“Disappearance of Commodity Reference Price”** means (A) the permanent discontinuation of trading, in the relevant Futures Contract on the relevant Exchange; (B) the disappearance of, or of trading in, the Relevant Commodity; or (C) the disappearance or permanent discontinuance or unavailability of a Commodity Reference Price, notwithstanding the availability of the related Price Source or the status of trading in the relevant Futures Contract or the Relevant Commodity.

**“Disruption Fallback”** means a source or method that may give rise to an alternative basis for determining the Relevant Commodity Price in respect of a specified Commodity Reference Price when a Commodity Market Disruption Event occurs or exists on a day that is a Valuation Date or Averaging Date, as the case may be. A Disruption Fallback is applicable (in the order specified, if any) if it is specified in the applicable Final Terms or, if no Disruption Fallback is specified in the applicable Final Terms, the following Disruption Fallbacks shall be deemed to have been specified:

- (a) with respect to a Relevant Commodity (in the following order):
  - (i) Fallback Reference Price (if applicable);
  - (ii) Delayed Publication or Announcement and Postponement (each to operate concurrently with the other and each subject to a period of consecutive Scheduled Trading Days equal in number to the Maximum Days of Disruption as specified in the relevant Final Terms, or if no number of days is so specified, a period of two consecutive Scheduled Trading Days of disruption (measured from and including the original day that would otherwise have been the Valuation Date or Averaging Date, as the case may be); provided, however, that the price determined by Postponement shall be the Relevant Commodity Price only if Delayed Publication or Announcement does not yield a Relevant Commodity Price within that number of days); and
  - (iii) Calculation Agent Determination.
- (b) with respect to a Commodity Index, the following fallback determination mechanism:
  - (i) with respect to each Futures Contract included in the Commodity Reference Price which is not affected by the Commodity Market Disruption Event, the Relevant Commodity Price will be based on the closing prices of each such contract on the applicable determination date;
  - (ii) with respect to each Futures Contract included in the Commodity Reference Price which is affected by the Commodity Market Disruption Event, the Relevant Commodity Price will be based on the closing prices of each such contract on the first day following the applicable determination date on which no Commodity Market Disruption Event is occurring with respect to such contract;
  - (iii) subject to sub-paragraph (iv) below, the Calculation Agent shall determine the Relevant Commodity Price by reference to the closing prices determined in sub-paragraph (i) and (ii) above using the then-current method for calculating the Relevant Commodity Price; and
  - (iv) where a Commodity Market Disruption Event with respect to one or more Futures Contracts included in the Commodity Reference Price continues to exist (measured from and including the first day following the applicable determination date) for five consecutive Scheduled Trading Days, the Calculation Agent shall determine the Relevant Commodity Price in a commercially reasonable manner.

**“Fallback Reference Price”** means that the Calculation Agent will determine the Relevant Commodity Price based on the price for that Valuation Date or Averaging Date, as the case may be, of the first alternate Commodity Reference Price, if any, specified in the applicable Final Terms and not subject to a Commodity Market Disruption Event.

**“Futures Contract”** means, in respect of a Commodity Reference Price, the contract for future delivery of a contract size in respect of the relevant Delivery Date relating to the Relevant Commodity referred to in that Commodity Reference Price.

**“Material Change in Content”** means the occurrence since the Trade Date of a material change in the content, composition or constitution of the Relevant Commodity or relevant Futures Contract.

**“Material Change in Formula”** means the occurrence since the Trade Date of a material change in the formula for or method of calculating the relevant Commodity Reference Price.

**“Postponement”** means that the Valuation Date or Averaging Date, as the case may be, will be deemed, for purposes of the application of this Disruption Fallback only, to be the first succeeding Scheduled Trading Day on which the Commodity Market Disruption Event ceases to exist, unless that Commodity Market Disruption Event continues to exist for consecutive Scheduled Trading Days equal in number to the Maximum Days of Disruption as specified in the relevant Final Terms, or if no number of days is so specified, a period of two consecutive Scheduled Trading Days (measured from and including the original day that would otherwise have been the Valuation Date or Averaging Date, as the case may be).



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

**“Trading Disruption”** means, the material suspension of, or the material limitation imposed on, trading in the Futures Contract or the Relevant Commodity on the Exchange or in any additional futures contract, options contract or commodity on any Exchange as specified in the applicable Final Terms. For these purposes:

- (a) a suspension of the trading in the Futures Contract or the Relevant Commodity on any Scheduled Trading Day shall be deemed to be material only if:
  - (i) all trading in the Futures Contract or the Relevant Commodity is suspended for the entire Valuation Date or Averaging Date, as the case may be; or
  - (ii) all trading in the Futures Contract or the Relevant Commodity is suspended subsequent to the opening of trading on the Valuation Date or Averaging Date, as the case may be, trading does not recommence prior to the regularly scheduled close of trading in such Futures Contract or such Relevant Commodity on such Valuation Date or Averaging Date, as the case may be, and such suspension is announced less than one hour preceding its commencement; and
- (b) a limitation of trading in the Futures Contract or the Relevant Commodity on any Scheduled Trading Day shall be deemed to be material only if the relevant Exchange establishes limits on the range within which the price of the Futures Contract or the Relevant Commodity may fluctuate and the closing or settlement price of the Futures Contract or the Relevant Commodity on such day is at the upper or lower limit of that range.

(vi) *Commodity Reference Prices*

(1) Commodity Reference Prices

For purposes of determining the Relevant Commodity Price for a Relevant Commodity or Commodity Index:

(A) Agricultural Products

(i) Azuki Beans

“AZUKI BEANS-TGE” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per bag of deliverable grade azuki beans on the TGE of the Futures Contract, stated in Japanese Yen, as made public by the TGE and displayed on Reuters Screen page “0#JRB:” on that Valuation Date or Averaging Date, as the case may be.

(ii) Barley

“BARLEY-WCE” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per tonne of deliverable grade Canadian feed barley on the WCE of the Futures Contract, stated in Canadian Dollars, as made public by the WCE and displayed on Reuters Screen page “0#AB:” on that Valuation Date or Averaging Date, as the case may be.

(iii) Canola

“CANOLA-WCE” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per ton of deliverable grade non-commercially clean Canadian canola on the WCE of the Futures Contract, stated in

Canadian Dollars, as made public by the WCE and displayed on Reuters Screen page “0#RS:” on that Valuation Date or Averaging Date, as the case may be.

(iv) Cocoa

“COCOA-NYBOT” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per metric ton of deliverable grade cocoa beans on the NYBOT of the Futures Contract, stated in U.S. Dollars, as made public by the NYBOT and displayed on Reuters Screen page “0#CC:” on that Valuation Date or Averaging Date, as the case may be.

(v) Coffee

“COFFEE ARABICA-NYBOT” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per pound of deliverable grade washed arabica coffee on the NYBOT of the Futures Contract, stated in U.S. cents, as made public by the NYBOT and displayed on Reuters Screen page “0#KC:” on that Valuation Date or Averaging Date, as the case may be.

(vi) Corn

“CORN-CBOT” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per bushel of deliverable grade corn on the CBOT of the Futures Contract, stated in U.S. cents, as made public by the CBOT and displayed on Reuters Screen page “0#C:” on that Valuation Date or Averaging Date, as the case may be.

(vii) Cotton

“COTTON NO. 2-NYBOT” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per pound of deliverable grade cotton No. 2 on the NYBOT of the Futures Contract, stated in U.S. cents, as made public by the NYBOT and displayed on Reuters Screen page “0#CT:” on that Valuation Date or Averaging Date, as the case may be.

(viii) Livestock

(1) “FEEDER CATTLE-CME” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per pound of deliverable grade medium and large frame #1 feeder steers on the CME of the Futures Contract, stated in U.S. cents, as made public by the CME and displayed on Reuters Screen page “0#FC:” on that Valuation Date or Averaging Date, as the case may be.

(2) “LIVE CATTLE-CME” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per pound of deliverable grade live steers on the CME of the Futures Contract, stated in U.S. cents, as made public by the CME and displayed on Reuters Screen page “0#LC:” on that Valuation Date or Averaging Date, as the case may be.

(3) “LEAN HOGS-CME” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per pound of deliverable grade lean value hog carcasses on the CME of the Futures Contract, stated in U.S. cents, as made public by the CME and displayed on Reuters Screen page “0#LH:” on that Valuation Date or Averaging Date, as the case may be.

(ix) Lumber

“LUMBER-CME” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per thousand board feet (mbf) of deliverable grade random length lumber on the CME of the Futures Contract, stated in U.S. Dollars, as made public by the CME and displayed on Reuters Screen page “0#LB:” on that Valuation Date or Averaging Date, as the case may be.

(x) Oats

“OATS-CBOT” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per bushel of deliverable grade oats on the CBOT of the Futures Contract, stated in U.S. cents, as made public by the CBOT and displayed on Reuters Screen page “0#O:” on that Valuation Date or Averaging Date, as the case may be.

(xi) Orange Juice

“FROZEN CONCENTRATED ORANGE JUICE NO. 1-NYBOT” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per pound of deliverable grade orange solids on the NYBOT of the Futures Contract, stated in U.S. cents, as made public by the NYBOT and displayed on Reuters Screen page “0#OJ:” on that Valuation Date or Averaging Date, as the case may be.

(xii) Palm Oil

(1) “PALM OIL-BURSA MALAYSIA” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per metric ton of deliverable grade crude palm oil on the Bursa Malaysia of the Futures Contract, stated in Malaysian Ringgit, as made public by the Bursa Malaysia, and displayed on Reuters Screen page “0#PO:” on that Valuation Date or Averaging Date, as the case may be.

(2) “PALM KERNEL OIL-BURSA MALAYSIA” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per metric ton of deliverable grade crude palm kernel oil on the Bursa Malaysia of the Futures Contract, stated in Malaysian Ringgit, as made public by the Bursa Malaysia and displayed on Reuters Screen page “0#KPO:” on that Valuation Date or Averaging Date, as the case may be.

(xiii) Rice

“RICE-CBOT” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per hundredweight of deliverable grade rough rice on the CBOT of the Futures Contract, stated in U.S. cents, as made public by the CBOT and displayed on Reuters Screen page “0#RR:” on that Valuation Date or Averaging Date, as the case may be.

(xiv) Rubber

“RUBBER-TOCOM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per kilogram of rubber on the TOCOM of the Futures Contract for the Delivery Date, stated in Japanese Yen, as made public by the TOCOM and displayed on Reuters Screen page “0#JRU:” on that Valuation Date or Averaging Date, as the case may be.

(xv) Soybeans

- (1) “SOYBEANS-CBOT” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per bushel of deliverable grade soybeans on CBOT of the Futures Contract, stated in U.S. cents, as made public by the CBOT and displayed on Reuters Screen page “0#S:” on that Valuation Date or Averaging Date, as the case may be.
- (2) “SOYBEAN MEAL-CBOT” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per ton of deliverable grade soybean meal on the CBOT of the Futures Contract, stated in U.S. Dollars, as made public by the CBOT and displayed on Reuters Screen page “0#SM:” on that Valuation Date or Averaging Date, as the case may be.
- (3) “SOYBEAN OIL-CBOT” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per pound of deliverable grade crude soybean oil on the CBOT of the Futures Contract, stated in U.S. cents, as made public by the CBOT and displayed on Reuters Screen page “0#BO:” on that Valuation Date or Averaging Date, as the case may be.

(xvi) Sugar

“SUGAR # 11 (WORLD)-NYBOT” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per pound of deliverable grade cane sugar on the NYBOT of the Futures Contract, stated in U.S. cents, as made public by the NYBOT and displayed on Reuters Screen page “0#SB:” on that Valuation Date or Averaging Date, as the case may be.

(xvii) Wheat

- (1) “WHEAT-CBOT” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per bushel of deliverable grade wheat on the CBOT of the Futures Contract, stated in U.S. cents, as made public by the CBOT and displayed on Reuters Screen page “0#W:” on that Valuation Date or Averaging Date, as the case may be.
- (2) “WHEAT HRW-KCBOT” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per bushel of deliverable grade hard red winter wheat on the KCBOT of the Futures Contract, stated in U.S. cents, as made public by the KCBOT and displayed on Reuters Screen page “0#KW:” on that Valuation Date or Averaging Date, as the case may be.

(xviii) Wool

“GREASY WOOL (21 MICRON)-SFE” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per kilogram of deliverable grade merino combing fleece on the SFE of the Futures Contract, stated in Australian cents, as made public by the SFE and displayed on Reuters Screen page “0#YGS:” on that Valuation Date or Averaging Date, as the case may be.

(B) Energy

(i) Coal

- (1) “COAL-TFS API 2-ARGUS/MCCLOSKEY’S” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per tonne of steam coal 6,000 kcal/kg, up to 1 per cent. sulphur NAR basis, cif ARA, stated in U.S. Dollars, published under the heading “International Coal Indexes incorporating the TFS APITM Indices: Monthly Coal Price Indexes: TFS API 2 (cif ARA)” in the issue of Argus/McCloskey’s Coal Price Index Report that reports prices effective on that Valuation Date or Averaging Date, as the case may be.
- (2) “COAL-TFS API 4-ARGUS/MCCLOSKEY’S” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per tonne of steam coal 6,000 kcal/kg, up to 1 per cent. sulphur NAR basis, fob Richards Bay, stated in U.S. Dollars, published under the heading “International Coal Indexes incorporating the TFS APITM Indices: Monthly Coal Price Indexes: TFS API 4 (fob Richards Bay)” in the issue of Argus/McCloskey’s Coal Price Index Report that reports prices effective on that Valuation Date or Averaging Date, as the case may be.

(ii) Electricity

- (1) “ELECTRICITY-MONTH FUTURES BASE-EEX” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per MWh of base electricity on the EEX of the Futures Contract, stated in Euros, published at [www.eex.de](http://www.eex.de), under the headings “Info Center: Download: Market Data: Derivatives-Results Derivatives Market (Year): F1BM” or any successor headings, that reports prices effective on that Valuation Date or Averaging Date, as the case may be.
- (2) “ELECTRICITY-QUARTER FUTURES BASE-EEX” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per MWh of base electricity on the EEX of the Futures Contract, stated in Euros, published at [www.eex.de](http://www.eex.de), under the headings “Info Center: Download: Market Data: Derivatives-Results Derivatives Market (Year): F1BQ” or any successor headings, that reports prices effective on that Valuation Date or Averaging Date, as the case may be.
- (3) “ELECTRICITY-YEAR FUTURES BASE-EEX” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per MWh of base electricity on the EEX of the Futures Contract, stated in Euros, published at [www.eex.de](http://www.eex.de), under the headings “Info Center: Download: Market Data: Derivatives-Results Derivatives Market (Year): F1BY” or any successor headings, that reports prices effective on that Valuation Date or Averaging Date, as the case may be.

(iii) Gas Oil

“GAS OIL-IPE” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per metric ton of gas oil on the IPE of the Futures Contract for the Delivery Date, stated in U.S. Dollars, as made public by the IPE on that Valuation Date or Averaging Date, as the case may be.

(iv) Gasoline

“GASOLINE-NEW YORK-NYMEX” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per gallon of

New York Harbor unleaded gasoline on the NYMEX of the Futures Contract for the Delivery Date, stated in U.S. Dollars, as made public by the NYMEX on that Valuation Date or Averaging Date, as the case may be.

(v) Heating Oil

“HEATING OIL-NEW YORK-NYMEX” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per gallon of New York Harbor No. 2 heating oil on the NYMEX of the Futures Contract for the Delivery Date, stated in U.S. Dollars, as made public by the NYMEX on that Valuation Date or Averaging Date, as the case may be.

(vi) Jet Fuel/Kerosene

“JET FUEL-CARGOES CIF NWE/BASIS ARA-PLATTS EUROPEAN” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per metric ton of jet fuel, stated in U.S. Dollars, published under the heading “Cargoes CIF NWE/Basis ARA: Jet” in the issue of Platts European that reports prices effective on that Valuation Date or Averaging Date, as the case may be.

(vii) Natural Gas

(1) “NATURAL GAS-NYMEX” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per MMBTU of natural gas on the NYMEX of the Futures Contract for the Delivery Date, stated in U.S. Dollars, as made public by the NYMEX on that Valuation Date or Averaging Date, as the case may be.

(2) “NATURAL GAS-HENRY HUB-NYMEX” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per MMBTU of natural gas on the NYMEX of the Henry Hub Natural Gas Futures Contract for the Delivery Date, stated in U.S. Dollars, as made public by the NYMEX on that Valuation Date or Averaging Date, as the case may be.

(viii) Oil

(1) “OIL-BRENT-IPE” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per barrel of Brent blend crude oil on the IPE of the Futures Contract for the Delivery Date, stated in U.S. Dollars, as made public by the IPE on that Valuation Date or Averaging Date, as the case may be.

(2) “OIL-WTI-NYMEX” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per barrel of West Texas Intermediate light sweet crude oil on the NYMEX of the Futures Contract for the Delivery Date, stated in U.S. Dollars, as made public by the NYMEX on that Valuation Date or Averaging Date, as the case may be.

(C) Metals

(i) Aluminium

(1) “ALUMINIUM-LME CASH” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per tonne of high grade Primary Aluminium on the LME for the applicable Delivery Date, stated in U.S. Dollars, as determined by the LME and

displayed on Reuters Screen page “MTLE” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.

- (2) “ALUMINIUM-LME 3 MONTH” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per tonne of high grade Primary Aluminium on the LME for the applicable Delivery Date, stated in U.S. Dollars, as determined by the LME and displayed on Reuters Screen page “MTLE” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (3) “ALUMINIUM-LME 15 MONTH” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per tonne of high grade Primary Aluminium on the LME for the applicable Delivery Date, stated in U.S. Dollars, as determined by the LME and displayed on Reuters Screen page “MTLE” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (4) “ALUMINIUM-LME 27 MONTH” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per tonne of high grade Primary Aluminium on the LME for the applicable Delivery Date, stated in U.S. Dollars, as determined by the LME and displayed on Reuters Screen page “MTLE” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.

(ii) Copper

- (1) “COPPER-LME CASH” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per tonne of Copper Grade A on the LME for the applicable Delivery Date, stated in U.S. Dollars, as determined by the LME and displayed on Reuters Screen page “MTLE” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (2) “COPPER-LME 3 MONTH” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per tonne of Copper Grade A on the LME for the applicable Delivery Date, stated in U.S. Dollars, as determined by the LME and displayed on Reuters Screen page “MTLE” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (3) “COPPER-LME 15 MONTH” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per tonne of Copper Grade A on the LME for the applicable Delivery Date, stated in U.S. Dollars, as determined by the LME and displayed on Reuters Screen page “MTLE” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (4) “COPPER-LME 27 MONTH” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per tonne of Copper Grade A on the LME for the applicable Delivery Date, stated in U.S. Dollars, as determined by the LME and displayed on Reuters Screen page “MTLE” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (5) “COPPER-COMEX” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per pound of high grade copper on the COMEX of the Futures Contract for the Delivery Date, stated in U.S. cents, as made public by the COMEX on that Valuation Date or Averaging Date, as the case may be.

(iii) Gold

- (1) “GOLD-A.M. FIX” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s morning Gold fixing price per troy ounce of Gold for delivery in London through a member of the LBMA authorized to effect such delivery, stated in U.S. Dollars, as determined by the London Gold Market and displayed on Reuters Screen page “GOFO” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (2) “GOLD-P.M. FIX” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s afternoon Gold fixing price per troy ounce of Gold for delivery in London through a member of the LBMA authorized to effect such delivery, stated in U.S. Dollars, as calculated by the London Gold Market and displayed on Reuters Screen page “GOFO” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.

(iv) Lead

- (1) “LEAD-LME CASH” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per tonne of Standard Lead on the LME for the applicable Delivery Date, stated in U.S. Dollars, as determined by the LME and displayed on Reuters Screen page “MTLE” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (2) “LEAD-LME 3 MONTH” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per tonne of Standard Lead on the LME for the applicable Delivery Date, stated in U.S. Dollars, as determined by the LME and displayed on Reuters Screen page “MTLE” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (3) “LEAD-LME 15 MONTH” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per tonne of Standard Lead on the LME for the applicable Delivery Date, stated in U.S. Dollars, as determined by the LME and displayed on Reuters Screen page “MTLE” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.

(v) Nickel

- (1) “NICKEL-LME CASH” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per tonne of Primary Nickel on the LME for the applicable Delivery Date, stated in U.S. Dollars, as determined by the LME and displayed on Reuters Screen page “MTLE” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (2) “NICKEL-LME 3 MONTH” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per tonne of Primary Nickel on the LME for the applicable Delivery Date, stated in U.S. Dollars, as determined by the LME and displayed on Reuters Screen page “MTLE” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (3) “NICKEL-LME 15 MONTH” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per tonne of Primary Nickel on the LME for the applicable Delivery Date,



stated in U.S. Dollars, as determined by the LME and displayed on Reuters Screen page “MTLE” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.

- (4) “NICKEL-LME 27 MONTH” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per tonne of Primary Nickel on the LME for the applicable Delivery Date, stated in U.S. Dollars, as determined by the LME and displayed on Reuters Screen page “MTLE” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.

(vi) Palladium

- (1) “PALLADIUM-A.M. FIX” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s morning Palladium fixing price per troy ounce gross of Palladium for delivery in Zurich through a member of the LPPM authorized to effect such delivery, stated in U.S. Dollars, as calculated by the LPPM and displayed on Reuters Screen page “STBL” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (2) “PALLADIUM-P.M. FIX” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s afternoon Palladium fixing price per troy ounce gross of Palladium for delivery in Zurich through a member of the LPPM authorized to effect such delivery, stated in U.S. Dollars, as calculated by the LPPM and displayed on Reuters Screen page “STBL” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.

(vii) Platinum

- (1) “PLATINUM-A.M. FIX” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s morning Platinum fixing price per troy ounce gross of Platinum for delivery in Zurich through a member of the LPPM authorized to effect such delivery, stated in U.S. Dollars, as calculated by the LPPM and displayed on Reuters Screen page “STBL” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (2) “PLATINUM-P.M. FIX” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s afternoon Platinum fixing price per troy ounce gross of Platinum for delivery in Zurich through a member of the LPPM authorized to effect such delivery, stated in U.S. Dollars, as calculated by the LPPM and displayed on Reuters Screen page “STBL” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (3) “PLATINUM-NYMEX” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per troy ounce of Platinum on the NYMEX of the Futures Contract for the Delivery Date, stated in U.S. Dollars, as made public by the NYMEX on that Valuation Date or Averaging Date, as the case may be.
- (4) “PLATINUM-TOCOM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per gram of fine Platinum on the TOCOM of the Futures Contract for the Delivery Date, stated in Japanese Yen, as made public by the TOCOM on that Valuation Date or Averaging Date, as the case may be.

(viii) Silver

“SILVER-FIX” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Silver fixing price per troy ounce of Silver for delivery in London through a member of the LBMA authorized to effect such delivery, stated in U.S. cents, as calculated by the London Silver Market and displayed on Reuters Screen page “SIFO” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.

(ix) Tin

(1) “TIN-LME CASH” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per tonne of Tin on the LME for the Delivery Date, stated in U.S. Dollars, as determined by the LME and displayed on Reuters Screen page “MTLE” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.

(2) “TIN-LME 3 MONTH” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per tonne of Tin on the LME for the Delivery Date, stated in U.S. Dollars, as determined by the LME and displayed on Reuters Screen page “MTLE” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.

(3) “TIN-LME 15 MONTH” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per tonne of Tin on the LME for the Delivery Date, stated in U.S. Dollars, as determined by the LME and displayed on Reuters Screen page “MTLE” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.

(x) Zinc

(1) “ZINC-LME CASH” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per tonne of Special High Grade Zinc on the LME for the applicable Delivery Date, stated in U.S. Dollars, as determined by the LME and displayed on Reuters Screen page “MTLE” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.

(2) “ZINC-LME 3 MONTH” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per tonne of Special High Grade Zinc on the LME for the applicable Delivery Date, stated in U.S. Dollars, as determined by the LME and displayed on Reuters Screen page “MTLE” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.

(3) “ZINC-LME 15 MONTH” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per tonne of Special High Grade Zinc on the LME for the applicable Delivery Date, stated in U.S. Dollars, as determined by the LME and displayed on Reuters Screen page “MTLE” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.

(4) “ZINC-LME 27 MONTH” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price per tonne of Special High Grade Zinc on the LME for the applicable Delivery Date, stated in U.S. Dollars, as determined by the LME and displayed on

Reuters Screen page “MTLE” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.

(D) Composite Commodity Indices

(i) S&P GSCI

- (1) “S&P GSCI™ Total Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Total Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSCITR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (2) “S&P GSCI™ Excess Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Excess Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSCIP” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (3) “S&P GSCI™ Energy Index Total Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Energy Index Total Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSEINTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (4) “S&P GSCI™ Energy Index Excess Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Energy Index Excess Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSEINP” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (5) “S&P GSCI™ Petroleum Index Total Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Petroleum Index Total Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSPTTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (6) “S&P GSCI™ Petroleum Index Excess Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Petroleum Index Excess Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSPTP” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (7) “S&P GSCI™ Non-Energy Index Total Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Non-Energy Index Total Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSNETR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (8) “S&P GSCI™ Non-Energy Index Excess Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s

Specified Price for the S&P GSCI™ Non-Energy Index Excess Return Index, stated in U.S. Dollars, published by Standard & Poor's or its successor, and displayed on Reuters Screen page ".SPGSNEP" that displays prices effective on that Valuation Date or Averaging Date, as the case may be.

- (9) "S&P GSCI™ Reduced Energy Index (CPW 2) Total Return" means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day's Specified Price for the S&P GSCI™ Reduced Energy Index (CPW 2) Total Return Index, stated in U.S. Dollars, published by Standard & Poor's or its successor, and displayed on Reuters Screen page ".SPGSRETR" that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (10) "S&P GSCI™ Reduced Energy Index (CPW 2) Excess Return" means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day's Specified Price for the S&P GSCI™ Reduced Energy Index (CPW 2) Excess Return Index, stated in U.S. Dollars, published by Standard & Poor's or its successor, and displayed on Reuters Screen page ".SPGSREP" that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (11) "S&P GSCI™ Light Energy Index (CPW 4) Total Return" means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day's Specified Price for the S&P GSCI™ Light Energy Index (CPW 4) Total Return Index, stated in U.S. Dollars, published by Standard & Poor's or its successor, and displayed on Reuters Screen page ".SPGSLETR" that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (12) "S&P GSCI™ Light Energy Index (CPW 4) Excess Return" means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day's Specified Price for the S&P GSCI™ Light Energy Index (CPW 4) Excess Return Index, stated in U.S. Dollars, published by Standard & Poor's or its successor, and displayed on Reuters Screen page ".SPGSLEP" that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (13) "S&P GSCI™ Ultra-Light Energy Index (CPW 8) Total Return" means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day's Specified Price for the S&P GSCI™ Ultra-Light Energy Index (CPW 8) Total Return Index, stated in U.S. Dollars, published by Standard & Poor's or its successor, and displayed on Reuters Screen page ".SPGSUETR" that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (14) "S&P GSCI™ Ultra-Light Energy Index (CPW 8) Excess Return" means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day's Specified Price for the S&P GSCI™ Ultra-Light Energy Index (CPW 8) Excess Return Index, stated in U.S. Dollars, published by Standard & Poor's or its successor, and displayed on Reuters Screen page ".SPGSUEP" that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (15) "S&P GSCI™ Energy and Metals Index Total Return" means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day's Specified Price for the S&P GSCI™ Energy and Metals Index Total Return Index, stated in U.S. Dollars, published by Standard & Poor's or its successor, and displayed on Reuters Screen page ".SPGSEMTR" that

displays prices effective on that Valuation Date or Averaging Date, as the case may be.

- (16) “S&P GSCI™ Energy and Metals Index Excess Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Energy and Metals Index Excess Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSEMP” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (17) “S&P GSCI™ Industrial Metals Index Total Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Industrial Metals Index Total Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSINTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (18) “S&P GSCI™ Industrial Metals Index Excess Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Industrial Metals Index Excess Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSINP” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (19) “S&P GSCI™ Precious Metals Index Total Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Precious Metals Index Total Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSPMTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (20) “S&P GSCI™ Precious Metals Index Excess Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Precious Metals Index Excess Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSPMP” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (21) “S&P GSCI™ Agriculture Index Total Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Agriculture Index Total Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSAGTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (22) “S&P GSCI™ Agriculture Index Excess Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Agriculture Index Excess Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSAGP” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (23) “S&P GSCI™ Livestock Index Total Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s

Specified Price for the S&P GSCI™ Livestock Index Total Return Index, stated in U.S. Dollars, published by Standard & Poor's or its successor, and displayed on Reuters Screen page “.SPGSLVTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.

- (24) “S&P GSCI™ Livestock Index Excess Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day's Specified Price for the S&P GSCI™ Livestock Index Excess Return Index, stated in U.S. Dollars, published by Standard & Poor's or its successor, and displayed on Reuters Screen page “.SPGSLVVP” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (25) “S&P GSCI™ Non-Livestock Index Total Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day's Specified Price for the S&P GSCI™ Non-Livestock Index Total Return Index, stated in U.S. Dollars, published by Standard & Poor's or its successor, and displayed on Reuters Screen page “.SPGSNLTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (26) “S&P GSCI™ Non-Livestock Index Excess Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day's Specified Price for the S&P GSCI™ Non-Livestock Index Excess Return Index, stated in U.S. Dollars, published by Standard & Poor's or its successor, and displayed on Reuters Screen page “.SPGSNLP” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (27) “S&P GSCI™ Agriculture and Livestock Index Total Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day's Specified Price for the S&P GSCI™ Agriculture and Livestock Index Total Return Index, stated in U.S. Dollars, published by Standard & Poor's or its successor, and displayed on Reuters Screen page “.SPGSALTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (28) “S&P GSCI™ Agriculture and Livestock Index Excess Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day's Specified Price for the S&P GSCI™ Agriculture and Livestock Index Excess Return Index, stated in U.S. Dollars, published by Standard & Poor's or its successor, and displayed on Reuters Screen page “.SPGSALP” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (29) “S&P GSCI™ Non-Precious Index Total Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day's Specified Price for the S&P GSCI™ Non-Precious Index Total Return Index, stated in U.S. Dollars, published by Standard & Poor's or its successor, and displayed on Reuters Screen page “.SPGSXPTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (30) “S&P GSCI™ Non-Precious Index Excess Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day's Specified Price for the S&P GSCI™ Non-Precious Index Excess Return Index, stated in U.S. Dollars, published by Standard & Poor's or its successor, and displayed on Reuters Screen page “.SPGSXPP” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.

- (31) “S&P GSCI™ Grains Index Total Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Grains Index Total Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSGRTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (32) “S&P GSCI™ Grains Index Excess Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Grains Index Excess Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSGRP” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (33) “S&P GSCI™ Crude Oil Index Total Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Crude Oil Index Total Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSCLTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (34) “S&P GSCI™ Crude Oil Index Excess Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Crude Oil Index Excess Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSCLP” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (35) “S&P GSCI™ Brent Crude Index Total Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Brent Crude Index Total Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSBRTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (36) “S&P GSCI™ Brent Crude Index Excess Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Brent Crude Index Excess Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSBRP” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (37) “S&P GSCI™ Heating Oil Index Total Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Heating Oil Index Total Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSHOTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (38) “S&P GSCI™ Heating Oil Index Excess Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Heating Oil Index Excess Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSHOP” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.

- (39) “S&P GSCI™ Unleaded Gasoline Index Total Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Unleaded Gasoline Index Total Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSHUTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (40) “S&P GSCI™ Unleaded Gasoline Index Excess Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Unleaded Gasoline Index Excess Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSHUP” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (41) “S&P GSCI™ GasOil Index Total Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ GasOil Index Total Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSGOTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (42) “S&P GSCI™ GasOil Index Excess Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ GasOil Index Excess Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSGOP” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (43) “S&P GSCI™ Natural Gas Index Total Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Natural Gas Index Total Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSNGTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (44) “S&P GSCI™ Natural Gas Index Excess Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Natural Gas Index Excess Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSNGP” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (45) “S&P GSCI™ Live Cattle Index Total Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Live Cattle Index Total Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSLCTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (46) “S&P GSCI™ Live Cattle Index Excess Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Live Cattle Index Excess Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSLCP” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.



- (47) “S&P GSCI™ Lean Hogs Index Total Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Lean Hogs Index Total Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSLHTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (48) “S&P GSCI™ Lean Hogs Index Excess Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Lean Hogs Index Excess Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSLHP” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (49) “S&P GSCI™ Feeder Cattle Index Total Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Feeder Cattle Index Total Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSFCTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (50) “S&P GSCI™ Feeder Cattle Index Excess Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Feeder Cattle Index Excess Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSFCP” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (51) “S&P GSCI™ Wheat Index Total Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Wheat Index Total Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSWHTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (52) “S&P GSCI™ Wheat Index Excess Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Wheat Index Excess Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSWHP” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (53) “S&P GSCI™ Kansas Wheat Index Total Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Kansas Wheat Index Total Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSKWTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (54) “S&P GSCI™ Kansas Wheat Index Excess Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Kansas Wheat Index Excess Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSKWP” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.

- (55) “S&P GSCI™ Corn Index Total Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Corn Index Total Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSCNTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (56) “S&P GSCI™ Corn Index Excess Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Corn Index Excess Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSCNP” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (57) “S&P GSCI™ Soybeans Index Total Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Soybeans Index Total Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSSOTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (58) “S&P GSCI™ Soybeans Index Excess Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Soybeans Index Excess Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSSOP” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (59) “S&P GSCI™ Sugar Index Total Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Sugar Index Total Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSSBTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (60) “S&P GSCI™ Sugar Index Excess Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Sugar Index Excess Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSSBP” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (61) “S&P GSCI™ Coffee Index Total Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Coffee Index Total Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSKCTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (62) “S&P GSCI™ Coffee Index Excess Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Coffee Index Excess Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSKCP” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (63) “S&P GSCI™ Cocoa Index Total Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Cocoa Index Total Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor,

and displayed on Reuters Screen page “.SPGSCCTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.

- (64) “S&P GSCI™ Cocoa Index Excess Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Cocoa Index Excess Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSCCP” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (65) “S&P GSCI™ Cotton Index Total Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Cotton Index Total Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSCCTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (66) “S&P GSCI™ Cotton Index Excess Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Cotton Index Excess Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSCTP” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (67) “S&P GSCI™ Silver Index Total Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Silver Index Total Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSSITR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (68) “S&P GSCI™ Silver Index Excess Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Silver Index Excess Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSSIP” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (69) “S&P GSCI™ Gold Index Total Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Gold Index Total Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSGCTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (70) “S&P GSCI™ Gold Index Excess Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Gold Index Excess Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSGCP” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (71) “S&P GSCI™ Aluminum Index Total Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Aluminum Index Total Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSIATR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.

- (72) “S&P GSCI™ Aluminum Index Excess Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Aluminum Index Excess Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSIAP” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (73) “S&P GSCI™ Zinc Index Total Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Zinc Index Total Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSIZTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (74) “S&P GSCI™ Zinc Index Excess Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Zinc Index Excess Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSIZP” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (75) “S&P GSCI™ Nickel Index Total Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Nickel Index Total Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSIKTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (76) “S&P GSCI™ Nickel Index Excess Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Nickel Index Excess Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSIKP” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (77) “S&P GSCI™ Copper Index Total Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Copper Index Total Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSICTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (78) “S&P GSCI™ Copper Index Excess Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Copper Index Excess Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSICP” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (79) “S&P GSCI™ Lead Index Total Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Lead Index Total Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SPGSILTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (80) “S&P GSCI™ Lead Index Excess Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ Lead Index Excess Return Index,

stated in U.S. Dollars, published by Standard & Poor's or its successor, and displayed on Reuters Screen page ".SPGSILP" that displays prices effective on that Valuation Date or Averaging Date, as the case may be.

- (81) "S&P GSCI™ Platinum Index Total Return" means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day's Specified Price for the S&P GSCI™ Platinum Index Total Return Index, stated in U.S. Dollars, published by Standard & Poor's or its successor, and displayed on Reuters Screen page ".SPGSPLTR" that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (82) "S&P GSCI™ Platinum Index Excess Return" means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day's Specified Price for the S&P GSCI™ Platinum Index Excess Return Index, stated in U.S. Dollars, published by Standard & Poor's or its successor, and displayed on Reuters Screen page ".SPGSPLP" that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (83) "S&P GSCI™ Soybean Oil Index Total Return" means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day's Specified Price for the S&P GSCI™ Soybean Oil Index Total Return Index, stated in U.S. Dollars, published by Standard & Poor's or its successor, and displayed on Reuters Screen page ".SPGSBOTR" that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (84) "S&P GSCI™ Soybean Oil Index Excess Return" means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day's Specified Price for the S&P GSCI™ Soybean Oil Index Excess Return Index, stated in U.S. Dollars, published by Standard & Poor's or its successor, and displayed on Reuters Screen page ".SPGSBOP" that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (85) "S&P GSCI™ Palladium Index Total Return" means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day's Specified Price for the S&P GSCI™ Palladium Index Total Return Index, stated in U.S. Dollars, published by Standard & Poor's or its successor, and displayed on Reuters Screen page ".SPGSPATR" that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (86) "S&P GSCI™ Palladium Index Excess Return" means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day's Specified Price for the S&P GSCI™ Palladium Index Excess Return Index, stated in U.S. Dollars, published by Standard & Poor's or its successor, and displayed on Reuters Screen page ".SPGSPAP" that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (87) "S&P GSCI™ 1 Month Forward Total Return Index " means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day's Specified Price for the S&P GSCI™ 1 Month Forward Total Return Index, stated in U.S. Dollars, published by Standard & Poor's or its successor, and displayed on Reuters Screen page ".SG1MCITR" that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (88) "S&P GSCI™ 1 Month Forward Excess Return Index " means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day's Specified Price for the S&P GSCI™ 1 Month Forward Excess

Return Index, stated in U.S. Dollars, published by Standard & Poor's or its successor, and displayed on Reuters Screen page ".SG1MCIP" that displays prices effective on that Valuation Date or Averaging Date, as the case may be.

- (89) "S&P GSCI™ 2 Month Forward Total Return Index " means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day's Specified Price for the S&P GSCI™ 2 Month Forward Total Return Index, stated in U.S. Dollars, published by Standard & Poor's or its successor, and displayed on Reuters Screen page ".SG2MCITR" that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (90) "S&P GSCI™ 2 Month Forward Excess Return Index " means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day's Specified Price for the S&P GSCI™ 2 Month Forward Excess Return Index, stated in U.S. Dollars, published by Standard & Poor's or its successor, and displayed on Reuters Screen page ".SG2MCIP" that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (91) "S&P GSCI™ 3 Month Forward Total Return Index " means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day's Specified Price for the S&P GSCI™ 3 Month Forward Total Return Index, stated in U.S. Dollars, published by Standard & Poor's or its successor, and displayed on Reuters Screen page ".SG3MCITR" that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (92) "S&P GSCI™ 3 Month Forward Excess Return Index " means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day's Specified Price for the S&P GSCI™ 3 Month Forward Excess Return Index, stated in U.S. Dollars, published by Standard & Poor's or its successor, and displayed on Reuters Screen page ".SG3MCIP" that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (93) "S&P GSCI™ 4 Month Forward Total Return Index " means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day's Specified Price for the S&P GSCI™ 4 Month Forward Total Return Index, stated in U.S. Dollars, published by Standard & Poor's or its successor, and displayed on Reuters Screen page ".SG4MCITR" that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (94) "S&P GSCI™ 4 Month Forward Excess Return Index " means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day's Specified Price for the S&P GSCI™ 4 Month Forward Excess Return Index, stated in U.S. Dollars, published by Standard & Poor's or its successor, and displayed on Reuters Screen page ".SG4MCIP" that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (95) "S&P GSCI™ 5 Month Forward Total Return Index " means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day's Specified Price for the S&P GSCI™ 5 Month Forward Total Return Index, stated in U.S. Dollars, published by Standard & Poor's or its successor, and displayed on Reuters Screen page ".SG5MCITR" that displays prices effective on that Valuation Date or Averaging Date, as the case may be.

- (96) “S&P GSCI™ 5 Month Forward Excess Return Index “ means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the S&P GSCI™ 5 Month Forward Excess Return Index, stated in U.S. Dollars, published by Standard & Poor’s or its successor, and displayed on Reuters Screen page “.SG5MCIP” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (ii) DJ-UBS Commodity Indices
- (1) “DJUBS ComTSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Commodity Index Total ReturnSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (2) “DJUBS ComSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Commodity Index Excess ReturnSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBS” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (3) “DJUBSCI-F1TSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Commodity Index Total Return 1 Month ForwardSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSF1T” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (4) “DJUBSCI-F1SM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Commodity Index Excess Return 1 Month ForwardSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSF1” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (5) “DJUBSCI-F2TSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Commodity Index Total Return 2 Month ForwardSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSF2T” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (6) “DJUBSCI-F2SM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Commodity Index Excess Return 2 Month ForwardSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSF2” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (7) “DJUBSCI-F3TSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for

The Dow Jones-UBS Commodity Index Total Return 3 Month ForwardSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSF3T” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.

- (8) “DJUBSCI-F3SM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Commodity Index Excess Return 3 Month ForwardSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSF3” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (9) “DJUBS EneTSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Energy Total Return Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSENTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (10) “DJUBS EneSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Energy Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSEN” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (11) “DJUBS PetTSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Petroleum Total Return Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSPETR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (12) “DJUBS PetSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Petroleum Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSPE” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (13) “DJUBS LvstckTSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Livestock Total Return Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSLITR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (14) “DJUBS LvstckSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Livestock Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSLI” that



displays prices effective on that Valuation Date or Averaging Date, as the case may be.

- (15) “DJUBS GrainsTSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Grains Total Return Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSGRTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (16) “DJUBS GrainsSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Grains Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSGR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (17) “DJUBS IndMtlTSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Industrial Metals Total Return Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSINTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (18) “DJUBS IndMtlSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Industrial Metals Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSIN” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (19) “DJUBS PrcMtlTSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Precious Metals Total Return Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSPRTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (20) “DJUBS PrcMtlSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Precious Metals Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSPR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (21) “DJUBS SftsTSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Softs Total Return Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSSOTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.

- (22) “DJUBS SoftsTSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Softs Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSSO” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (23) “DJUBS ExEngy TRSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS ExEnergy Total Return Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSXETR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (24) “DJUBS ExEngySM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS ExEnergy Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSXE” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (25) “DJUBS Agri TRSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Agriculture Total Return Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSAGTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (26) “DJUBS AgriSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Agriculture Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSAG” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (27) “DJUBS50/50 EnAgTSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS 50/50 Energy & Agriculture Total Return Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSEATR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (28) “DJUBS50/50 EnAgSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS 50/50 Energy & Agriculture Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSEA” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (29) “DJUBS AluminTRSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Aluminum Total Return Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and

UBS AG or its successor, and displayed on Reuters Screen page “DJUBSALTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.

- (30) “DJUBS AluminumSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Aluminum Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSAL” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (31) “DJUBS SoybenOITRSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Soybean Oil Total Return Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSBOTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (32) “DJUBS SoybeanOilSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Soybean Oil Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSBO” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (33) “DJUBS CornTRSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Corn Total Return Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSCNTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (34) “DJUBS CornSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Corn Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSCN” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (35) “DJUBS CoffeeTRSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Coffee Total Return Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSKCTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (36) “DJUBS CoffeeSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Coffee Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSKC” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.

- (37) “DJUBS CrudeOilTRSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Crude Oil Total Return Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSCLTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (38) “DJUBS CrudeOilSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Crude Oil Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSCL” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (39) “DJUBS CottonTRSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Cotton Total Return Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSCTTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (40) “DJUBS CottonSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Cotton Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSCT” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (41) “DJUBS GoldTRSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Gold Total Return Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSGCTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (42) “DJUBS GoldSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Gold Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSGC” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (43) “DJUBS CopperTRSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Copper Total Return Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSHGTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (44) “DJUBS CopperSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Copper Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSHG” that

displays prices effective on that Valuation Date or Averaging Date, as the case may be.

- (45) “DJUBS HeatOilTRSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Heating Oil Total Return Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSHOTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (46) “DJUBS HeatOilSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Heating Oil Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSHO” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (47) “DJUBS UnledGasTRSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Unleaded Gas Total Return Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSRBTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (48) “DJUBS UnleadGasSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Unleaded Gas Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSRB” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (49) “DJUBS LiveCattleTRSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Live Cattle Total Return Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSLCTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (50) “DJUBS LiveCattleSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Live Cattle Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSLC” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (51) “DJUBS LeanHogsTRSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Lean Hogs Total Return Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSLHTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.

- (52) “DJUBS LeanHogsSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Lean Hogs Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSLH” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (53) “DJUBS NatrlGasTRSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Natural Gas Total Return Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSNGTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (54) “DJUBS NaturalGasSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Natural Gas Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSNG” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (55) “DJUBS NickelTRSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Nickel Total Return Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSNITR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (56) “DJUBS NickelSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Nickel Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSNI” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (57) “DJUBS SoybeansTRSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Soybean Total Return Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSSYTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (58) “DJUBS SoybeansSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Soybean Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSSY” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (59) “DJUBS SugarTRSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Sugar Total Return Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and

UBS AG or its successor, and displayed on Reuters Screen page “DJUBSSBTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.

- (60) “DJUBS Sugar<sup>SM</sup>” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Sugar Sub-Index<sup>SM</sup>, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSSB” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (61) “DJUBS Silver<sup>TRSM</sup>” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Silver Total Return Sub-Index<sup>SM</sup>, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSSITR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (62) “DJUBS Silver<sup>SM</sup>” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Silver Sub-Index<sup>SM</sup>, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSSI” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (63) “DJUBS Wheat<sup>TRSM</sup>” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Wheat Total Return Sub-Index<sup>SM</sup>, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSWHTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (64) “DJUBS Wheat<sup>SM</sup>” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Wheat Sub-Index<sup>SM</sup>, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSWH” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (65) “DJUBS Zinc<sup>TRSM</sup>” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Zinc Total Return Sub-Index<sup>SM</sup>, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSZSTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (66) “DJUBS Zinc<sup>SM</sup>” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Zinc Sub-Index<sup>SM</sup>, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSZS” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.

- (67) “DJUBS CocoaTRSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Cocoa Total Return Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSCCTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (68) “DJUBS CocoaSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Cocoa Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSCC” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (69) “DJUBS PlatinumTRSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Platinum Total Return Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSPLTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (70) “DJUBS PlatinumSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Platinum Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSPL” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (71) “DJUBS LeadTRSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Lead Total Return Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSPBTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (72) “DJUBS LeadSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Lead Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSPB” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (73) “DJUBS TinTRSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Tin Total Return Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and displayed on Reuters Screen page “DJUBSSNTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (74) “DJUBS TinSM” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for The Dow Jones-UBS Tin Sub-IndexSM, stated in U.S. Dollars, published by Dow Jones & Company, Inc. or its successor, and UBS AG or its successor, and



displayed on Reuters Screen page “DJUBSSN” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.

(iii) Rogers International Commodity Indices

- (1) “RICI®-Index Total Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the RICI® - Index Total Return, stated in U.S. Dollars, calculated by CQG, Inc. or its successor, and displayed on Reuters Screen page “.ROGRTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (2) “RICI®-Index Excess Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the RICI® - Index Excess Return, stated in U.S. Dollars, calculated by CQG, Inc. or its successor, and displayed on Reuters Screen page “.ROGRER” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (3) “RICI®-Agriculture Index Total Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the RICI® - Agriculture Index Total Return, stated in U.S. Dollars, calculated by CQG, Inc. or its successor, and displayed on Reuters Screen page “.ROGRAGTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (4) “RICI®-Agriculture Index Excess Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the RICI® - Agriculture Index Excess Return, stated in U.S. Dollars, calculated by CQG, Inc. or its successor, and displayed on Reuters Screen page “.ROGRAGER” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (5) “RICI®-Energy Index Total Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the RICI® - Energy Index Total Return, stated in U.S. Dollars, calculated by CQG, Inc. or its successor, and displayed on Reuters Screen page “.ROGRENTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (6) “RICI®-Energy Index Excess Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the RICI® - Energy Index Excess Return, stated in U.S. Dollars, calculated by CQG, Inc. or its successor, and displayed on Reuters Screen page “.ROGRENER” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (7) “RICI®-Metals Index Total Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the RICI® - Metals Index Total Return, stated in U.S. Dollars, calculated by CQG, Inc. or its successor, and displayed on Reuters Screen page “.ROGRIMTR” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.
- (8) “RICI®-Metals Index Excess Return” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s Specified Price for the RICI® - Metals Index Excess Return, stated in U.S. Dollars, calculated by CQG, Inc. or its successor, and displayed on Reuters Screen page “.ROGRIMER” that displays prices effective on that Valuation Date or Averaging Date, as the case may be.

(E) Emissions

(i) ECX

- (1) “CER CFI-ICE FUTURES” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s official settlement price per metric tonne of EU Credits on ICE Futures of the ICE ECX CER Futures Contract for the Delivery Date, stated in Euros, as made public by ICE Futures on that Valuation Date or Averaging Date, as the case may be.
- (2) “EU ALLOWANCE-ECX CFI-ICE FUTURES” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s official settlement price per metric tonne of EU Allowances on ICE Futures of the ICE ECX EUA Futures Contract for the Delivery Date, stated in Euros, as made public by ICE Futures on that Valuation Date or Averaging Date, as the case may be.
- (3) “CER-ECX CFI-ICE DAILY FUTURES” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s official settlement price on ICE Futures of the ICE ECX CER Daily Futures Contract for spot delivery, stated in Euros per metric tonne of Certified Emission Reductions, as made public by ICE Futures on that Valuation Date or Averaging Date, as the case may be.
- (4) “EU ALLOWANCE-ECX CFI-ICE DAILY FUTURES” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s official settlement price on ICE Futures of the ICE ECX EUA Daily Futures Contract for spot delivery, stated in Euros per metric tonne of EU Allowances, as made public by ICE Futures on that Valuation Date or Averaging Date, as the case may be.

(ii) BLUENEXT

- (1) “BLUENEXT SPOT EUA” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s closing price on BlueNext of the BlueNext Spot EUA Contract 2008-2012, stated in Euros per metric tonne of EU Allowances, as made public by BLUENEXT on that Valuation Date or Averaging Date, as the case may be.
- (2) “BLUENEXT SPOT CER” means that the price for a Valuation Date or Averaging Date, as the case may be, will be that day’s closing price on BlueNext of the BlueNext Spot CER Contract 2008-2012, stated in Euros per metric tonne of EU Credits, as made public by BlueNext on that Valuation Date or Averaging Date, as the case may be.

(a) Price Sources

“Argus/McCloskey’s” and “Argus/McCloskey’s Coal Price Index Report” each means the Argus/McCloskey’s Coal Price Index Report, or any successor publication, published by Argus Media Limited or its successor and The McCloskey Group Limited.

“Platts European” means Platts European Marketscan, or any successor publication, published by The McGraw-Hill Companies Inc. or its successor.

“Reuters” means Reuters or its successor.

“Reuters Screen” means, when used in connection with any designated page and Commodity Reference Price, the display page so designated on Reuters (or such

other page as may replace that page on that service for the purpose of displaying rates or prices comparable to that Commodity Reference Price).

(b) Exchanges and Principal Trading Markets

“Bursa Malaysia” means the Bursa Malaysia Derivatives Bhd or its successor.

“CBOT” means the Chicago Board of Trade or its successor.

“CME” means the Chicago Mercantile Exchange or its successor.

“EEX” means the European Energy Exchange AG, or its successor, which reports market prices on its website at <http://www.eex.de> or its successor.

“IPE” means The International Petroleum Exchange of London Ltd., a wholly owned subsidiary of IntercontinentalExchange™, or its successor.

“KCBOT” means the Kansas City Board of Trade or its successor.

“LBMA” means The London Bullion Market Association or its successor.

“LME” means The London Metal Exchange Limited or its successor.

“London Gold Market” means the market in London on which members of the LBMA, amongst other things, quote prices for the buying and selling of Gold.

“London Silver Market” means the market in London on which members of the LBMA, amongst other things, quote prices for the buying and selling of Silver.

“LPPM” means The London Platinum and Palladium Market in London on which members quote prices for the buying and selling of Platinum and Palladium.

“NYBOT” means the New York Board of Trade or its successor.

“NYMEX” means the NYMEX Division, or its successor, of the New York Mercantile Exchange, Inc. or its successor.

“SFE” means the Sydney Futures Exchange Limited (ACN 000 943 377) or its successor.

“TGE” means the Tokyo Grain Exchange or its Successor.

“TOCOM” means The Tokyo Commodity Exchange or its successor.

“WCE” means the Winnipeg Commodity Exchange Inc. or its successor.

(c) General

“MMBTU”, “MMBtu” and “mmbtu” each means one million British thermal units.

“MWH”, “MWh” and “mwh” each means megawatt hour.

(E) *Credit Securities*

Provisions relating to Credit Securities will be set out hereon.

## 17. Additional Disruption Events

### (a) Definitions

“**Additional Disruption Event**” means any of Change in Law, Hedging Disruption, Increased Cost of Hedging, Increased Cost of Stock Borrow, Insolvency Filing and/or Loss of Stock Borrow, in each case if specified hereon.

“**Change in Law**” means that, on or after the Trade Date (as specified hereon) (i) due to the adoption of or any change in any relevant law or regulation (including, without limitation, any tax law), or (ii) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any relevant law or regulation (including any action taken by a taxing authority), the Issuer determines in its sole and absolute discretion that (A) it has become illegal to hold, acquire or dispose of Hedge Positions or (B) the Issuer will incur a materially increased cost in performing its obligations in relation to the Securities (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of the Issuer and/or any of its Affiliates).

“**Hedge Positions**” means any purchase, sale, entry into or maintenance of one or more (i) positions or contracts in securities, commodities, options, futures, derivatives or foreign exchange, (ii) stock loan transactions or (iii) other instruments or arrangements (howsoever described) by a party in order to hedge, individually or on a portfolio basis, the Securities.

“**Hedging Disruption**” means that the Issuer and/or any of its Affiliates is unable, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) the Issuer deems necessary to hedge the equity or other price risk of the Issuer issuing and performing its obligations with respect to the Securities, or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

“**Hedging Securities**” means the number of Underlying Equities (in the case of Equity Securities) or securities/commodities comprised in an Index (in the case of Index Securities) or other security or commodity that the Issuer deems necessary to hedge the equity or other price risk of entering into and performing its obligations with respect to the Securities.

“**Increased Cost of Hedging**” means that the Issuer and/or any of its Affiliates would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) the Issuer deems necessary to hedge the equity or other price risk of the Issuer issuing and performing its obligations with respect to the Securities, or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates shall not be deemed an Increased Cost of Hedging.

“**Increased Cost of Stock Borrow**” means that the Issuer and/or any of its Affiliates would incur a rate to borrow any Underlying Equity (in the case of Share Securities) or any security/commodity comprised in an Index (in the case of Index Securities) or any other security or commodity that the Issuer deems reasonable to hedge the equity or other price risk of entering into or performing its obligation with respect to the Securities that is greater than the Initial Stock Loan Rate.

“**Initial Stock Loan Rate**” means, in respect of an Underlying Equity (in the case of Equity Securities) or a security/commodity comprised in an Index (in the case of Index Securities) or any other security or commodity that the Issuer deems reasonable to hedge the equity or other price risk of entering into or performing its obligation with respect to the Securities, the rate which the Issuer and/or any of its Affiliates would have incurred to borrow such Underlying Equity or such other securities or commodities, as the case may be, as of the Trade Date, as determined by the Issuer.

“**Insolvency Filing**” means that an Equity Issuer institutes or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgement of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or

liquidation by it or such regulator, supervisor or similar official or it consents to such a petition, provided that proceedings instituted or petitions presented by creditors and not consented to by the Equity Issuer shall not be deemed an Insolvency Filing.

“**Loss of Stock Borrow**” means that the Issuer and/or any Affiliate is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) any Underlying Equity (in the case of Equity Securities) or any securities/commodities comprised in an Index (in the case of Index Securities) or any other security or commodity that the Issuer deems reasonable to hedge the equity or other price risk of entering into or performing its obligation with respect to the Securities in an amount equal to the Hedging Securities at a rate equal to or less than the Maximum Stock Loan Rate.

“**Maximum Stock Loan Rate**” means, in respect of an Underlying Equity (in the case of Equity Securities) or a security/commodity comprised in an Index (in the case of Index Securities) or any other security or commodity that the Issuer deems reasonable to hedge the equity or other price risk of entering into or performing its obligation with respect to the Securities, the lowest rate at which the Issuer and/or any of its Affiliates, after using commercially reasonable efforts, would have incurred to borrow (and maintain a borrowing of) such Underlying Equity or such security or commodity, as the case may be, in an amount equal to the Hedging Securities, as of the Trade Date, as determined by the Issuer.

“**Reference Item**” means the underlying equity security, index, debt security, currency or other items to which the Securities relate.

*(b) Occurrence of Additional Disruption Events*

If an Additional Disruption Event occurs, the Issuer in its sole and absolute discretion may take the action described in (i), (ii) or (iii) below:

- (i) require the Calculation Agent to determine the appropriate adjustment, if any, to be made to one or more of the Cash Settlement Amount and/or the Asset Amount(s) and/or Settlement Price and/or the Exercise Price and/or the Multiplier and/or any of the other terms hereof to account for the Additional Disruption Event and determine the effective date of that adjustment; or
- (ii) substitute the relevant Reference Item with a different reference item and, following such substitution, the Calculation Agent shall make such adjustment (if any) as it considers appropriate to the Settlement Price, the Exercise Price and/or any of the other terms hereof; or
- (iii) give notice to the Securityholders in accordance with Condition 12 and redeem all, but not some only, of the Securities or, if Units are specified in the applicable Final Terms, the Units, as the case may be, at the Early Cancellation Amount (determined in accordance herewith) on the date selected by the Issuer.

If the provisions of this Condition 17(b) apply, the Calculation Agent may (but need not) determine the appropriate adjustment by reference to the adjustment in respect of the relevant Additional Disruption Event, made by an options exchange to options on the Underlying Equities traded on that options exchange.

Upon the occurrence (if relevant) of an Additional Disruption Event, the Issuer shall give notice as soon as practicable to the Securityholders in accordance with Condition 12 stating the occurrence of the Additional Disruption Event, as the case may be, giving details thereof and the action proposed to be taken in relation thereto.

**18. Determinations by the Calculation Agent**

Determinations and judgements made by the Calculation Agent pursuant to the Conditions shall be made in a commercially reasonable manner having regard to market practices. Such determinations or judgements, or any adjustments, shall, in the absence of manifest error, be conclusive and binding on Securityholders. In making any determination, judgement or adjustment, the Calculation Agent shall not have regard to any interests arising from circumstances particular to individual Securityholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such determination or adjustment for individual Securityholders (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 any

political sub-division thereof and the Calculation Agent shall not be entitled to require, nor shall any Securityholder be entitled to claim, from the Issuer, the Calculation Agent or any other person any indemnification or payment in respect of any tax consequences of any such determination, judgement or adjustment upon individual Securityholders. In exercising its right to make such determinations, judgements and adjustments, the Calculation Agent is entitled to act in its sole and absolute discretion, but must act in good faith.

**19. Governing Law**

The Securities and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

**20. Third Party Rights**

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

## **USE OF PROCEEDS**

The net proceeds of each issue of Securities will be used for the general business purposes of Lloyds Banking Group. If in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

## **LLOYDS BANKING GROUP**

### **Overview**

The businesses of the Lloyds Banking Group are in or owned by the Bank. Lloyds Banking Group is a leading UK based financial services group providing a wide range of banking and financial services, primarily in the UK, to personal and corporate customers.

### **History and development of Lloyds Banking Group**

The history of the Group can be traced back to the 18th century when the banking partnership of Taylors and Lloyds was established in Birmingham, England. Lloyds Bank Plc was incorporated in 1865 and during the late 19th and early 20th centuries entered into a number of acquisitions and mergers, significantly increasing the number of banking offices in the UK. In 1995, it continued to expand with the acquisition of the Cheltenham and Gloucester Building Society (C&G).

TSB Group plc became operational in 1986 when, following UK Government legislation, the operations of four Trustee Savings Banks and other related companies were transferred to TSB Group plc and its new banking subsidiaries. By 1995, the TSB Group had, either through organic growth or acquisition, developed life and general insurance operations, investment management activities, and a motor vehicle hire purchase and leasing operation to supplement its retail banking activities.

In 1995, TSB Group plc merged with Lloyds Bank Plc. Under the terms of the merger, the TSB and Lloyds Bank groups were combined under TSB Group plc, which was re-named Lloyds TSB Group plc with Lloyds Bank Plc, which was subsequently re-named Lloyds TSB Bank plc, the principal subsidiary. In 1999, the businesses, assets and liabilities of TSB Bank plc, the principal banking subsidiary of the TSB Group prior to the merger, and its subsidiary Hill Samuel Bank Limited were vested in Lloyds TSB Bank plc, and in 2000, Lloyds TSB Group acquired Scottish Widows. In addition to already being one of the leading providers of banking services in the UK, this transaction also positioned Lloyds TSB Group as one of the leading suppliers of long-term savings and protection products in the UK.

On 18 September 2008, with the support of the UK Government, the boards of Lloyds TSB Group plc and HBOS plc announced that they had reached agreement on the terms of a recommended acquisition by Lloyds TSB Group plc of HBOS plc. The shareholders of Lloyds TSB Group plc approved the acquisition at the Company's general meeting on 19 November 2008. On 16 January 2009, the acquisition was completed and Lloyds TSB Group plc changed its name to Lloyds Banking Group plc.

Pursuant to two placing and open offers which were completed by the Company in January and June 2009 and the Rights Issue completed in December 2009, the UK Government acquired 43.4 per cent. of the Company's issued ordinary share capital. Following further issues of ordinary shares, the UK Government's holding has been reduced to approximately 40.6 per cent.

### **Strategy**

The Group's corporate strategy supports its vision of being recognised as the best financial services company in the UK by customers, colleagues and shareholders. The strategy is focused on being a conservative, "through the cycle" relationship-based business.

The main focus for the Group remains the financial services markets in the UK and the Group's strategic position was strengthened through the acquisition of HBOS in January 2009. The Group is a well diversified UK financial services group and the largest retail financial services provider in the UK. The Group has leading positions in many of the markets in which it participates, a comprehensive distribution capability, well recognised



brands and a large customer base. The Group continues to invest in products and services, systems and training that combined will offer improved choice and service to the Group's customers. The Group's corporate strategy is focused on:

*Developing strong customer franchises that are based on deep customer relationships*

The Group's core businesses are focused on extending customer relationships, whilst enhancing product capabilities to build competitive advantage. Striving to understand and effectively meet the needs of the Group's customers from basic banking products to the more specialist services such as insurance, wealth management or corporate banking is at the heart of the Group's business and is fundamental to ensuring that the Group is developing long-lasting customer relationships.

*Building a high performance organisation*

In building a high performance organisation the Group is focused on improving its cost efficiency and utilising its capital more effectively whilst maintaining a prudent approach to risk.

- The Group aspires to have one of the lowest cost:income ratios amongst UK financial institutions and further improving the Group's processing efficiency and effectiveness will remain a priority. The effective integration of the HBOS business and the anticipated synergies arising from the Acquisition will be key to further improving the Group's efficiency.
- Utilising capital more effectively is increasingly important in the current environment and capital will continue to be rigorously allocated across the Group's portfolio of businesses to support core business growth.
- The prudent Lloyds TSB "through the cycle" approach to risk has been applied to the enlarged Group. The Group's conservative and prudent approach to risk is core to the business model and the "through the cycle" approach means that the Group will continue to support its customers throughout the economic cycle. The risk structures and frameworks that have been implemented are the foundation for good business management.

*Managing the Group's most valuable resource, people*

Central to executing the Group's strategy effectively will be building strong and long lasting customer relationships; this will only be possible through the efforts of its people. Therefore the Group's employees are its most valuable resource and it must ensure that their objectives and deliverables are aligned to the Group's corporate strategy. In driving a high performance culture it is important to encourage, manage and develop staff whilst creating a great place to work. By creating a great place to work the Group believes it will be able to retain and attract the highest performers.

*Summary*

The Group believes that the successful execution of its strategy to focus on core markets, customer and cost leadership, balance sheet efficiency, a prudent risk appetite and the effective management of its most valuable resource, its people, will bring the Group closer to achieving its vision of being recognised as the best financial services company in the UK.

Following the appointment of António Horta-Osório as Group Chief Executive of Lloyds Banking Group on 1 March 2011, the Group has also announced the launch of a Strategic Review of its Medium Term Plan. The conclusions of the Strategic Review will be announced around the end of the first half of 2011. The Strategic Review will cover all aspects of the business and will focus on ensuring that customers will be at the heart of the Group's future strategy by supporting UK households and businesses.

## **Businesses and Activities**

The Group is organised into four segments: Retail; Wholesale; Wealth and International; and Insurance.

### **Retail**

Retail operates the largest retail bank in the UK and is the leading provider of current accounts, savings, personal loans, credit cards and mortgages. With its strong stable of brands including Lloyds TSB, Halifax, Bank of Scotland and Cheltenham & Gloucester, it serves over 30 million customers through one of the largest branch and fee free ATM networks in the UK.

Retail is focused on effectively meeting the needs of its customers. The division has over 22 million current account customers and provides social banking to over four million people through basic banking or social banking accounts. It is also the largest provider of personal loans in the UK, as well as being the UK's leading credit card issuer. Retail provides over one in five new residential mortgages making it one of the leading UK mortgage lenders and provided over 50,000 mortgages to help first time buyers in 2010. Retail is the largest private sector savings provider in the UK. It is also a major general insurance and bancassurance distributor, offering a wide range of long-term savings, investment and general insurance products.

### **Wholesale**

The Wholesale division serves in excess of a million businesses, ranging from start-ups and small enterprises to global corporations, with a range of propositions fully segmented according to customer need. The division comprises Corporate Markets, Treasury and Trading and Asset Finance.

Corporate Markets comprises Commercial, Corporate, Wholesale Markets, Wholesale Equity and Corporate Real Estate Business Support Unit. Commercial and Corporate provide relationship-based banking, risk management and advisory services to business customers, principally in the UK. Wholesale Markets provides risk management solutions, specialised lending, access to capital markets and multi-product financing solutions to its customers, whilst managing the Group's own portfolio of structured credit investments and treasury assets. Wholesale Equity manages the division's equity investment holdings (including Lloyds Development Capital). Corporate Real Estate Business Support Unit manages relationships with commercial real estate customers facing financial difficulties.

Treasury and Trading's role is to provide access to financial markets in order to meet the Group's balance sheet management requirements, and it provides trading infrastructure to support execution of customer-driven risk management transactions, whilst operating within a well controlled and conservative risk appetite.

Asset Finance consists of a number of leasing and speciality lending businesses including Contract Hire (Lex Autolease and Hill Hire) and Consumer Finance (Black Horse Motor and Personal Finance).

### **Wealth and International**

Wealth and International was formed in 2009 to give increased focus and momentum to the private banking and asset management businesses and to manage the Group's international businesses.

The Wealth business comprises private banking, wealth management and asset management. Wealth's global private banking and wealth management operations cater to the full range of wealth clients from affluent to Ultra High Net Worth within the UK, Channel Islands and Isle of Man, and internationally. The private banking and wealth management business operates under the Lloyds TSB and Bank of Scotland brands. The asset management business, Scottish Widows Investment Partnership, has a broad client base, managing assets for Lloyds Banking Group customers as well as a wide range of clients including pension funds, charities, local authorities, Discretionary Managers and Financial Advisers. In addition, the Group holds a 60 per cent. stake in St James's Place, the UK's largest independent listed wealth manager and a 55 per cent. stake in Invista Real Estate.

The International business comprises the Group's other international banking businesses outside the UK, with the exception of corporate business in North America which is managed through the Group's Wholesale division. These largely comprise corporate, commercial and asset finance business in Australia, Ireland and Continental Europe and retail businesses in Germany and the Netherlands.

## **Insurance**

The Insurance division provides long-term savings, protection and investment products and general insurance products to customers in the UK and Europe and consists of three business units:

### *Life, Pensions and Investments UK*

The UK Life, Pensions and Investments business is the leading bancassurance provider in the UK and has one of the largest intermediary channels in the industry. The business provides long-term savings, protection and investment products distributed through the bancassurance, intermediary and direct channels using the Lloyds TSB, Halifax, Bank of Scotland and Scottish Widows brands.

In common with other life assurance companies in the UK, the life and pensions business of each of the life assurance companies in the Lloyds Banking Group is written in a long-term business fund. The main long-term business funds are divided into one or both of With Profit and Non-Profit sub funds.

With-profits life and pensions products are written from the respective With Profit sub-funds in the Group. The benefits accruing from these policies are designed to provide a smoothed return to policyholders who hold their policies to maturity through a mix of annual and final (or terminal) bonuses added to guaranteed basic benefits. The guarantees generally only apply on death or maturity. The actual bonuses declared will reflect the experience of the With Profit sub-fund.

Other life and pensions products are generally written from Non-Profit sub-funds.

Examples include unit-linked policies, annuities, term assurances and health insurance (under which a predetermined amount of benefit is payable in the event of an insured event such as being unable to work through sickness). The benefits provided by linked policies are wholly or partly determined by reference to a specific portfolio of assets known as unit-linked funds.

### *Life, Pensions And Investments Europe*

The European Life, Pensions and Investments business distributes products primarily in the German market under the Heidelberger Leben and Clerical Medical brands.

### *General Insurance*

The General Insurance business is a leading distributor of home insurance in the UK, with products sold through the branch network, direct channels and strategic corporate partners. The business also has significant brokerage operations for personal and commercial insurances. It operates primarily under the Lloyds TSB, Halifax and Bank of Scotland brands.

## **Competitive Environment**

The Group provides financial services to personal and corporate customers, predominantly in the UK but also overseas. The main business activities of the Group are retail, commercial and corporate banking, general insurance, and life, pensions and investment provision.

In the retail banking market, the Group competes with banks and building societies, major retailers and internet-only providers. In the mortgage market, competitors include the traditional banks and building societies and specialist mortgage providers. The Group competes with both UK and foreign financial institutions in the

wholesale banking markets and with bancassurance, life assurance and general insurance companies in the UK insurance market.

## **Regulation**

### *Overview of UK Regulation*

The FSA has responsibility under the FSMA for the regulation and oversight of a wide range of financial services activities in the UK and is responsible for the authorisation and supervision of institutions that perform regulated activities as defined in the FSMA. As at 31 December 2010, there were 40 UK authorised institutions across the Group which are regulated by the FSA on both an individual and a consolidated basis.

### *Regulatory Approach of the FSA*

The FSA's regulatory approach requires senior management of a financial institution to ensure that it takes reasonable care to organise and control its affairs responsibly and effectively and that it develops and maintains adequate risk management systems.

The FSA Handbook sets out rules and guidance across a range of issues with which financial institutions are required to comply including prudential rules relating to capital adequacy and liquidity, high level principles of business and detailed conduct of business standards and reporting standards.

The UK Government has announced plans to give the Bank of England macro- and micro-prudential supervisory powers over UK regulated banks and to create a new Customer Protection and Markets Authority (to be renamed the Financial Conduct Authority (FCA)) to take over the FSA's conduct of business supervisory role, together with certain other duties from the FSA and other bodies.

### *Other Bodies Impacting the Regulatory Regime*

#### *The Bank of England and HM Treasury*

The agreed framework for co-operation in the field of financial stability in the financial markets is detailed in the Memorandum of Understanding published jointly by the HM Treasury, the FSA and the Bank of England (the "**Tripartite Authorities**"). The Bank of England has specific responsibilities in relation to financial stability, including: (i) ensuring the stability of the monetary system; (ii) oversight of the financial system infrastructure, in particular payments systems in the UK and abroad; and (iii) maintaining a broad overview of the financial system through its monetary stability role and the deputy governor's membership of the FSA's Board. The Tripartite Authorities work together to achieve stability in the financial markets.

The Banking Act provides the Tripartite Authorities with the tools for dealing with failing institutions as part of the SRR. These powers are designed to enable the Tripartite Authorities to deal with and stabilise UK-incorporated institutions with permission to accept deposits pursuant to Part IV of the FSMA (each, a "**relevant entity**") that are failing or are likely to fail to satisfy certain threshold conditions (within the meaning of section 41 of the FSMA, being the conditions that a relevant entity must satisfy in order to retain its authorisation to perform regulated activities).

The SRR consists of three stabilisation options: (i) transfer of all or part of the business of the relevant entity or the shares of the relevant entity to a private sector purchaser; (ii) transfer of all or part of the business of the relevant entity to a 'bridge bank' wholly-owned by the Bank of England; and (iii) temporary public ownership of the relevant entity. HM Treasury may also take a parent company of a relevant entity into temporary public ownership where certain conditions are met.

#### *UK Financial Ombudsman Service (FOS)*

The FOS provides customers with a free and independent service designed to resolve disputes where the customer is not satisfied with the response received from the regulated firm. The FOS resolves disputes for eligible

persons that cover most financial products and services provided in (or from) the UK. The jurisdiction of the FOS extends to include firms conducting activities under the Consumer Credit Act. Although the FOS takes account of relevant regulation and legislation, its guiding principle is to resolve cases on the basis of what is fair and reasonable; in this regard, the FOS is not bound by law or even its own precedent. The decisions made by the FOS are binding on regulated firms.

#### *The Financial Services Compensation Scheme (FSCS)*

The FSCS was established under the FSMA and is the UK's statutory fund of last resort for customers of authorised financial services firms. Companies within the Group are responsible for contributing to compensation schemes in respect of banks and other authorised financial services firms that are unable to meet their obligations to customers. The FSCS can pay compensation to customers if a firm is unable, or likely to be unable, to pay claims against it. The FSCS is funded by levies on firms authorised by the FSA, including companies within the Group.

#### *Lending Standards Board*

The Lending Standards Board (formerly the Banking Code Standards Board) is responsible for monitoring and enforcing compliance with the Lending Code introduced on 1 November 2009, which relates to lending to private customers and small businesses.

#### *UK Office of Fair Trading (OFT)*

The OFT is the UK's consumer and competition authority. Its regulatory and enforcement powers impact the banking sector in a number of ways.

#### *UK Information Commissioner's Office*

The UK Information Commissioner's Office is responsible for overseeing implementation of the Data Protection Act 1998. This Act regulates, among other things, the retention and use of data relating to individual customers. The Freedom of Information Act 2000 (the "FOIA") sets out a scheme under which any person can obtain information held by, or on behalf of, a 'public authority' without needing to justify the request. A public authority will not be required to disclose information if certain exemptions set out in the FOIA apply.

#### *Independent Commission on Banking*

The ICB was established by the UK Government in June 2010 to examine the banking sector and to make recommendations on structural and related non-structural measures to promote stability and competition in the banking sector.

The ICB will make recommendations covering both:

- Structural measures to reform the banking system and promote stability and competition, including the complex issue of separating retail and investment banking functions; and
- Related non-structural measures to promote stability and competition in banking for the benefit of consumers and businesses.

In considering these measures the ICB will have regard to the legal and operational requirements of implementing the options under consideration, and the importance of generating practical recommendations. It will also take into account the findings of ongoing EU and international work, and inform the UK Government's approach to international discussions on the financial system.

The ICB will also have regard to the Government's wider goals of financial stability and creating an efficient, open, robust and diverse banking sector, with specific attention paid to the potential impact of its recommendations on:

- Financial stability;
- Lending to UK consumers and businesses and the pace of economic recovery;
- Consumer choice;
- The competitiveness of the UK financial and professional services sectors and the wider UK economy; and
- Risks to the fiscal position of the Government.

The ICB published its interim report on 11 April 2011. The Group believes that its ‘through the cycle’ relationship based strategy is consistent with the aims of the ICB but at this time it is not possible to gauge the final impact of the review on the Group. The Group has cooperated fully with the ICB to date.

The final report for the Cabinet Committee on Banking is expected to be published by the end of September 2011 prior to which there will be a further period of consultation and the Group expects to continue to be at the forefront of the debate with the ICB.

For more information on the ICB and the recommendations in its interim report see “Risk Factors – Competition related risks – The Independent Commission on Banking and the UK Treasury Select Committee are reviewing competition in the UK Retail banking industry. The outcomes of these reviews could have a material adverse effect on the interests of the Group”.

#### *EU Regulation*

The UK has implemented all of the directives introduced under the Financial Services Action Plan. However, these directives are regularly reviewed at EU level and could be subject to change. The Group will continue to monitor the progress of these initiatives, provide specialist input on their drafting and assess the likely impact on its business.

The proposals of the Basel Committee on Banking Supervision, known as ‘Basel III’, include increased minimum levels of, and quality standards for, capital, increased risk weighting of assets and the introduction of a minimum leverage ratio and additional capital buffers. The final details of these reforms and the impact on the cost of capital are still to be clarified, particularly as the reforms are to be implemented with the European Union and within the UK.

#### *U.S. Operations and Regulation*

In the United States, Lloyds TSB Bank plc maintains a branch in New York and an agency in Miami, licensed by the States of New York and Florida, respectively. Lloyds Banking Group maintains representative offices in several U.S. cities. The existence of branch and agency offices in the U.S. subjects Lloyds Banking Group plc and its subsidiaries doing business or conducting activities in the U.S. to oversight by the Federal Reserve Board and limits the nature of the activities in which Lloyds Banking Group plc and its subsidiaries can engage in the U.S. Lloyds TSB Bank’s branch and agency offices are subject to extensive federal and state supervision and regulation relating to their operations.

The Group’s US broker dealer, Lloyds Securities Inc., is subject to regulation and supervision by the SEC and the Financial Industry Regulatory Authority with respect to its securities activities, including sales methods, trade practices, use and safekeeping of customers’ funds and securities, capital structure, recordkeeping, the financing of customers’ purchases and the conduct of directors, officers and employees.

On 21 July 2010, the United States enacted the Dodd-Frank Act, which provides a broad framework for significant regulatory changes that will extend to almost every area of US financial regulation. Many of the provisions of the Dodd-Frank Act and regulations which the Financial Stability Oversight Council or the Consumer Financial Protection Bureau established under the Dodd-Frank Act may adopt will affect the operations of the Group’s non-banking subsidiaries in the US, as well as Lloyds TSB Bank plc’s US banking operations. The

impact of the Dodd-Frank Act and its implementing regulations on the Group's US operations will depend on the final regulations ultimately adopted by various US regulatory authorities in 2011. See also "Risk Factors – Legal and Regulatory Risks – The Group's businesses are subject to substantial regulation, and regulatory and governmental oversight. Adverse regulatory developments or changes in government policy could have a significant material adverse effect on the Group's results of operations, financial condition and prospects" for further details on the Dodd-Frank Act.

A major focus of U.S. governmental policy relating to financial institutions in recent years has been combating money laundering and terrorist financing and enforcing compliance with U.S. economic sanctions, with serious legal and reputational consequences for any failures arising in these areas. The Group engages, or has engaged, in a limited amount of business with counterparties in certain countries which the U.S. State Department currently designates as state sponsors of terrorism, including Iran, Syria, Cuba, and Sudan. In January 2008, the Group introduced an enhanced financial sanctions policy which applies to all of the Group's operations and severely restricts activity with certain high risk jurisdictions including the countries designated by the U.S. State Department. From their acquisition in January 2009, HBOS plc and its subsidiaries became subject to the same policy and the Group has undertaken the activities necessary to implement policy requirements across the heritage-HBOS businesses. The Group continues to reduce its outstanding exposures to such states which have arisen through historical business activity. In accordance with this policy, the Group intends to engage only in new business in such jurisdictions in very limited circumstances where the Group is satisfied concerning legal, compliance and reputational issues.

Since its implementation the policy has resulted in a significant reduction in the contacts that the Group had (in terms of value and volume) and the Group expects a further reduction in its contacts in the coming years. The Group does not have, and does not anticipate having, a physical presence in any of the countries designated as state sponsors of terrorism.

At 31 December 2010, the Group does not believe the Group's business activities relating to countries designated as state sponsors of terrorism were material to its overall business.

The Group estimates that the value of the Group's business in respect of such states represented less than 0.015 per cent. of the Group's total assets and, for the year ended 31 December 2010, the Group believes that the Group's revenues from all activities relating to such states were less than 0.005 per cent. of its total income net of insurance claims. This information has been compiled from various sources within the Group, including information manually collected from relevant business units, and this has necessarily involved some degree of estimate and judgement.

## **Regulatory Actions**

### *FSA Supervisory Review Into Historical HBOS Disclosures*

The FSA is conducting a supervisory review into the accuracy and completeness of financial disclosures, made by HBOS in connection with its capital raisings in 2008, including information as to corporate impairments disclosed in the circulars and/or prospectuses issued by HBOS in connection with such capital raisings. The Group is cooperating fully with this review.

## **Legal Actions and Regulatory Matters**

During the ordinary course of business the Group is subject to threatened or actual legal proceedings and regulatory challenge both in the UK and overseas.

### *Unarranged Overdraft Charges*

In April 2007, the OFT commenced an investigation into the fairness of personal current accounts and unarranged overdraft charges. At the same time, it commenced a market study into wider questions about competition and price transparency in the provision of personal current accounts.

The Supreme Court of the United Kingdom published its judgment in respect of the fairness of unarranged overdraft charges on personal current accounts on 25 November 2009, finding in favour of the litigant banks. On 22 December 2009, the OFT announced that it will not continue its investigation into the fairness of these charges. The Group is working with the regulators to ensure that outstanding customer complaints are concluded as quickly as possible and anticipates that most cases in the county courts will be discontinued. The Group expects that some customers will argue that despite the test case ruling they are entitled to a refund of unarranged overdraft charges on the basis of other legal arguments or challenges. It is not practicable to quantify the claims at this time. The Group is robustly defending any such complaints or claims and does not expect any such complaints or claims to have a material effect on the Group.

The OFT however continued to discuss its concerns in relation to the personal current account market with the banks, consumer groups and other organisations under the auspices of its Market Study into personal current accounts. In October 2009, the OFT published voluntary initiatives agreed with the industry and consumer groups to improve transparency of the costs and benefits of personal current accounts and improvements to the switching process. On 16 March 2010 the OFT published a further update announcing several further voluntary industry wide initiatives to improve a customer's ability to control whether they used an unarranged overdraft and to assist those in financial difficulty. However, in light of the progress it noted in the unarranged overdraft market since July 2007 and the progress it expects to see over the next two years, it has decided to take no further action at this time and will review the unarranged overdraft market again in 2012.

### *Interchange Fees*

The European Commission has adopted a formal decision finding that an infringement of European Commission competition laws has arisen from arrangements whereby MasterCard issuers charged a uniform fallback interchange fee in respect of cross border transactions in relation to the use of a MasterCard or Maestro branded payment card. The European Commission has required that the fee be reduced to zero for relevant cross-border transactions within the European Economic Area. This decision has been appealed to the General Court of the European Union (the General Court). Lloyds TSB Bank plc and Bank of Scotland plc (along with certain other MasterCard issuers) have successfully applied to intervene in the appeal in support of MasterCard's position that the arrangements for the charging of a uniform fallback interchange fee are compatible with European Union competition laws. MasterCard has announced that it has reached an understanding with the European Commission on a new methodology for calculating intra European Economic Area multi-lateral interchange fees on an interim basis pending the outcome of the appeal. Meanwhile, the European Commission and the UK's OFT are pursuing investigations with a view to deciding whether arrangements adopted by other payment card schemes for the levying of uniform fallback interchange fees in respect of domestic and/or crossborder payment transactions also infringe European Union and/or UK competition laws. As part of this initiative, the OFT will also intervene in the General Court appeal supporting the European Commission position and Visa reached an agreement with the European Commission to reduce the level of interchange for crossborder debit card transactions to the interim levels agreed by MasterCard. The ultimate impact of the investigations on the Group can only be known at the conclusion of these investigations and any relevant appeal proceedings.

### *Payment Protection Insurance—UK Competition Commission*

There has been extensive scrutiny of the Payment Protection Insurance (“PPI”) market in recent years.

In October 2010, the UK Competition Commission (the “**Competition Commission**”) confirmed its decision to prohibit the active sale of PPI by a distributor to a customer within seven days of a sale of credit. This followed the completion of its formal investigation into the supply of PPI services (other than store card PPI) to



non-business customers in the UK in January 2009 and a referral of the proposed prohibition to the Competition Appeal Tribunal. The Competition Commission consulted on the wording of a draft order to implement its findings from October 2010, and published the final Order on 24 March 2011, which became effective on 6 April 2011. Following an earlier decision to stop selling single premium PPI products, the Group ceased to offer PPI products to its customers in July 2010.

On 29 September 2009 the FSA announced that several firms had agreed to carry out reviews of past sales of single premium loan protection insurance. Lloyds Banking Group agreed in principle that it would undertake a review in relation to sales of single premium loan protection insurance made through its branch network since 1 July 2007. That review will now form part of the ongoing PPI work referred to below. On 1 July 2008, the FOS referred concerns regarding the handling of PPI complaints to the FSA as an issue of wider implication. On 29 September 2009 and 9 March 2010, the FSA issued consultation papers on PPI complaints handling. The FSA published its Policy Statement on 10 August 2010, setting out evidential provisions and guidance on the fair assessment of a complaint and the calculation of redress, as well as a requirement for firms to reassess historically rejected complaints which had to be implemented by 1 December 2010.

On 8 October 2010, the British Bankers' Association (the "BBA"), the principal trade association for the UK banking and financial services sector, filed an application for permission to seek judicial review against the FSA and the FOS. The BBA sought an order quashing the FSA Policy Statement and an order quashing the decision of the FOS to determine PPI sales in accordance with the guidance published on its website in November 2008.

Subsequent to the year end, the Judicial Review hearing was held in late January 2011 and, on 20 April 2011 judgment was handed down by the High Court dismissing the BBA's application. On 9 May 2011, the BBA confirmed that the banks and the BBA did not intend to appeal the judgment.

Since publication of the judgment, the Group has been in discussions with the FSA with a view to seeking clarity around the detailed implementation of the Policy Statement. As a result, and given the initial analysis that the Group has conducted of compliance with applicable sales standards which is continuing, the Group has concluded that there are certain circumstances where customer contact and/or redress will be appropriate. Accordingly the Group has made a provision in its Q1 2011 Interim Management Statement of £3,200 million in respect of the anticipated costs of such contact and/or redress, including administration expenses. There are still a number of uncertainties as to the eventual costs from any such contact and/or redress given the inherent difficulties of assessing the impact of detailed implementation of the Policy Statement for all PPI complaints, uncertainties around the ultimate emergence period for complaints, the availability of supporting evidence and the activities of claims management companies, all of which will significantly affect complaints volumes, uphold rates and redress costs.

#### *U.S. Economic Sanctions*

In January 2009 Lloyds TSB Bank plc announced the settlement it had reached with the U.S. Department of Justice and the New York County District Attorney's Office in relation to their investigations into historic U.S. dollar payment practices involving countries, persons or entities subject to the economic sanctions administered by the U.S. Office of Foreign Assets Control ("OFAC"). On 22 December 2009 OFAC announced the settlement it had reached with Lloyds TSB Bank plc in relation to its investigation and confirmed that the settlement sum due to OFAC had been fully satisfied by Lloyds TSB Bank plc's payment to the Department of Justice and the New York County District Attorney's Office. No further enforcement actions are expected in relation to the matters set out in the settlement agreements.

On 26 February 2009, a purported shareholder filed a derivative civil action in the Supreme Court of New York, Nassau County against certain current and former directors, and nominally against Lloyds TSB Bank plc and Lloyds Banking Group plc, seeking various forms of relief. The derivative action is at an early stage and settlement is being discussed and the ultimate outcome is not expected to have a material impact on the Group.

### *Customer Goodwill Payments*

The Group had been in discussions with the FSA regarding the application of an interest variation clause in certain Bank of Scotland plc variable rate mortgage contracts where the wording in the offer documents received by certain customers had the potential to cause confusion. The relevant mortgages were written between 2004 and 2007 by Bank of Scotland plc under the 'Halifax' brand. In February 2011, the Group reached agreement with the FSA in relation to initiating a customer review and contact programme and making goodwill payments to affected customers. In order to make these goodwill payments, Bank of Scotland plc applied for a Voluntary Variation of Permission to carry out the customer review and contact programme to bring it within section 404F (7) of FSMA 2000. The Group has made a provision of £500 million within its 2010 accounts which is expected to fully cover the payments under this contact programme.

### *Interbank Offered Rate Setting Investigations*

Various regulators in the UK, US and overseas, including the US Commodity Futures Trading Commission, the SEC and the European Commission, are conducting investigations into submissions made by panel members to the bodies that set various interbank offered rates. The Group, and/or its subsidiaries, were (at the relevant time) and remain members of various panels that submit data to these bodies in a number of jurisdictions. The Group has received requests from some regulators for information and is co-operating with their investigations. In addition, recently the Group has been named in purported private class action suits in the US with regard to the setting of London interbank offered rates ("LIBOR") by members of the LIBOR setting panel. It is currently not possible to predict the scope and ultimate outcome of the various regulatory investigations or purported private class action suits, including the timing and scale of the potential impact of any investigations and class action suits on the Group.

### *Other Legal Actions and Regulatory Matters*

In the course of its business, the Group is engaged in discussions with the FSA in relation to a range of conduct of business matters, including complaints handling, packaged bank accounts, product terms and sales processes. The Group is keen to ensure that any regulatory concerns regarding the Group's processes, product governance, sales processes or contract terms are understood and addressed. The ultimate impact on the Group of these discussions can only be known at the conclusion of such discussions.

In addition, during the ordinary course of business the Group is subject to other threatened and actual legal proceedings (which may include class action lawsuits brought on behalf of customers, shareholders or other third parties), regulatory investigations, regulatory challenges and enforcement actions, both in the UK and overseas. All such material matters are periodically reassessed, with the assistance of external professional advisers where appropriate, to determine the likelihood of the Group incurring a liability. In those instances where it is concluded that it is more likely than not that a payment will be made, a provision is established to management's best estimate of the amount required to settle the obligation at the relevant balance sheet date. In some cases it will not be possible to form a view, either because the facts are unclear or because further time is needed properly to assess the merits of the case and no provisions are held against such matters. However the Group does not currently expect the final outcome of any such case to have a material adverse effect on its financial position.

## **Major Shareholders and Related Party Transactions**

### *Major Shareholders*

At 6 May 2011, notification had been received that The Solicitor for the Affairs of Her Majesty's Treasury had a direct interest of 40.6 per cent. (27,608,563,642 ordinary shares) in the Company's issued share capital with rights to vote in all circumstances at general meetings. No other notification has been received that anyone has an interest of 3 per cent. or more in the Company's issued ordinary share capital. Further information on The Solicitor for the Affairs of Her Majesty's Treasury's shareholding in the Company is provided above under "– History and

development of Lloyds Banking Group” and below under “– Information about Lloyds Banking Group’s relationship with the UK Government”.

All shareholders within a class of the Company’s shares have the same voting rights.

### ***Related Party Transactions***

The Group, as at 31 December 2010, had related party transactions with 15 key management personnel and certain of its pension funds, OEICs and joint ventures and associates. See note 53 to the consolidated financial statements of the Company for the financial year ended 31 December 2010. In addition, material contracts with HM Treasury are described below under “– Information about the Lloyds Banking Group’s relationship with the UK Government”.

Except as described below under “– Information about the Lloyds Banking Group’s relationship with the UK Government”, there are no transactions to which the Group is a party involving the UK Government or any body controlled by the UK Government which are material to the Group or, to the Group’s knowledge, to the UK Government or any UK Government controlled body, that were not made in the ordinary course of business, or that are unusual in their nature or conditions. However, considering the nature and scope of the bodies controlled by the UK Government, it may be difficult for the Group to know whether a transaction is material for such a body.

To the best of the Group’s knowledge, any outstanding loans made by the Group to or for the benefit of the UK Government or any body controlled by the UK Government, were made (1) in the ordinary course of business, (2) on substantially the same terms, including interest rate and collateral, as those prevailing at the time for comparable transactions with other persons, (3) did not involve more than the normal risk of collectability or present other unfavourable features, and (4) were made on arm’s length basis.

The Group also engages in numerous transactions on arm’s length commercial terms in the ordinary course of its business with the Government and its various departments and agencies, as well as with other companies in which the Government has invested. This includes financings, lending, banking, asset management and other transactions with UK financial institutions in which the Government has invested. During 2009 and 2010 the Group made use of these measures in order to maintain and improve a stable funding position.

### ***Information about the Lloyds Banking Group’s Relationship with the UK Government***

#### ***HM Treasury Shareholding***

As at 6 May 2011, the Solicitor for the Affairs of Her Majesty’s Treasury (as nominee for HM Treasury) notified the Company that it has a direct interest of 40.6 per cent. in the Company’s issued share capital with rights to vote in all circumstances at general meetings.

HM Treasury’s shareholding in the Company is currently managed by UKFI on behalf of HM Treasury. This relationship falls within the scope of the revised framework document between HM Treasury and UKFI published on 1 October 2010 – for more information see “Risk Factors – Government related risks – The Commissioners of Her Majesty’s Treasury (“**HM Treasury**”) is the largest shareholder of the Company. Through its shareholding in, and other relationships with, the Company, HM Treasury is in a position to exert significant influence over the Group and its business”.

The goals of the framework document are consistent with the stated public policy aims of HM Treasury, as articulated in a variety of public announcements (as at 6 May 2011). In the publication “An Introduction: Who We Are, What We Do and the Framework Document Which Governs the Relationship Between UKFI and HM Treasury”, it is stated that UKFI is to “develop and execute an investment strategy for disposing of the investments in the banks in an orderly and active way through sale, redemption, buy-back or other means within the context of an overarching objective of protecting and creating value for the taxpayer as shareholder, paying due regard to the maintenance of financial stability and to acting in a way that promotes competition”. UKFI has also stated that it

intends to “engage robustly with banks’ boards and management, holding both strategy and financial performance to account, and taking a strong interest in getting the incentives structures right on the board and beyond – accounting properly for risk and avoiding inefficient rewards for failure”.

HM Treasury’s shareholding in the Company is a consequence of its subscription for equity securities of the Company and of HBOS prior to the Acquisition in the 2008 placing and open offer and preference share subscription, the concomitant placing and open offer by HBOS, the 2009 placing and open offer and the Company’s 2009 Rights Issue, each of which is briefly described below.

#### *The 2008 Placing and Open Offer*

In September 2008, with the support of the UK Government, the boards of the Company and HBOS announced their agreement on the terms of a recommended acquisition by the Company of HBOS. In October 2008, in the context of further turbulence in global financial markets and as part of a co-ordinated package of capital and funding measures for the UK banking sector implemented by HM Treasury, the boards of both the Company and HBOS announced that they intended to participate in the proposed UK Government funding package and that they had agreed to proceed with the acquisition on revised terms. In this context, a combined total of £17,000 million of new capital was raised, consisting of £4,500 million in ordinary shares and £1,000 million in preference shares (before costs and expenses) by the Company and £8,500 million in ordinary shares and £3,000 million in preference shares (before costs and expenses) by HBOS.

In the 2008 placing and open offer, the Company in October 2008 invited qualifying shareholders to acquire open offer shares at an issue price of 173.3 pence per ordinary share. HM Treasury agreed that to the extent not placed by the joint sponsors and joint bookrunners or taken up in the open offer, HM Treasury would acquire the open offer shares at the issue price. The 2008 placing and open offer was completed with the placement of 2,596,653,203 shares at the issue price. The Company gave certain customary representations and warranties and indemnities to each of HM Treasury, the joint sponsors and joint bookrunners under the 2008 placing and open offer agreement that are unlimited as to time and amount. The Company and HM Treasury also entered into a preference share subscription agreement in October 2008 whereby HM Treasury acquired 1,000,000 new preference shares of the Company for a total consideration of £1,000 million (before costs and expenses).

HBOS also entered into a placing and open offer agreement in October 2008 with HM Treasury and the HBOS joint sponsors and joint bookrunners on similar terms and for similar purposes as the Company. A total of 7,482,394,366 HBOS open offer shares were offered at the issue price of 113.6 pence per share. HBOS also entered into a preference share subscription agreement with HM Treasury pursuant to which HM Treasury acquired new HBOS preference shares for a total consideration of £3,000 million (before costs and expenses).

Pursuant to these placings and open offers by the Company and HBOS and the Acquisition, HM Treasury acquired in January 2009 43.4 per cent. of the Company’s issued ordinary share capital. In addition, £3,000 million non-cumulative 12 per cent. fixed to floating rate preference shares were issued by the Company to HM Treasury on 16 January 2009 in exchange for the £3,000 million preference shares which had been issued by HBOS to HM Treasury on 15 January 2009 (as referred to above).

The Company and HM Treasury in January 2009 entered into a registration rights agreement with HM Treasury granting customary demand and ‘piggyback’ registration rights in the United States under the United States Securities Act of 1933, as amended to HM Treasury with respect to any ordinary shares of the Group held by HM Treasury. HM Treasury may transfer its registration rights to any third party to whom it transfers not less than U.S.\$500 million in registrable securities. The customary ‘piggyback’ registration rights provide that holders of registrable securities may participate in an offering of ordinary shares by the Group registered under the Securities Act to the extent that such participation would not prevent successful completion of the offering. All holders of registrable securities have ‘piggyback’ registration rights, on a pro rata basis, in any demand registration made by another holder pursuant to the registration rights agreement. The registration rights agreement was amended in June 2009 to include as registrable securities the new shares subscribed for by HM Treasury in the

2009 placing and compensatory open offer described below, any other securities in the Company called by HM Treasury to be issued by any person and any securities issued by HM Treasury which are exchangeable for, convertible into, give rights over or are referable to any such securities.

#### *The 2009 Compensatory Placing and Open Offer*

Pursuant to a placing and open offer agreement among the Company, HM Treasury and the joint sponsors and joint bookrunners dated March 2009, the Company in June 2009 issued approximately 10,408 million new ordinary shares as part of a placing and compensatory open offer. HM Treasury subscribed for its pro rata share, being approximately 4,521 million new ordinary shares at a price of 38.43 pence per share. As placees were procured for all the new ordinary shares for which valid acceptances were not received under the placing and compensatory open offer, HM Treasury's shareholding remained at 43.4 per cent. The Company used the proceeds from this placing and compensatory open offer to redeem the £4,000 million preference shares issued by the Company to HM Treasury, described above, at 101 per cent. of their issue price together with accrued dividends thereon.

In consideration for the provision of its services under the 2009 placing and open offer agreement, the Company paid to HM Treasury (i) a commission of 0.5 per cent. of the aggregate value of the open offer shares at the issue and (ii) a further commission of 1 per cent. of the aggregate value of the open offer shares subscribed for by HM Treasury (or its nominee) or by placees (including, for the avoidance of doubt, HM Treasury) at the issue price per open offer share. The Company also bore all costs and expenses relating to the placing and compensatory open offer, including those of HM Treasury, the joint sponsors and joint bookrunners and those of HM Treasury's financial advisers. The Company gave certain customary representations and warranties and indemnities to each of HM Treasury and the joint sponsors and joint bookrunners. The Company's liabilities thereunder are unlimited as to time and amount.

The Company also in June 2009 entered into a resale rights agreement with HM Treasury in which it agreed to provide its assistance to HM Treasury in connection with any proposed sale by HM Treasury of ordinary shares, other securities held by HM Treasury in the Company or any securities of any description caused by HM Treasury to be issued by any person which are exchangeable for, convertible into, give rights over or are referable to such ordinary shares or other securities issued by the Group, to be sold in such jurisdictions (other than the United States) and in such manner as HM Treasury may determine. Such assistance may include the provision by the Company of assistance with due diligence and the preparation of marketing and such other documentation (including any offering memorandum, whether or not a prospectus) as HM Treasury may reasonably request.

#### *2009 Rights Issue*

In December 2009 the Company also issued approximately 36,505 million new ordinary shares in a Rights Issue (together with a liability management exercise) as part of an alternative to the Group's proposed participation in GAPS. The Company entered into an Undertaking to Subscribe agreement with HM Treasury whereby HM Treasury took up its rights to subscribe for all of the new shares to which it was entitled under the Rights Issue. HM Treasury subscribed for its pro rata share, being approximately 15,854 million new shares at a price of 37 pence per share. As subscribers were procured for all the new ordinary shares for which valid acceptances were not received under the Rights Issue, HM Treasury's shareholding again remained at 43.4 per cent. Its current, lower shareholding results from further share issuance in the context of previously announced liability management exercises and employee remuneration during the course of 2010 and 2011.

The Company also agreed to pay to HM Treasury the HMT Commitment Commission, being a commission of up to £143.7 million, in consideration, amongst other things, for the undertakings given by HM Treasury in the HMT undertaking to subscribe.

### **Credit Guarantee Scheme**

HM Treasury launched the Credit Guarantee Scheme in October 2008 as part of a range of measures announced by the UK Government intended to ease the turbulence in the UK banking system. It charged a commercial fee for the guarantee of new short and medium term debt issuance. The fee payable to HM Treasury on guaranteed issues was based on a per annum rate of 50 basis points plus the median five-year credit default swap spread. The drawdown window for the Credit Guarantee Scheme closed for new issuance at the end of February 2010. At 31 December 2010, the Group had £45,308 million of debt in issue under the Credit Guarantee Scheme. During the year, fees of £454 million paid to HM Treasury in respect of guaranteed funding were included in the Group's income statement.

As at 31 December 2010, the Group's overall liquidity support from public and central bank sources had reduced to £96.6 billion, compared to £157 billion at 31 December 2009. All of the remaining balance, including all the Special Liquidity Scheme and Credit Guarantee Scheme facilities, matures over the course of the next two years although the Directors believe that the Group's balance sheet reduction plans and deposit strategy will avoid the necessity to refinance much of this.

### **Lending Commitments**

The formal lending commitments entered into in connection with the Group's proposed participation in GAPS, have now expired and in February 2011, the Company (together with Barclays, RBS, HSBC and Santander) announced, as a part of the 'Project Merlin' agreement with HM Treasury, its capacity and willingness to increase gross business lending (including to small and medium-sized enterprises) during 2011. For more information on 'Project Merlin' see "Risk Factors – Government related risks".

### **GAPS Withdrawal Deed**

Pursuant to the successful Rights Issue, the Company withdrew from its proposed participation in GAPS. In November 2009, the Company entered into the GAPS Withdrawal Deed with HM Treasury pursuant to which, among other matters, the Company paid HM Treasury £2,500 million in recognition of the benefits to the Group's trading operations arising as a result of HM Treasury proposing to make GAPS available to the Group. Under a cost reimbursement deed, the Group agreed in November 2009 to pay for the UK Government's set-up costs relating to the proposed participation of the Group in GAPS (including all costs of the UK Government relating to the proposed participation of the Group in, and its withdrawal from its proposed participation in GAPS) and the UK Government's costs associated with the European Commission's approval of state aid to the Group.

The GAPS Withdrawal Deed contained certain undertakings given by the Group to HM Treasury in connection with the state aid approval obtained from the European Commission (on which see the sub-section entitled "State Aid" below) and its withdrawal from its proposed participation in GAPS. In particular, the Group is required to do all acts and things necessary to ensure the UK Government's compliance with its obligations under the European Commission decision approving state aid to the Group. This undertaking includes an obligation to: (i) comply with the restructuring measures that the Group agreed to undertake; (ii) comply with the terms of the Restructuring Plan; and (iii) provide certain information to HM Treasury and do such acts as are necessary to enable compliance with the state aid approval to be monitored. The GAPS Withdrawal Deed also provides for the Group's restructuring obligations to be modified in certain limited circumstances (without prejudice to any challenge to such state modifications). However, HM Treasury has undertaken that it will not, without the consent of the Company, agree modifications to the Group's undertakings with respect to state aid which are significantly more onerous to the Company than those granted in order to obtain the state aid approval.

It was also agreed that if the European Commission adopted a decision that the United Kingdom must recover any state aid, the Group would repay all such state aid (subject to the Group's right to challenge any such decision in the European courts).

The GAPS Withdrawal Deed included a number of other commitments given by the Company to HM Treasury. The Company, among other things:

- (i) acknowledged its commitment to the principle that it should be at the leading edge of implementing the G20 principles, the FSA Code on remuneration and any remuneration provisions accepted by the Government from the Walker Review, provided that this principle shall always be applied in such a way as to allow the Company to operate on a level playing field with its competitors. In addition, the Group agreed with HM Treasury the specific deferral and clawback terms which applied to bonuses in respect of the 2009 performance year;
- (ii) reaffirmed its lending commitments;
- (iii) agreed to implement a (now published) customer charter for lending to businesses;
- (iv) committed:
  - a. to ensure that its public financial statements comply with best industry practice; and
  - b. to enter into discussions with HM Treasury with a view to ensuring that such public financial statements: (A) enable investors to assess the quality of the assets and liabilities of banking institutions, the financial position and performance of banking institutions and the nature and extent of risks arising from financial instruments to which banking institutions are exposed; and (B) are comparable as between similar banking institutions;
- (v) agreed to develop with the FSA, and implement, a medium term funding plan aimed at reducing dependence on short term funding to be regularly reviewed by the FSA and other members of the Tripartite Authorities; and
- (vi) agreed to implement any measures relating to personal current accounts agreed between the OFT and the UK banking industry: (i) as detailed in the OFT's report "Personal current accounts in the UK – a follow up report, October 2009" and (ii) relating to fees and charges, and the terms and conditions of personal current accounts where any such measures are within the scope of current negotiations with respect thereto.

### **State Aid**

As part of the European Commission's decision approving state aid to the Group, the Group was required to submit the Restructuring Plan to the European Commission in the context of a state aid review. The plan was required to contain measures to limit any competition distortions resulting from the state aid received by the Group and to restore the Group's viability. The College of Commissioners announced its formal approval of the state aid on 18 November 2009 and concluded that the Restructuring Plan was appropriate to restore the Group's viability, to achieve sufficient burden sharing and to off-set the distortions of competition created by the state aid.

The Restructuring Plan consists of the following principal elements: (i) the disposal of a retail banking business with at least 600 branches, a 4.6 per cent. share of the personal current accounts market in the UK and up to 19.2 per cent. of Lloyds Banking Group's mortgage assets; (ii) an asset reduction programme to achieve £181 billion reduction in a specified pool of assets by 31 December 2014; and (iii) behavioural commitments, including commitments which restrict the Group's ability to make certain acquisitions for approximately three to four years and not to make discretionary payments of coupons or to exercise voluntary call options on hybrid securities from 31 January 2010 until 31 January 2012, which prevents Lloyds Banking Group from paying dividends on its ordinary shares for the same duration.

The retail banking business referred to in (i) above is to be disposed of before the end of November 2013 and consists of the TSB brand, the branches, savings accounts and branch-based mortgages of Cheltenham & Gloucester, the branches and branch-based customers of Lloyds TSB Scotland and a related banking licence, additional Lloyds TSB branches in England and Wales, with branch-based customers and Intelligent Finance.

The Group is working closely with the European Commission, HM Treasury and the Monitoring Trustee appointed by the European Commission to ensure the implementation of the Restructuring Plan. On 1 March 2011, the Group announced that in order to meet its obligations under the State Aid Commitments and to ensure that the Group maintains the maximum flexibility in its options, the Group is accelerating the start of the disposal of the retail banking business referred to in (i) above.

### **Other Relationships with the UK Government**

The Group, in common with other financial institutions, is also working closely with a number of Government departments and agencies on various industry-wide initiatives that are intended to support the Government's objective of greater stability in the wider financial system. These initiatives currently include the potential extension of the Bank of England's discount window facility whereby banks and building societies can exchange eligible securities and, potentially, other asset classes for HM Treasury gilts.

### **Directors**

The directors of the Bank, the business address of each of whom is 25 Gresham Street, London EC2V 7HN, England, and their respective principal outside activities, where significant to the Bank, are as follows:

<b>Name</b>	<b>Principal outside activities</b>
<b>Sir Winfried Bischoff</b> Chairman	A non-executive director of Eli Lilly and Company and The McGraw-Hill Companies Inc. in the United States. A member of the Akbank International Advisory Board, Chairman of the Advisory Council of TheCityUK and a member of the National Advisory Board of the UK Career Academy Foundation.
<b>Lord Leitch</b> Deputy Chairman	Chairman of Scottish Widows. Chairman of the Government's Review of Skills and deputy chairman of the Commonwealth Education Fund. Chairman of BUPA, Intrinsic Financial Services, and Chairman of Medical Aid Films. Chancellor of Carnegie College and a non-executive director of Paternoster.
<b>Executive directors</b>	
<b>António Horta-Osório</b> Group Chief Executive	A member of the Board and Council of the British Bankers' Association, the Advisory Council of TheCityUK and the Chartered Banker Professional Standards Board.
<b>G. Truett Tate</b> Group Executive Director, Wholesale	A non-executive director of British American Business Inc. and AFME. Chairman of Arora Holdings and a director of Business in the Community and a director and trustee of In Kind Direct.
<b>Tim J.W. Tookey</b> Group Finance Director	A non-executive director of British Bankers' Association and chairman of its audit committee and remuneration committee.
<b>Non-executive directors</b>	
<b>Anita Frew</b>	Chairman of Victrex Plc. Senior non-executive director of Aberdeen Asset Management Plc and Non-Executive director of IMI Plc.



**Sir Julian Horn-Smith**

A non-executive director of De La Rue, Digicel Group and Emobile (Japan), a director of Sky Malta, a member of the Altimo International advisory board and a senior adviser to UBS and CVC Capital Partners in relation to the global telecommunications sector. Deputy chairman of Vallar plc. Pro vice chancellor of the University of Bath.

**Glen R. Moreno**

Chairman of Pearson and a non-executive director of Fidelity International. Deputy chairman of the Financial Reporting Council.

**David Roberts**

Non-executive chairman of The Mind Gym and a non-executive director of Campion Willcocks.

**T. Timothy Ryan Jr**

President and chief executive of the Securities Industry and Financial Markets Association. A director of the U.S.-Japan Foundation, Great-West Life Annuity Insurance Co., Power Corporation of Canada, Power Financial Corporation and Putnam Investments and a member of the Global Markets Advisory Committee for the National Intelligence Council.

**Martin A. Scicluna**

Chairman of Great Portland Estates. A member of the council of Leeds University and a governor of Berkhamsted School.

**Anthony Watson CBE**

A non-executive director of Hammerson, Vodafone and Witan Investment Trust. A member of the Norges Bank Investment Advisory Board. Chairman of Marks and Spencer Pension Trust and Lincoln's Inn investment committee.

None of the directors of the Bank have any actual or potential conflict between their duties to the Bank and their private interests or other duties as listed above.

## CREST DEPOSITORY INTERESTS

Following their delivery into a clearing system, interests in Securities may be delivered, held and settled in CREST by means of the creation of CDIs representing the interests in the relevant Underlying Securities. The CDIs will be issued by the CREST Depository to CDI Holders and will be governed by English law.

The CDIs will represent indirect interests in the interest of CREST International Nominees Limited (the “**CREST Nominee**”) in the Underlying Securities. Pursuant to the CREST Manual (as defined below), Securities held in global form by the Common Depository may be settled through CREST, and the CREST Depository will issue CDIs. The CDIs will be independent securities, constituted under English law which may be held and transferred through CREST.

Interests in the Underlying Securities will be credited to the CREST Nominee's account with Euroclear and the CREST Nominee will hold such interests as nominee for the CREST Depository which will issue CDIs to the relevant CREST participants.

Each CDI will be treated by the CREST Depository as if it were one Underlying Security, for the purposes of determining all rights and obligations and all amounts payable in respect thereof. The CREST Depository will pass on to CDI Holders any interest or other amounts received by it as holder of the Underlying Securities on trust for such CDI Holder. CDI Holders will also be able to receive from the CREST Depository notices of meetings of holders of Underlying Securities and other relevant notices issued by the Bank.

Transfers of interests in Underlying Securities by a CREST participant to a participant of Euroclear or Clearstream, Luxembourg will be effected by cancellation of the CDIs and transfer of an interest in such Securities underlying the CDIs to the account of the relevant participant with Euroclear or Clearstream, Luxembourg.

The CDIs will have the same ISIN as the ISIN of the Underlying Securities and will not require a separate listing on the Official List.

Prospective subscribers for Securities represented by CDIs are referred to Chapter 3 of the CREST Manual which contains the form of the CREST Deed Poll to be entered into by the CREST Depository. The rights of the CDI Holders will be governed by the arrangements between CREST, Euroclear, Clearstream, Luxembourg and the Bank including the CREST Deed Poll (in the form contained in Chapter 3 of the CREST International Manual (which forms part of the CREST Manual)) executed by the CREST Depository. These rights may be different from those of holders of Securities which are not represented by CDIs.

If issued, CDIs will be delivered, held and settled in CREST, by means of the CREST International Settlement Links Service (the “**CREST International Settlement Links Service**”). The settlement of the CDIs by means of the CREST International Settlement Links Service has the following consequences for CDI Holders:

- (i) CDI Holders will not be the legal owners of the Underlying Securities. The CDIs are separate legal instruments from the Underlying Securities to which they relate and represent an indirect interest in such Underlying Securities.
- (ii) The Underlying Securities themselves (as distinct from the CDIs representing indirect interests in such Underlying Securities) will be held in an account with a custodian. The custodian will hold the Underlying Securities through a clearing system. Rights in the Underlying Securities will be held through custodial and depository links through the appropriate clearing systems. The legal title to the Underlying Securities or to interests in the Underlying Securities will depend on the rules of the clearing system in or through which the Underlying Securities are held.

- (iii) Rights under the Underlying Securities cannot be enforced by CDI Holders except indirectly through the intermediary depositaries and custodians described above. The enforcement of rights under the Underlying Securities will therefore be subject to the local law of the relevant intermediary. The rights of CDI Holders to the Underlying Securities are represented by the entitlements against the CREST Depository which (through the CREST Nominee) holds interests in the Underlying Securities. This could result in an elimination or reduction in the payments that otherwise would have been made in respect of the Underlying Securities in the event of any insolvency or liquidation of the relevant intermediary, in particular where the Underlying Securities held in clearing systems are not held in special purpose accounts and are fungible with other securities held in the same accounts on behalf of other customers of the relevant intermediaries.
- (iv) The CDIs issued to CDI Holders will be constituted and issued pursuant to the CREST Deed Poll. CDI Holders will be bound by all provisions of the CREST Deed Poll and by all provisions of or prescribed pursuant to, the CREST International Manual dated 14 April 2008 as amended, modified, varied or supplemented from time to time (the “**CREST Manual**”) and the CREST Rules (the “**CREST Rules**”) (contained in the CREST Manual) applicable to the CREST International Settlement Links Service and CDI Holders must comply in full with all obligations imposed on them by such provisions.
- (v) Potential investors should note that the provisions of the CREST Deed Poll, the CREST Manual and the CREST Rules contain indemnities, warranties, representations and undertakings to be given by CDI Holders and limitations on the liability of the issuer of the CDIs, the CREST Depository.
- (vi) CDI Holders may incur liabilities resulting from a breach of any such indemnities, warranties, representations and undertakings in excess of the money invested by them. The attention of potential investors is drawn to the terms of the CREST Deed Poll, the CREST Manual and the CREST Rules, copies of which are available from CREST at 33 Cannon Street, London EC4M 5SB or by calling +44 (0) 207 849 0000 or from the CREST website at [www.euroclear.com/site/public/EUI](http://www.euroclear.com/site/public/EUI)
- (vii) Potential investors should note CDI Holders may be required to pay fees, charges, costs and expenses to the CREST Depository in connection with the use of the CREST International Settlement Links Service. These will include the fees and expenses charged by the CREST Depository in respect of the provision of services by it under the CREST Deed Poll and any taxes, duties, charges, costs or expenses which may be or become payable in connection with the holding of the Securities through the CREST International Settlement Links Service.
- (viii) Potential investors should note that neither the Bank nor any Certificate and Warrant Agent will have any responsibility for the performance by any intermediaries or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

## TAXATION

The following comments are of a general nature, are based on the Bank's understanding of current law and practice and are included in this document solely for information purposes. These comments are not intended to be, nor should they be regarded as, legal or tax advice. The precise tax treatment of a holder of a Security will depend for each issue on the terms of the Security, as specified in the Conditions as amended and supplemented by the applicable Final Terms under the law and practice at the relevant time. Prospective holders of Securities should consult their own tax advisers in all relevant jurisdictions to obtain advice about their particular tax treatment in relation to such Securities.

### UNITED KINGDOM TAXATION

The following is based on current United Kingdom tax law as applied in England and Wales and HM Revenue & Customs ("HMRC") practice and describes certain general United Kingdom tax consequences arising from acquiring, holding and disposing of Warrants and Redeemable Certificates which fall into certain categories for tax purposes. Prospective purchasers of particular Warrants and Redeemable Certificates should obtain professional advice in order to determine which, if any, of these categories those Warrants or Redeemable Certificates fall into.

#### Warrants

The following summary applies only to Warrants which do not carry a right to the payment of interest. It is anticipated that any Warrants which carry such a right are likely to be treated for the purposes of the below summary in a similar way to Redeemable Certificates and, on this basis, holders of such Warrants should refer to the tax treatment summary in respect of Redeemable Certificates set out below.

#### *Withholding Tax*

No United Kingdom income tax should be required to be deducted or withheld from any payments made on the Warrants provided that the Warrants do not carry a right to payments which are manufactured payments or annual payments. Warrants that carry a right to manufactured payments or annual payments are likely to be treated for United Kingdom withholding tax purposes in a similar way to Redeemable Certificates that carry such a right and, on this basis, holders of such Warrants should refer to the tax treatment summary in respect of Redeemable Certificates set out below.

#### *Stamp Duty and Stamp Duty Reserve Tax ("SDRT")*

On the basis of the Bank's understanding of current unpublished HMRC practice, cash settled warrants in a form similar to the Warrants should not generally be subject to United Kingdom stamp duty on issue. Accordingly, the grant of a Warrant which is a Cash Settled Security (a "**Cash Settled Warrant**") should not be subject to United Kingdom stamp duty.

Although the issue is not free from doubt United Kingdom stamp duty at a rate of up to 4 per cent. of the consideration paid may be payable on an instrument which constitutes certain types of Warrants which are Physical Delivery Securities (each a "**Physical Delivery Warrant**"). However, if any such instrument is executed and retained outside the United Kingdom, such stamp duty may potentially be indefinitely deferred, although such an unstamped document will not generally be admissible in evidence in court or arbitration proceedings in the United Kingdom.

No United Kingdom stamp duty should be required to be paid on the sale of any Warrants provided no instrument of transfer is used in order to complete the sale.

No United Kingdom stamp duty will be payable in relation to the exercise of Cash Settled Warrants. United Kingdom stamp duty may be required to be paid in relation to the transfer of an asset (such as stock or marketable securities) following the exercise of a Physical Delivery Warrant.

No SDRT will be payable on the issue into CREST of any Warrant provided they are not issued to a clearance service or to a person issuing depositary receipts.

On the basis of the Bank's understanding of current HMRC practice discussed above, no SDRT should be payable on the issue into Euroclear or Clearstream, Luxembourg of any Cash Settled Warrant.

An exemption is available such that no SDRT will be payable in relation to the issue into Euroclear or Clearstream, Luxembourg of a Physical Delivery Warrant if, *inter alia*, such Physical Delivery Warrant does not give the holder an interest in, or in dividends or other rights arising out of, or the right to acquire, stock, shares or loan capital that are not "exempt securities".

Subject to the comments in the paragraph below, SDRT will generally be payable in relation to the issue into Euroclear or Clearstream of a Physical Delivery Warrant which gives the holder an interest in, or in dividends or other rights arising out of, or the right to acquire stock, shares or loan capital unless such stock, shares or loan capital qualify as "exempt securities" or an election has been made under which the alternative system of charge (as provided for in section 97A of the Finance Act 1986) applies (a "**Section 97A Election**"). Any such SDRT would be payable at 1.5 per cent. of the issue price.

The European Court of Justice has found in *HSBC Holdings plc and Vidacos Nominees Ltd v The Commissioners of Her Majesty's Revenue & Customs* (Case C-569/07) that the 1.5 per cent. charge is contrary to EU Community Law where shares are issued to a clearance service. HMRC has subsequently indicated that it will not levy the charge on shares issued to a clearance service within the EU. It is not clear the extent to which this decision applies to Physical Delivery Warrants or the way in which any change in legislation or HMRC practice in response to this decision may alter the position outlined above.

SDRT will generally not be payable in relation to an agreement to transfer such Physical Delivery Warrants within Euroclear or Clearstream, Luxembourg provided no Section 97A Election has been made.

SDRT will generally be payable in relation to an agreement to transfer a Physical Delivery Warrant held within CREST (or within Euroclear or Clearstream, Luxembourg where a Section 97A Election has been made) which gives the holder an interest in, or in dividends or other rights arising out of, or the right to acquire stock, shares or loan capital unless such stock, shares or loan capital qualify as "exempt securities". Any such SDRT would be payable at 0.5 per cent. of the consideration given under an agreement to transfer any such Physical Delivery Warrants.

No SDRT will be payable in relation to any agreement to transfer Cash Settled Warrants, or in relation to any agreement to transfer Physical Delivery Warrants which do not give the holder an interest in, or in dividends or other rights arising out of, or the right to acquire stock, shares or loan capital that are not "exempt securities".

No SDRT will be payable in relation to the exercise of Cash Settled Warrants. SDRT may be payable (possibly at the time of issue) in respect of any agreement to transfer an asset pursuant to a Physical Delivery Warrant. However, any such liability to SDRT will be cancelled (or, if already paid, will be repayable) if an instrument effecting the transfer is duly stamped, not chargeable with stamp duty or otherwise required to be stamped, within six years of the agreement being made or, in the case of a conditional agreement, within six years of all conditions being satisfied.

## **Redeemable Certificates**

### *Withholding Tax*

The following analysis applies to Redeemable Certificates which carry a right to the payment of interest, manufactured payments or annual payments and/or are redeemed at a premium, any amount of which is deemed to constitute a payment of interest.

Redeemable Certificates which are and continue to be listed on a recognised stock exchange, within the meaning of section 1005 of the Income Tax Act 2007 (the "**ITA 2007**") should constitute "quoted Eurobonds" and payments of

interest by the Bank on such Redeemable Certificates may be made without withholding or deduction for or on account of United Kingdom tax. The London Stock Exchange is a recognised stock exchange for these purposes and Redeemable Certificates will be treated as listed on the London Stock Exchange if they are included in the Official List by the UK Listing Authority and are admitted to trading on the London Stock Exchange.

Payments of interest by the Bank on Redeemable Certificates may also be made without withholding or deduction for or on account of United Kingdom tax provided that the Bank continues to be a bank within the meaning of section 991 of the ITA 2007, and provided that the interest on the Redeemable Certificates is paid in the ordinary course of its business within the meaning of section 878 of the ITA 2007.

Payments of interest, manufactured payments and annual payments by the Bank on Redeemable Certificates may be made without withholding or deduction for or on account of United Kingdom tax if the Redeemable Certificates are derivative contracts the profits and losses arising from which are calculated in accordance with Part 7 of the Corporation Tax Act 2009.

In all other cases, interest, manufactured payments and annual payments will generally be paid by the Bank under deduction of income tax at the basic rate (currently 20 per cent.) in the case of interest and annual payments and at a rate depending upon the nature of the payment in the case of manufactured payments, in each case, subject to the availability of other reliefs or exemptions or to any direction to the contrary from HMRC in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty.

#### *Provision of Information*

Holders of Redeemable Certificates who are individuals may wish to note that in certain circumstances, HMRC has power to obtain information from any person in the United Kingdom who pays interest or other amounts payable on the redemption of Redeemable Certificates which are deeply discounted securities for the purposes of Chapter 8 of Part 4 of ITTOIA 2005 to (or receives such amounts for the benefit of) another person who is an individual, although HMRC published practice indicates that HMRC will not exercise the power referred to above to require this information in respect of such amounts payable on redemption of the Redeemable Certificates where such amounts are paid on or before 5 April 2012. Such information may include the name and address of the beneficial owner. Any information obtained may, in certain circumstances, be exchanged by HMRC with the tax authorities of the jurisdiction in which the holder of the Redeemable Certificate is resident for tax purposes.

#### *Stamp Duty and SDRT*

No United Kingdom stamp duty will be payable in relation to the issue of Redeemable Certificates which are Cash Settled Securities (“**Cash Settled Redeemable Certificates**”) or Redeemable Certificates which are Physical Delivery Securities (“**Physical Delivery Redeemable Certificates**”). No United Kingdom stamp duty will be payable on transfers of Redeemable Certificates on sale provided no instruments of transfer are used to complete such sales. No United Kingdom stamp duty will be payable in relation to the redemption of Cash Settled Redeemable Certificates. United Kingdom stamp duty may be required to be paid in relation to the transfer of an asset on redemption of Physical Delivery Redeemable Certificates.

No SDRT will be payable in relation to the issue into CREST of Redeemable Certificates provided they are not issued to a clearance service or to a person issuing depositary receipts.

No SDRT will be payable in relation to the issue into Euroclear or Clearstream, Luxembourg of Cash Settled Redeemable Certificates where such Cash Settled Redeemable Certificates are “exempt securities” or where a Section 97A Election has been made.

Subject to the comments in the paragraph below, SDRT will generally be payable in relation to the issue into Euroclear or Clearstream, Luxembourg of Redeemable Certificates which are not “exempt securities” where no Section 97A Election has been made. Any such SDRT would be payable at 1.5 per cent. of the issue price.

The European Court of Justice has found in *HSBC Holdings plc and Vidacos Nominees Ltd v The Commissioners of Her Majesty's Revenue & Customs* (Case C-569/07) that the 1.5 per cent. charge is contrary to EU Community Law where shares are issued to a clearance service. HMRC has subsequently indicated that it will not levy the charge on shares issued to a clearance service within the EU. It is not clear the extent to which this decision applies to such Redeemable Certificates or the way in which any change in legislation or HMRC practice in response to this decision may alter the position outlined above.

SDRT will generally not be payable in relation to agreements to transfer Redeemable Certificates held within Euroclear or Clearstream, Luxembourg provided no Section 97A Election applies.

An exemption is available such that no SDRT will be payable in relation to agreements to transfer Cash Settled Redeemable Certificates held within CREST where such Cash Settled Redeemable Certificates are, *inter alia*, “exempt securities”.

Unless another exemption applies, SDRT will generally be payable in relation to agreements to transfer Redeemable Certificates held within CREST which are not “exempt securities” and in relation to agreements to transfer such Redeemable Certificates held within Euroclear or Clearstream, Luxembourg where a Section 97A Election applies. Any such SDRT would be payable at 0.5 per cent. of the consideration given under an agreement to transfer Redeemable Certificates.

No SDRT will be payable in relation to the redemption of Cash Settled Redeemable Certificates. SDRT may be payable (possibly at the time of issue) in respect of any agreement to transfer an asset pursuant to a Physical Delivery Redeemable Certificate. However, any such liability to SDRT will be cancelled (or if already paid will be repayable) if the instrument effecting the transfer is duly stamped, not chargeable with stamp duty or otherwise required to be stamped, within six years of the agreement being made or, in the case of a conditional agreement, within six years of all conditions being satisfied.

For the purposes of the above, “**exempt securities**” means securities which (i) qualify as loan capital for the purposes of section 78 of the Finance Act 1986; (ii) do not carry a right to acquire shares or securities (by way of exchange, conversion or otherwise); (iii) have not carried and do not carry a right to interest the amount of which exceeds a reasonable commercial return on the nominal amount of the capital or, subject to certain exceptions, which falls or has fallen to be determined by reference to the results of, or any part of, a business or to the value of any property; and (iv) have not carried and do not carry a right on repayment to an amount which exceeds the nominal amount of the capital and is not reasonably comparable with what is generally repayable (in respect of a similar nominal amount of capital) under the terms of issue of loan capital admitted to the Official List of the United Kingdom Listing Authority.

## **EU SAVINGS DIRECTIVE**

Under EC Council Directive 2003/48/EC on the taxation of savings income (the “**Directive**”), Member States of the European Union (the “**EU**”) are required to provide to the tax authorities of other Member States details of payments of interest (or similar income) paid by a person to an individual or to certain other persons in another Member State of the EU. However, for a transitional period, Luxembourg and Austria may instead (unless during that period they elect otherwise) operate a withholding system in relation to such payments subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld (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 have agreed to adopt similar measures. The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

## OFFERING AND SALE

### Summary of Dealer Agreement

Subject to the terms and on the conditions contained in a Dealer Agreement dated 6 June 2011 (as modified and/or supplemented and/or restated as at the date of the issue of the Securities, the “**Dealer Agreement**”) between the Issuer, the Dealer and such additional persons that are appointed as dealers in respect of the Programme (and whose appointment has not been terminated), as the case may be, the Securities will be offered by the Issuer to the Dealer and any such additional dealers. However, the Issuer has reserved the right to sell Securities directly on its own behalf to dealers that are not the Dealer. The Securities may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant dealer. The Securities may also be sold by the Issuer through the dealers, acting as agents of the Issuer.

The Issuer may pay each relevant dealer a commission as agreed between them in respect of Securities subscribed by it. The Issuer has agreed to reimburse the Arranger for certain of its expenses incurred in connection with the establishment and update of the Programme.

The Issuer has agreed to indemnify the dealers against certain liabilities in connection with the offer and sale of the Securities. The Dealer Agreement entitles the dealers to terminate any agreement that they make to subscribe Securities in certain circumstances prior to payment for such Securities being made to the Issuer.

### United States

No Securities of any Series, and in certain cases none of the underlying assets or Asset Amounts, have been, or will be, registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”). No Securities of any Series, or interests therein, may at any time be offered, sold, resold, traded or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale, trade or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person. Consequently, any offer, sale, resale, trade or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised. As used herein, “**United States**” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction; and “**U.S. person**” means (i) an individual who is a citizen or resident of the United States; (ii) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (iii) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (v) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (ii) above; or (vi) any other U.S. person as such term may be defined in Regulation S under the Securities Act.

Each Dealer of an issue of Securities will be required to agree that it will not at any time offer, sell, resell or deliver, directly or indirectly, Securities of such issue in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any such U.S. person. Any person purchasing Securities of any issue must agree with a Dealer of such issue or the seller of such Securities that (i) it will not at any time offer, sell, resell or deliver, directly or indirectly, any Securities of such issue so purchased in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person, (ii) it is not purchasing any Securities of such issue for the account or benefit of any U.S. person and (iii) it will not make offers, sales, re-sales or deliveries of any Securities of such issue (otherwise acquired), directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person. Each Dealer of an issue of Securities will also be required to agree, and any person purchasing Securities of such issue must agree, to send each person who purchases any Securities of such issue from it a written confirmation (which shall include the definitions of **United States** and **U.S. persons** set forth herein) stating that the Securities have not been registered under the Securities Act and stating that such purchaser agrees that it will not at any time offer, sell, resell or deliver Securities, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person.



## European Economic Area

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

(a) if the final terms in relation to the Securities specify that an offer of those Securities may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “**Non-exempt Offer**”), following the date of publication of a prospectus in relation to such Securities which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(c) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

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

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

## United Kingdom

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

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Securities in circumstances in which section 21(1) of the FSMA would not, if the Bank was not an authorised person, apply to the Bank; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Securities in, from or otherwise involving the United Kingdom.

## Republic of Italy

The offering of the Securities has not been registered pursuant to Italian securities legislation and, accordingly, each Dealer has represented and agreed that, save as set out below, it has not offered or sold, and will not offer or sell, any Securities in the Republic of Italy in a solicitation to the public and that sales of the Securities in the Republic of Italy shall be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulation.

Accordingly, each of the Dealers has represented and agreed that it will not offer, sell or deliver any Securities or distribute copies of this Base Prospectus and any other document relating to the Securities in the Republic of Italy except:

(a) to “qualified investors”, as referred to in Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the “**Decree No. 58**”), which includes natural persons and small and medium-sized enterprises, as defined by Directive 2003/71/EC of 4 November 2003 (the “**Prospectus Directive**”).

(b) that it may offer, sell or deliver Securities or distribute copies of any prospectus relating to such Securities in a solicitation to the public in the period commencing on the date of publication of such prospectus, provided that such prospectus has been approved in another Relevant Member State and notified to the Commissione Nazionale per le Società e la Borsa (“**CONSOB**”), all in accordance with the Prospectus Directive, as implemented in Italy under Decree 58 and CONSOB Regulation No. 11971 of 14 May 1999, as amended (“**Regulation No. 11971**”), and ending on the date which is 12 months after the date of publication of such prospectus; and

(c) in any other circumstances where an express exemption from compliance with the solicitation restrictions applies, as provided under Decree No. 58 or Regulation No. 11971.

Any such offer, sale or delivery of the Securities or distribution of copies of the Base Prospectus or any other document relating to the Securities in the Republic of Italy must be: (a) made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 385 of 1 September 1993 as amended, Decree No. 58, CONSOB Regulation No. 16190 of 29 October 2007, as amended and any other applicable laws and regulations; and (b) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

### Provisions relating to the secondary market in Italy

Dealers should also note that, in any subsequent distribution of the Securities in the Republic of Italy, Article 100-bis of Decree No. 58 may require compliance with the law relating to public offers of Securities. Furthermore, where the Securities are placed solely with “qualified investors” and are then systematically resold on the secondary market at any time in the 12 months following such placing, purchasers of Securities who are acting outside of the course of their business or profession may in certain circumstances be entitled to declare such purchase void and, in addition, to claim damages from any authorised person at whose premises the Securities were purchased, unless an exemption provided for under Decree No. 58 applies.

## Spain

This Prospectus has not been registered with the Spanish Securities Market Regulator (*Comisión Nacional del Mercado de Valores*). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that Securities may only be offered to the public in Spain pursuant to and in compliance with Law 24/1988 and Royal Decree 1310/2005, both as amended, and any regulation issued thereunder.

## General

With regard to each issue of Securities, any Dealer will be required to comply with such other additional restrictions as shall be set out in the applicable Final Terms.

## GENERAL INFORMATION

1. Application has been made to the UK Listing Authority for Securities issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such Securities to be admitted to trading on the Market. The listing of the Programme in respect of Securities is expected to be granted on or about 9 June 2011.

1.1 It is expected that each issue of Securities which is to be admitted to the Official List and to trading on the Market will be admitted separately as and when issued upon submission to the UK Listing Authority and to the London Stock Exchange of the applicable Final Terms and any other information required by the UK Listing Authority or any other relevant authority, subject only (in the case of Securities other than those cleared through CREST) to the issue of a Global Security representing such Securities. Prior to such listing and admission to trading, however, dealings in Securities will be permitted by the London Stock Exchange in accordance with its rules.

1.2 Unlisted Securities may also be issued under the Programme.

2. The Issuer has obtained all necessary consents, approvals and authorisations in the United Kingdom in connection with the establishment and update of the Programme and the issue and performance of the Securities. The establishment of the Programme was authorised by resolutions of the Chairman's Committee of the Board of Directors of the Issuer passed on 24 February 2011 and the issue of Securities under it was authorised by resolutions of the Board of Directors of the Issuer passed on 24 February 2011.

3. Save as disclosed in the section entitled "Lloyds Banking Group – Legal Actions and Regulatory Matters" on pages 182 - 185 of this Prospectus there has been: (i) no significant change in the financial or trading position of Lloyds TSB Bank Group since 31 December 2010, the date to which Lloyds TSB Bank Group's last published audited financial information (as set out in the Bank's 2010 Annual Report) was prepared and (ii) no material adverse change in the prospects of the Bank since 31 December 2010.

4. Save as disclosed in the section entitled "Lloyds Banking Group - Legal Actions and Regulatory Matters" on pages 182 - 185 of this Prospectus, there are no governmental, legal or arbitration proceedings (including any such proceedings pending or threatened of which the Bank is aware) during the 12 months preceding the date of this Prospectus, which may have or have had in the recent past, significant effects on the financial position or profitability of the Bank or the Lloyds TSB Bank Group.

5. Securities have been accepted for clearance through the Euroclear and Clearstream, Luxembourg and CREST systems (which are the entities in charge of keeping the records). The Common Code and the International Securities Identification Number (ISIN), and (where applicable) the identification number for any other relevant clearing system for each Series of Securities will be set out in the relevant Final Terms. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium, the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L- 1855 Luxembourg and the address of CREST is Euroclear UK & Ireland, 33 Cannon Street, London, EC4M 5SB. The address of any alternative clearing system will be specified in the applicable Final Terms.

6. For so long as Securities may be issued pursuant to this Prospectus, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the office of Lloyds TSB Bank plc, 25 Gresham Street, London EC2V 7HN:

6.1 the constitutional documents of the Issuer;

6.2 the audited consolidated annual financial statements of the Issuer for each of the financial years ended 31 December 2010 and 31 December 2009, in each case, together with the audit reports prepared in connection therewith;

6.3 the most recently published audited annual financial statements of the Issuer and the most recently published unaudited interim financial statements (if any) of the Issuer, in each case together with any audit or review reports prepared in connection therewith;

6.4 the Agency Agreement and the form of any Global Security;

- 6.5 the Dealer Agreement; and
- 6.6 in the case of a syndicated issue of Securities admitted to trading on the Market, the subscription agreement (or equivalent document).
7. Unless otherwise stated in the applicable Final Terms, the Issuer does not intend to provide post-issuance information in connection with any issue of Securities.
8. This Prospectus and the Final Terms for Securities that are listed on the Official List and admitted to trading on the Market will be published on the website of the Regulatory News Service operated by the London Stock Exchange at [www.londonstockexchange.com](http://www.londonstockexchange.com).
9. Copies of the latest audited consolidated Report and Accounts of the Issuer will be available for inspection at the specified offices of each of the Certificate and Warrant Agents during normal business hours, so long as any of the Securities is outstanding.
10. PricewaterhouseCoopers LLP, Chartered Accountants and Statutory Auditors, (members of the Institute of Chartered Accountants in England and Wales) have audited, and rendered unqualified audit reports on, the annual consolidated published accounts of the Issuer for the two financial years ended 31 December 2009 and 31 December 2010.
11. No cancellation of the Securities for taxation reasons, no cancellation of the Securities in accordance with the Conditions of the Securities will be made by the Issuer without such prior consent of, or notification to (and no objection being raised by), the FSA as may for the time being be required therefor.

**THE ISSUER**

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*To the Arranger and the Dealer as to English law*

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*To the Issuer*

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