

CITIGROUP GLOBAL MARKETS HOLDINGS INC.

(a corporation duly incorporated and existing under the laws of the State of New York)

Warrant Programme

On 25 February 2003 Citigroup Global Markets Holdings Inc. (the **Issuer**) established a Warrant Programme (the **Programme**). The Programme was updated on 25 May 2004, 15 February 2006, 15 February 2007, 15 February 2008, 13 February 2009 and 12 February 2010. This Base Prospectus supersedes the Base Prospectus dated 12 February 2010 describing the Programme. Under the terms of the Programme, the Issuer may from time to time issue warrants (**Warrants**) of any kind including, but not limited to, Warrants relating to a specified index or a basket of indices (**Index Warrants**), a specified share or a basket of shares (**Share Warrants**), a specified depositary receipt or a basket of depositary receipts (**Depositary Receipt Warrants**), a specified exchange traded fund share or a basket of exchange traded fund shares (**ETF Warrants**), a specified mutual fund interest or a basket of mutual fund interests (**Mutual Fund Warrants**), a specified debt instrument or a basket of debt instruments (**Debt Warrants**), a specified currency or a basket of currencies (**Currency Warrants**), a specified commodity or a basket of commodities (**Commodity Warrants**) or a specified gilt or basket of gilts (**Gilt Warrants**), or any combination thereof. Each issue of Warrants will be issued on the terms set out herein which are relevant to such Warrants under "*Terms and Conditions of the Warrants*" (the **Conditions**) and on such additional terms as will be set out in a final terms document (the **Final Terms**) which, with respect to Warrants which are to be listed on a stock exchange, will be filed with the relevant competent authority or delivered to such stock exchange on or prior to the date of listing of such Warrants.

The Issuer has a right of substitution as set out in Condition 13.

The form of the Final Terms is set out herein beginning on page 52 and will specify with respect to the issue of Warrants to which it relates, *inter alia*, the specific designation of the Warrants, the aggregate number and type of the Warrants, the date of issue of the Warrants, the issue price, the exercise price, the underlying asset, index or other item(s) to which the Warrants relate, the exercise period or date, whether automatic exercise applies to the Warrants, whether the Warrants may be terminated early following an Early Termination Event (as described herein) and certain other terms relating to the offering and sale of the Warrants. The Final Terms relating to an issue of Warrants will be attached to the Global Warrant(s) or each Definitive Warrant, as the case may be (in each case, as defined in the Conditions), representing such Warrants. The Final Terms supplement the Conditions and 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 Conditions.

Each issue of Warrants will entitle the holder thereof (the **Warrantholder**) (on exercise by the Warrantholder or automatic exercise, as applicable, and subject, where appropriate, to certification as to non-U.S. beneficial ownership) to receive a cash amount (if any) calculated in accordance with the relevant terms and/or to receive physical delivery of the underlying assets against, if applicable, payment of a specified sum, all subject as set forth herein and in the applicable Final Terms.

Prior to the date hereof, the Issuer has issued Warrants where the applicable Final Terms specifies that the number of Warrants issued pursuant to such Final Terms is a number "up to" a maximum number (an **"up to" issue**). Where a further issue of Warrants up to such maximum number is issued pursuant to such Final Terms after the date hereof, the applicable Final Terms must be read in conjunction with (i) the terms and conditions of such Warrants set out in the offering memorandum or base prospectus specified in the applicable Final Terms and (ii) this Base Prospectus (other than the terms and conditions set out herein). The Issuer will issue a notice on the web-site of the Luxembourg Stock Exchange (at www.bourse.lu) notifying the holders of such "up to" issues of the publication of this Base Prospectus.

EACH ISSUE OF WARRANTS WILL BE OF A SPECIALIST NATURE AND SHOULD ONLY BE BOUGHT AND TRADED BY INVESTORS WHO ARE PARTICULARLY KNOWLEDGEABLE IN INVESTMENT MATTERS.

Prospective purchasers of Warrants should ensure that they understand the nature of the relevant Warrants and the extent of their exposure to risks and that they consider the suitability of the relevant Warrants as an investment in the light of their own circumstances and financial condition. Warrants involve a high degree of risk, including the risk of their expiring worthless. Potential investors should be prepared to sustain a total loss of the purchase price of their Warrants. See "Risk Factors Relating to Warrants" beginning on page 26.

Application has been made to the *Commission de Surveillance du Secteur Financier* (the **CSSF**) in its capacity as competent authority under the Luxembourg Act dated 10 July 2005 on prospectuses for securities (*Loi relative aux prospectus pour valeurs mobilières*) to approve this document as a base prospectus for the purposes of Directive 2003/71/EC (the **Prospectus Directive**). Application has also been made to the Luxembourg Stock Exchange for Warrants to be issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market, *Bourse de Luxembourg*, and to be listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of Directive 2004/39/EC. The Programme provides that Warrants may be listed on such further or other stock exchange(s) or market(s) as the Issuer may decide. The applicable Final Terms will specify whether or not the relevant Warrants are to be listed on the Luxembourg Stock Exchange and/or any other stock exchange(s) or market(s). The Issuer may also issue unlisted Warrants.

The Warrants and, in certain cases, the Entitlement (as defined herein) to be delivered upon the exercise of the Warrants, have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the **Securities Act**) or with any securities regulatory authority of any state or other jurisdiction of the United States. Warrants may not be offered, sold or delivered within the United States or to, or for the account or benefit of U.S. persons (as defined in Regulation S under the Securities Act) unless the Warrants are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available. In addition, certain issues of Warrants may not at any time be offered, sold or delivered in the United States or to U.S. persons, nor may any U.S. persons at any time trade or maintain a position in such Warrants. The Issuer has not registered as an investment company pursuant to the United States Investment Company Act of 1940, as amended. The Issuer may, however, offer and sell Warrants of certain issues within the United States to persons reasonably believed by the Issuer to be qualified institutional buyers (each a **QIB**) as defined in Rule 144A under the Securities Act (**Rule 144A**) in reliance on the exemption provided by Rule 144A. The Issuer may also arrange for the offer and sale of certain issues within the United States to persons reasonably believed to be institutional accredited investors (each an **IAI**) (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act) in reliance upon the exemption provided by Section 4(2) of the Securities Act (**Section 4(2)**). Each purchaser of Warrants being offered within the United States is hereby notified that the offer and sale of such Warrants is being made in reliance upon an exemption from the registration requirements of the Securities Act. In certain circumstances, exercise of Warrants will be conditional upon certification as to non-U.S. beneficial ownership. Hedging transactions involving Physical Delivery Warrants (as defined herein) may not be conducted unless in compliance with the Securities Act. See "*Terms and Conditions of the Warrants*".

Warrants sold in the United States will, unless otherwise specified in the relevant Final Terms, be sold through Citigroup Global Markets Inc., a registered broker dealer.

Warrants sold exclusively outside the United States to non-U.S. persons will be represented by a global warrant (a **Permanent Global Warrant**) which will be deposited with a common depositary 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 Warrants.

In the event that an issue of Warrants is eligible for sale in the United States (i) to QIBs pursuant to Rule 144A, any such Warrants sold in the United States will be represented by a global warrant which will be deposited either: (1) with Citigroup Global Markets Deutschland AG, as the New York Warrant Agent as custodian for, and registered in the name of a nominee of, The Depository Trust Company (**DTC**) or (2) with a common depositary on behalf of Clearstream, Luxembourg and Euroclear (each a **Rule 144A Global Warrant**), or (ii) under the exemption provided by Section 4(2), any such Warrants sold to IAI in the United States will be issued and registered in definitive form (each a **Private Placement Definitive Warrant**) and (iii) in either case, any such Warrants sold outside the United States to non-U.S. persons will be represented by a Regulation S Global Warrant (each a **Regulation S Global Warrant**) deposited with a common depositary on behalf of Clearstream, Luxembourg and Euroclear. Warrants eligible for sale in the United States to QIBs pursuant to Rule 144A and to non-U.S. persons outside the United States may be represented by a global warrant which will be deposited with a common depositary on behalf of Clearstream, Luxembourg and Euroclear (each a **Combined Global Warrant**). Unless otherwise specified in the applicable Final Terms, Rule 144A Global Warrants, Private Placement Definitive Warrants, Regulation S Global Warrants and Combined Global Warrants will only be issued in relation to equity linked Warrants. Except as otherwise specified herein, definitive Warrants will not be issued.

The Warrants constitute unconditional liabilities of the Issuer. None of the Warrants are insured by the Federal Deposit Insurance Corporation (the **FDIC**).

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The date of this Base Prospectus is 14 January 2011.

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

This Base Prospectus is published for the purpose of giving information with regard to the Issuer, the subsidiaries of the Issuer (together with the Issuer, the Group) and the Warrants. The Issuer (the Responsible Person) accepts responsibility for the information contained in this Base Prospectus, subject as provided below. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained herein is in accordance with the facts and does not omit anything likely to affect the import of such information.

Copies of Final Terms will be available from the specified offices set out below of each Warrant Agent (as defined below) and Citigroup Global Markets Limited (CGML), subject as provided on page 235 below and, with respect to Warrants which are listed, will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

The applicable Final Terms will (if applicable) specify the nature of the responsibility taken by the Issuer for the information relating to the underlying asset, index or other item(s) to which the Warrants relate (the Underlying Assets and each an Underlying Asset) which is contained in such Final Terms. However, unless otherwise expressly stated in the applicable Final Terms, any information contained therein relating to the Underlying Asset(s) 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 such Underlying Asset(s). Unless otherwise expressly stated in the applicable Final Terms, the Issuer accepts responsibility for accurately reproducing such extracts or summaries (insofar as it is applicable) and, as far as the Issuer is aware and is able to ascertain from information published by the issuer, owner or sponsor, as the case may be, of such Underlying Asset(s), no facts have been omitted which would render the reproduced information inaccurate or misleading.

The Issuer may issue Warrants on a continuous basis to CGML and/or any additional or other manager of an issue of Warrants from time to time (together with CGML, as applicable to such issue of Warrants, the Managers and each a Manager). Warrants not initially sold by a Manager will be held by such Manager or an affiliate or affiliates of such Manager and may be retained or may be sold by such Manager or such affiliate or affiliates from time to time in such amounts and at such prices as such Manager or such affiliate or affiliates may determine. Offering prices will be at the discretion of the Manager(s). There is no obligation upon any Manager to sell all of the Warrants of any issue.

No person is authorised to give any information or to make any representation not contained in or not consistent with this document or any other information supplied in connection with the Programme and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any Manager. This document does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation and no action is being taken to permit an offering of the Warrants or the distribution of this document in any jurisdiction where any such action is required.

This Base Prospectus is to be read and construed in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*" on page 49). This Base Prospectus shall be read and construed on the basis that such documents are incorporated in and form part of this Base Prospectus.

The 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 Issuer to pay any amount or deliver any asset to any holder of a Warrant unless the relevant holder duly exercises such Warrant or such Warrants are automatically exercised and an Exercise Notice (as defined herein) is duly delivered. The Warrants will be exercised or will be exercisable in the manner set forth herein and in the applicable Final Terms. Upon exercise, in order to receive payment of any amount or delivery of any asset due under a Warrant, the Warrantholder may be required to certify (in accordance with the provisions outlined in "*Offering and Sale*" below) that it is not a U.S. person or a person who has purchased such Warrant for resale to U.S. persons and that it is not exercising such Warrant on behalf of a U.S. person. Upon Early Termination of a Warrant following an Early Termination Event, in order to receive payment of any amount or delivery of any asset due under a Warrant, the Warrantholder may be required to certify that it is not a U.S. person or a person who has purchased such Warrant for resale to U.S. persons. Upon transfer or exchange of a Warrant, the Warrantholder may, in certain circumstances, be required to certify that the transfer or exchange, as the case may be, is being made to a person whom the transferor or exchange or reasonably believes is not a U.S. person or is a QIB or an IAI, as applicable, who acquired the right to such transfer or exchange in a transaction exempt from the registration requirements of the Securities Act. The proposed transferee may also be required to deliver an investor representation letter as a condition precedent to such proposed transfer or exchange.

The Issuer shall have complete discretion as to what type of Warrants it issues and when.

No Manager has separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by any Manager as to the accuracy or completeness of the information contained in this Base Prospectus or any other information provided by the Issuer. No Manager accepts liability in relation to the information contained in this Base Prospectus or any other information provided by the Issuer in connection with the Programme.

Neither this Base Prospectus nor any other information supplied in connection with the Programme (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer or any Manager that any recipient of this Base Prospectus or any other information supplied in connection with the Programme should purchase any Warrants. Each investor contemplating purchasing any Warrants should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Base Prospectus nor any other information supplied in connection with the Programme constitutes an offer or an invitation by or on behalf of the Issuer or any Manager or any other person to subscribe for or to purchase any Warrants.

The Issuer has not investigated, and does not have access to information that would permit it to ascertain, whether any company that has issued equity, debt or other instruments to which any Warrants relate is a passive foreign investment company for U.S. federal income tax purposes. Prospective investors in any Warrants that are U.S. taxpayers should consult their own advisers concerning U.S. federal income tax considerations relevant to an investment in such Warrants.

Notwithstanding anything to the contrary in this Base Prospectus or in any Programme document, all persons may disclose to any and all persons, without limitation of any kind, the United States federal, state and local tax treatment of the Warrants, any fact relevant to understanding the United States federal, state and local tax treatment of the Warrants and all materials of any kind (including opinions or other tax analyses) relating to such United States federal, state and local tax treatment other than the names of the parties or any other person named herein, or information that would permit identification of the parties or other non-public business or financial information that is unrelated to the United States federal, state or local tax

treatment of the Warrants to the taxpayer and is not relevant to understanding the United States federal, state or local tax treatment of the Warrants to the taxpayer.

The delivery of this Base Prospectus does not at any time imply that the information contained herein concerning the Issuer or the Group is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. No Manager 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 Warrants.

This Base Prospectus has been prepared on the basis that, any offer of Warrants in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Warrants. Accordingly any person making or intending to make an offer in that Relevant Member State of Warrants which are the subject of an offering contemplated in this Base Prospectus as completed by final terms in relation to the offer of those Warrants may only do so in circumstances in which no obligation arises for the Issuer or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Manager have authorised, nor do they authorise, the making of any offer of Warrants in circumstances in which an obligation arises for the Issuer or any Manager to publish or supplement a prospectus for such offer. 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.

This Base Prospectus does not constitute an offer of, or invitation by or on behalf of, the Issuer or any Manager to subscribe for or purchase any Warrants. The distribution of this Base Prospectus and the offering of Warrants in certain jurisdictions may be restricted by law. The Issuer and the Managers do not represent that this Base Prospectus may be lawfully distributed, or that any Warrants may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. Accordingly, no Warrants may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus comes are required by the Issuer and any Manager to inform themselves about and to observe any such restrictions. For a description of certain further restrictions on offers and sales of the Warrants and on the distribution of this Base Prospectus, see "*Offering and Sale*" beginning on page 228.

In connection with any issue of Warrants or otherwise, the Issuer and/or any of its subsidiaries may acquire and/or maintain positions in the underlying asset(s) relating to such Warrants but neither the Issuer nor any of its subsidiaries will have any obligation to acquire or maintain any such position.

In this Base Prospectus, references to U.S.\$, \$ and U.S. Dollars refer to United States dollars and references to euro, EUR and € refer to the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty on the functioning of the European Union, as amended.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER CHAPTER 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

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SUMMARY OF THE PROGRAMME AND TERMS AND CONDITIONS OF THE WARRANTS

This Summary must be read as an introduction to this Base Prospectus and is provided as an aid to investors when considering whether to invest in Warrants, but is not a substituted for the Base Prospectus. Any decision to invest in any Warrants should be based on a consideration of this Base Prospectus as a whole, including the documents incorporated by reference and, in relation to any tranche of Warrants, the relevant Final Terms. Following the implementation of the relevant provisions of the Prospectus Directive (Directive 2003/71/EC, as amended) in each Member State of the European Economic Area, no civil liability will attach to the Responsible Persons in any such Member State solely on the basis of this Summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus or it does not provide, when read together with the other parts of this Base Prospectus, key information in order to aid investors when considering whether to invest in the relevant Warrants. Where a claim relating to the information contained in this Base Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Base Prospectus before the legal proceedings are initiated.

Words and expressions defined in the Conditions shall have the same meanings in this Summary.

Information relating to the Issuer:

Issuer:	Citigroup Global Markets Holdings Inc.
Description:	The Issuer was incorporated in New York in 1977 and is the successor to Salomon Smith Barney Holdings Inc., a Delaware corporation, following a statutory merger effective on 1 July 1999, for the purpose of changing its state of incorporation. The principal office of the Issuer is located at 388 Greenwich Street, New York, New York 10013, telephone number (212) 816-6000. The internet address of Citigroup Inc. is www.citigroup.com .
Business of the Issuer:	The Issuer, operating through its subsidiaries, engages in full-service investment banking and securities brokerage business. The Issuer operates in two business segments: (i) Institutional Clients Group (which includes (a) Securities and Banking and (b) Transaction Services) and (ii) Brokerage and Asset Management (which consists of global retail brokerage and asset management businesses).

Information relating to the Programme:

Risk Factors:	<p>The following paragraphs do not describe all the risks of an investment in any Warrants. Prospective investors should consult their own financial and legal advisers about risks associated with investment in any Warrants and the suitability of investing in any Warrants in light of their particular circumstances.</p> <p>There are certain factors that may affect the Issuer's ability to fulfil its obligations under any Warrants, including that</p>
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the Warrants are unsecured obligations of the Issuer and that the Issuer is a holding company and its ability to fulfil its obligations under the Warrants is dependent on the earnings of its subsidiaries. In addition, there may be illiquidity of the Warrants in the secondary market, there may be interest rate, foreign exchange, time value and political risks, there may be limitations on the number of Warrants which may be exercised at a particular time, there may be a time lag between exercise and valuation in relation to a Warrant, the Issuer may have the option to vary settlement in relation to the Warrants or to substitute assets or to pay a cash amount instead of delivering the relevant asset(s) relating to the Warrants and market disruptions or settlement disruptions may occur in respect of the Warrants, in respect of which the Issuer may make adjustments to the terms and conditions of the Warrants and/or cancel the Warrants as more fully set out below.

Payments and/or deliveries in respect of Warrants are determined by reference to one or more values of indices, shares, depositary receipts, ETF shares, fund interests, debt securities, currencies, commodities or gilts or other underlying assets (the **Underlying Assets**), either directly or inversely, or Warrants may be exercisable for or payable in certain assets. An investment in Warrants may entail significant risks. The risks of a particular Warrant will depend on the terms of such Warrant, but may include, without limitation, the possibility of significant changes in the prices of the relevant Underlying Assets. Such risks generally depend on factors over which the Issuer has no control, and which cannot readily be foreseen, such as economic and political events, liquidity of the relevant Underlying Assets and the supply of and demand for the relevant Underlying Assets. In particular, investors should note that mutual funds and the markets and instruments in which they invest are often not subject to review by governmental or other supervisory authorities. In recent years, currency exchange rates and prices for various Underlying Assets have been highly volatile, and such volatility may be expected in the future. Fluctuations in any such rates or prices that have occurred in the past are not necessarily indicative, however, of fluctuations that may occur during the term of any Warrant.

Additionally, certain Warrants, as well as the payments and/or deliveries in respect thereof being linked to one or more Underlying Assets, may also have the payments and/or deliveries in respect thereof linked to the underlying hedging arrangements of the Issuer, any of its Affiliates and/or any third parties with whom the Issuer and/or any of its Affiliates has entered into hedging arrangements in respect of the relevant Warrants.

PROSPECTIVE INVESTORS MUST REVIEW THE APPLICABLE FINAL TERMS TO ASCERTAIN WHAT THE RELEVANT UNDERLYING ASSET(S) ARE AND HOW ANY UNDERLYING HEDGING ARRANGEMENTS ARE RELEVANT, IN EACH CASE, IN ORDER TO SEE HOW ANY AMOUNTS PAYABLE AND/OR DELIVERABLE, AS THE CASE MAY BE, ARE DETERMINED AND WHEN ANY SUCH AMOUNTS ARE PAYABLE AND/OR DELIVERABLE, BEFORE MAKING ANY DECISION TO PURCHASE ANY WARRANTS. WARRANTS MAY HAVE NO GUARANTEED RETURN AND MAY EXPIRE WORTHLESS.

Managers:

Citigroup Global Markets Limited. Warrants sold in the United States will, unless otherwise specified in the applicable Final Terms, be sold through Citigroup Global Markets Inc., a registered broker dealer.

Type of Warrants:

Any kind including, but not limited to, Index Warrants (payments and/or deliveries will be calculated by reference to one or more indices and/or formulae), Share Warrants (payments and/or deliveries will be calculated by reference to one or more shares and/or formulae), Depositary Receipt Warrants (payments and/or deliveries will be calculated by reference to one or more depositary receipts and/or formulae), ETF Warrants (payments and/or deliveries will be calculated by reference to one or more ETF shares and/or formulae), Mutual Fund Warrants (payments and/or deliveries will be calculated by reference to one or more fund interests and/or formulae), Debt Warrants (payments and/or deliveries will be calculated by reference to one or more debt securities and/or formulae), Currency Warrants (payments and/or deliveries will be calculated by reference to one or more currencies and/or formulae), Commodity Warrants (payments and/or deliveries will be calculated by reference to one or more commodities and/or formulae) or Gilt Warrants (payments and/or deliveries will be calculated by reference to one or more Gilts and/or formulae), or any combination thereof.

Terms applicable to any other type of warrant will be set out in the applicable Final Terms.

If "Certificates" is specified in the applicable Final Terms, references herein to "Warrant" shall be deemed to be references to "Certificate", and related expressions shall be construed accordingly.

Any amounts payable or deliverable on any exercise or termination of Warrants will be determined by reference to an index or formula, to changes in the levels, prices or values of one or more Underlying Assets, to the underlying hedging arrangements of the Issuer, any of its affiliates

and/or any third parties or to such other factors as specified in the applicable Final Terms.

Where Warrants are specified in the applicable Final Terms to be "EMEA Participation Certificates", the Issuer will pay to Warrantholders (a) amounts determined by reference to (i) dividends (if any) paid by the relevant share company and/or (ii) the sale of securities (if any) issued by the relevant share company following a corporate action and (b) a final settlement amount calculated by reference to actual or notional sale proceeds of the relevant Shares, less a commission.

Form of Warrants:

Warrants sold exclusively outside the United States to non-U.S. persons will be represented by a Permanent Global Warrant which will be deposited with a common depositary on behalf of Clearstream, Luxembourg and Euroclear (a **Common Depositary**).

In the event that an issue of Warrants is eligible for sale in the United States (i) to QIBs pursuant to Rule 144A, such Warrants sold in the United States will be represented by a Rule 144A Global Warrant deposited either: (1) with the New York Warrant Agent as custodian for, and registered in the name of a nominee of, DTC or (2) with a Common Depositary, or (ii) under the exemption provided by Section 4(2), such Warrants sold to IAs in the United States will be issued and registered in definitive form as Private Placement Definitive Warrants and (iii) in either case, such Warrants sold outside the United States to non-U.S. persons will be represented by a Regulation S Global Warrant deposited with a Common Depositary. Warrants eligible for sale in the United States to QIBs pursuant to Rule 144A and to non-U.S. persons outside the United States may be represented by a Combined Global Warrant which will be deposited with a Common Depositary. Unless otherwise specified in the applicable Final Terms, Rule 144A Global Warrants, Private Placement Definitive Warrants, Regulation S Global Warrants and Combined Global Warrants will only be issued in relation to equity linked Warrants.

Disrupted Days, Market Disruption Events and Adjustments:

If (in relation to an Index Warrant, a Share Warrant, a Depositary Receipt Warrant, an ETF Warrant or a Mutual Fund Warrant) a Disrupted Day in relation to any Underlying Asset occurs or (in relation to a Warrant which is not an Index Warrant, a Share Warrant, a Depositary Receipt Warrant, an ETF Warrant, a Mutual Fund Warrant or a Gilt Warrant) a Market Disruption Event in relation to any Underlying Asset occurs, the day on which the value of the Underlying Asset(s) is to be determined may be postponed or alternative provisions for valuation may apply.

In relation to Index Warrants, if an Index Adjustment Event occurs, the Issuer may, unless otherwise specified in the applicable Final Terms, (i) require the Calculation Agent to either (A) determine the level of the relevant Index by reference to the level for such Index as determined by the Calculation Agent in accordance with the formula for and method of calculating the relevant Index last in effect prior to the relevant change, failure or cancellation or (B) substitute the Index with a replacement index and determine the adjustments, if any, to be made to account for such substitution or (ii) cancel the Warrants and pay an amount to each Warrantholder in respect of each Warrant as specified below.

In relation to Index Warrants, Share Warrants, Depositary Receipt Warrants, ETF Warrants and Mutual Fund Warrants, if an Adjustment Event occurs, the Issuer may, unless otherwise specified in the applicable Final Terms, (i) require the Calculation Agent to make such adjustments to the terms of the Warrants as the Calculation Agent determines necessary or appropriate to account for the event (including, but not limited to, (a) a substitution of the relevant Underlying Asset, if such substitution is specified as applying in the applicable Final Terms or (b) the issue of additional Warrants if so specified in the applicable Final Terms or (c) if Increased Cost of Hedging is specified as applicable in the applicable Final Terms and such an event occurs, adjustments to pass onto warrant holders any increased cost of hedging which may include, but is not limited to, reducing any of the amounts which would otherwise be payable) and determine the effective date of the adjustment, or (ii) cancel the Warrants and pay an amount to each Warrantholder in respect of each Warrant as specified below.

Adjustment Events include: (i) in respect of Share Warrants, Depositary Receipt Warrants, ETF Warrants and Mutual Fund Warrants: events having a dilutive, concentrative or other effect on the value of the relevant Underlying Asset, de-listing of the relevant Underlying Asset, insolvency and analogous proceedings affecting the relevant Underlying Asset, mergers, tender offers or nationalisations in respect of the relevant Underlying Asset, arrangements made to hedge the Issuer's position under the Warrants becoming illegal (ii) in respect of Depositary Receipt Warrants: instructions being given to surrender shares underlying the relevant Depositary Receipts or any relevant deposit agreement being terminated, (iii) in respect of ETF Warrants and Mutual Fund Warrants: changes in or failures by any fund service providers, any failure to segregate relevant assets, modifications of any relevant fund agreements, any administrator or adviser becoming subject to regulatory action, changes in legal, fiscal or

regulatory treatment having an adverse impact on the value of the relevant Underlying Asset, any violation of any strategy or investment guidelines, (iv) in respect of Mutual Fund Warrants: any event making it impossible or impracticable to determine the value of the relevant Underlying Asset for a specified period or any failure of a fund to deliver agreed information, and (v) any additional or alternative Adjustment Events (including any Additional Disruption Events) specified in the applicable Final Terms.

Additional Disruption Events may include, in respect of Index Warrants and Share Warrants: change in law, hedging disruption, increased cost of hedging, increased cost of stock borrow and/or loss of stock borrow and any additional or alternative Additional Disruption Events specified in the applicable Final Terms and in respect of Share Warrants: insolvency filing.

If, in relation to EMEA Participation Certificates, a cash dividend is paid or a stock dividend or rights issue occurs, the value of any dividend or corporate action securities paid or issued by the relevant share company will be paid to Warrantholders and any such corporate action shall not constitute an Adjustment Event, except as otherwise provided in the Conditions.

PROSPECTIVE INVESTORS SHOULD REVIEW THE APPLICABLE FINAL TERMS TO ASCERTAIN WHICH ADJUSTMENT EVENTS APPLY TO THE RELEVANT WARRANTS BEFORE MAKING ANY DECISION TO INVEST.

In relation to Warrants relating to a Contract, in the event that the terms of the Contract are changed or modified by the applicable Related Exchange, the Calculation Agent shall make appropriate adjustments to the terms of the Warrants to account for such change or modification. In the event that the relevant Contract never commences or is permanently discontinued, the Calculation Agent shall determine the Official Settlement Price by reference to the closing level of the relevant Index on the Expiry Date as more fully set out in the Conditions.

In relation to Gilt Warrants, the Calculation Agent may substitute for any Gilt such other "gilt-edged securities" (within the meaning of the Taxation of Chargeable Gains Act 1992) as it considers appropriate in its commercially reasonable discretion, and the Issuer may make such other adjustments to the terms of the Warrants as it deems appropriate to reflect such substitution.

Exercise Style:

Warrants will be exercisable on any Business Day during a specified period (**American Style Warrants**), on a specific date (**European Style Warrants**) or more than one date

(Multiple Exercise Warrants) or on such other date or dates (including, without limitation, a combination of the above), in each case, as specified in the applicable Final Terms.

Warrants are either exercisable by the relevant holder or will be exercised automatically, if they are in-the-money, or will expire worthless. There is no obligation upon the Issuer to pay any amount and/or deliver any asset unless the relevant holder duly exercises such Warrant or such Warrant is automatically exercised and an Exercise Notice is duly delivered.

Minimum or Maximum Exercise Number: The number of Warrants exercisable 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, must not be less than the Minimum Exercise Number specified in the applicable Final Terms or an integral multiple of such number.

In relation to American Style Warrants, if the number of Warrants being exercised on any Actual Exercise Date exceeds the Maximum Exercise Number, the number of Warrants exercised in excess of such Maximum Exercise Number may be deemed by the Issuer to be exercised on the immediately succeeding Business Days until all such Warrants have been attributed with an Actual Exercise Date, up to and including the Expiration Date.

Issue Price of Warrants: Such Issue Price as may be specified in the applicable Final Terms.

Settlement: Cash payment (**Cash Settled Warrants**) and/or physical delivery (**Physical Delivery Warrants**).

Variation of Settlement: If so specified in the applicable Final Terms in relation to Warrants represented by a Permanent Global Warrant, the Issuer may have the option to vary settlement in respect of the Warrants.

Substitute Assets

In relation to Physical Delivery Warrants (other than Gilt Warrants) which are Private Placement Definitive Warrants or Warrants represented by a Rule 144A Global Warrant, a Regulation S Global Warrant or a Combined Global Warrant, the Issuer may, if the Calculation Agent determines that the Relevant Asset(s) comprise securities which are not freely tradeable, elect either (i) to substitute an equivalent value (as determined by the Calculation Agent) of Substitute Assets for such securities or (ii) *in lieu* of delivery of such securities make payment to the relevant Warrantholders of an amount equal to the fair market value of the relevant securities, as determined by the Calculation Agent.

No Physical Delivery Warrants linked to the shares or transferable securities equivalent to shares issued by the Issuer or an entity belonging to the group of the Issuer will be issued.

Dividends:

In relation to Share Warrants, Depositary Receipt Warrants, ETF Warrants or Mutual Fund Warrants, where the applicable Final Terms specifies that "Payments of Dividends" is applicable, payments calculated by reference to the amount of any dividends, distributions or other payments paid by the relevant Share Company or Basket Company, Depositary or Basket Depositary, Fund or Basket Fund or Mutual Fund or Basket Mutual Fund, as the case may be, in respect of Shares, Depositary Receipts, ETF Shares or Fund Interests comprising the Underlying Asset(s) may be paid by the Issuer to the Warrantholders, as further described in the applicable Final Terms.

Early Termination:

If the applicable Final Terms specifies that Early Termination applies, such Warrants may be terminated early by the Issuer following the occurrence of an Early Termination Event, as further described in the Conditions and in the applicable Final Terms.

Illegality in relation to the Warrants:

If the Issuer determines that the performance of its obligations under the terms of an issue of Warrants (other than Gilt Warrants) has become illegal in whole or in part for any reason, the Issuer may cancel the Warrants and, to the extent permitted by applicable law, will pay an amount to each Warrantholder in respect of each Warrant as specified below.

Physical Delivery Warrants:

To the extent specified in the applicable Final Terms, settlement may be by way of physical delivery of certain assets as specified in the applicable Final Terms.

In the case of Physical Delivery Warrants, if a Settlement Disruption Event occurs or exists on any date specified for delivery of the relevant Entitlement, settlement will be postponed until the next Settlement Business Day in respect of which there is no Settlement Disruption Event. The Issuer in these circumstances may elect to deliver the relevant Entitlement using such other commercially reasonable manner as it may select or (in respect of Warrants other than Gilt Warrants) may pay the Disruption Cash Settlement Price *in lieu* of delivering the Entitlement.

In respect of Gilt Warrants, for so long as delivery of the Entitlement in respect of an Actual Exercise Date or Early Termination Event, as the case may be, is not practicable by reason of a Settlement Disruption Event, then the Issuer may elect to substitute the Gilts comprising the Entitlement.

If "Failure to Deliver" is specified as applying in the applicable Final Terms and, at the relevant time, it is impossible or impracticable to deliver, when due, some or all of the Relevant Assets or Substitute Assets, as the case may be, where such failure to deliver is due to illiquidity in the market for such Relevant Assets or Substitute Assets, the Issuer may pay the Failure to Deliver Settlement Price *in lieu* of delivering some or all of such assets so affected.

Realisation Disruption:

If "Realisation Disruption" is specified as applicable in the applicable Final Terms, upon the occurrence and/or continuation of any Realisation Disruption Event on or before the date on which the Issuer's obligations in respect of the Warrants have been discharged, the Issuer may (i) direct the Calculation Agent to make such consequential adjustments to any of the terms of the Warrants (including any payment or delivery obligations) as it determines appropriate in order to reflect the economic effect of the particular Realisation Disruption Event or (ii) cancel the Warrants and pay an amount to each Warrantholder in respect of each Warrant as specified below.

Payments on cancellation:

If the Warrants are cancelled pursuant to an Index Adjustment Event, an Adjustment Event, an illegality or a Realisation Disruption, the Issuer will pay to each Warrantholder in respect of each Warrant an amount equal to the fair market value of a Warrant (which may be determined by the Issuer by reference to the amounts (if any) received by it and/or any of its affiliates under any hedging arrangements) less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements but taking into account, if applicable, any Exercise Price(s), all as determined by the Calculation Agent or such other amount as may be specified in the applicable Final Terms.

Expenses and Taxation:

A Warrantholder shall pay all Exercise Expenses.

Exercise Expenses in respect of Physical Delivery Warrants shall be paid to the Issuer by the relevant Warrantholder, as specified by the Warrantholder in the relevant Exercise Notice.

If any Exercise Expenses are not so paid, the relevant Warrantholder shall be deemed to authorise the Issuer to convert and the Issuer may convert such amount of the Entitlement into cash sufficient to cover the Exercise Expenses in respect of the relevant Warrant from which the Issuer shall deduct such Exercise Expenses.

The Issuer shall not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, exercise or enforcement of any Warrant by any person and all

payments 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.

Substitution of the Issuer:

In relation to any issue of Warrants, the Issuer, or any previous substituted company may, at any time, without the consent of the Warrantholders, substitute for itself any company which is, on the date of such substitution and in the opinion of the Issuer, of at least the equivalent standing and creditworthiness to the Issuer, subject as provided herein.

Status of the Warrants:

The Warrants will constitute unsecured and unsubordinated obligations of the Issuer.

Listing and admission to trading:

Application has been made for Warrants to be admitted during the period of twelve months after the date hereof to trading on the regulated market and to listing on the Official List of the Luxembourg Stock Exchange.

Warrants may also be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or will be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as the Issuer and the relevant Manager decide.

In respect of Warrants which are to be listed on a stock exchange, market or quotation system, the Issuer shall use all reasonable endeavours to maintain such listing PROVIDED THAT if it becomes impracticable, unduly burdensome or unduly onerous to maintain such listing, then the Issuer may apply to de-list such Warrants PROVIDED THAT it shall use all reasonable endeavours to obtain as soon as practicable after such de-listing, an alternative admission to listing, trading and/or quotation by a stock exchange, market or quotation system within or outside the European Union, as it may decide. If such an alternative admission is not available or is, in the Issuer's opinion, impracticable or unduly burdensome, an alternative admission will not be obtained.

Governing Law:

English law.

Selling Restrictions:

United States, the European Economic Area (including the United Kingdom), Bangladesh, PRC, Hong Kong, Mongolia, India, Indonesia, Korea, Malaysia, Pakistan, the Philippines, Singapore, Sri Lanka, Taiwan, Thailand and Vietnam and such other restrictions as may be required in connection with the offering and sale of a particular Series of Warrants, see "*Offering and Sale*".

GENERAL DESCRIPTION OF THE PROGRAMME

The following general description is taken from, and is subject to and qualified in its entirety by, the "Summary of the Programme and the Terms and Conditions of the Warrants" beginning on page 7 and the remainder of this Base Prospectus and, in relation to the Conditions of any particular issue of Warrants, the applicable Final Terms. The Issuer may issue the Warrants in a form other than that contemplated by the Conditions in which case the applicable Final Terms will specify other terms and conditions which shall, to the extent so specified or to the extent so inconsistent with the Conditions, amend, supplement, replace or modify the Conditions and a supplement to the Base Prospectus, if appropriate, will be made available which will describe the terms of such Warrants.

Words and expressions defined in the Conditions shall have the same meanings in this general description.

Issuer: Citigroup Global Markets Holdings Inc.

Description: Warrant Programme.

Managers: Citigroup Global Markets Limited and any other Managers appointed in accordance with the Underwriting Agreement. Warrants sold in the United States will, unless otherwise specified in the applicable Final Terms, be sold through Citigroup Global Markets Inc., a registered broker dealer.

Principal Warrant Agent and New York Warrant Agent: Citigroup Global Markets Deutschland AG.

Definitive Warrant Agent: Citibank, N.A.

Type of Warrants: The Issuer may from time to time issue Warrants of any kind including, but not limited to, Index Warrants (payments and/or deliveries will be calculated by reference to one of more indices and/or formulae), Share Warrants (payments and/or deliveries will be calculated by reference to one or more shares and/or formulae), Depositary Receipt Warrants (payments and/or deliveries will be calculated by reference to one of more depositary receipts and/or formulae), ETF Warrants (payments and/or deliveries will be calculated by reference to one of more ETF shares and/or formulae), Mutual Fund Warrants (payments and/or deliveries will be calculated by reference to one of more fund interests and/or formulae), Debt Warrants (payments and/or deliveries will be calculated by reference to one or more debt instruments and/or formulae), Currency Warrants (payments and/or deliveries will be calculated by reference to one or more currencies and/or formulae), Commodity Warrants (payments and/or deliveries will be calculated by reference to one or more indices and/or commodities and/or formulae) or Gilt Warrants (payments and/or deliveries will be calculated by reference to one or more Gilts or formulae), or any combination thereof, all as more fully described in the

applicable Final Terms.

Terms applicable to any other type of Warrant will be set out in the applicable Final Terms.

If "Certificates" is specified in the applicable Final Terms, references herein to "Warrant" shall be deemed to be references to "Certificate", and related expressions shall be construed accordingly.

Any amounts payable or deliverable on any exercise or termination of Warrants will be determined by reference to an index or formula, to changes in the levels, prices or values of one or more Underlying Assets, to the underlying hedging arrangements of the Issuer, any of its affiliates and/o any third parties or to such other factors as specified in the applicable Final Terms.

Where Warrants are specified in the applicable Final Terms to be "EMEA Participation Certificates", the Issuer will pay to Warrantholders (a) amounts determined by reference to (i) dividends (if any) paid by the relevant share company and/or (ii) the sale of securities (if any) distributed by the relevant share company following a corporate action and (b) a final settlement amount calculated by reference to actual or notional sale proceeds of the relevant Shares, less a commission.

Form of Warrants:

Warrants sold exclusively outside the United States to non-U.S. persons will be represented by a Permanent Global Warrant which will be deposited with a common depositary on behalf of Clearstream, Luxembourg and Euroclear (a **Common Depositary**) on the date of issue of the relevant Warrants.

In the event that an issue of Warrants is eligible for sale in the United States (i) to QIBs pursuant to Rule 144A, any such Warrants sold in the United States will be represented by a Rule 144A Global Warrant which will be deposited either: (1) with the New York Warrant Agent as custodian for, and registered in the name of a nominee of, DTC or (2) with a Common Depositary, or (ii) under the exemption provided by Section 4(2), any such Warrants sold to IAs in the United States will be issued and registered in definitive form as Private Placement Definitive Warrants and (iii) in either case, any such Warrants sold outside the United States to non-U.S. persons will be represented by a Regulation S Global Warrant deposited with a Common Depositary. Warrants eligible for sale in the United States to QIBs pursuant to Rule 144A and to non-U.S. persons outside the United States may be represented by a Combined Global Warrant which will be deposited with a Common Depositary. Unless otherwise specified in the applicable Final Terms, Rule 144A Global Warrants, Private Placement Definitive

Warrants, Regulation S Global Warrants and Combined Global Warrants will only be issued in relation to equity linked Warrants.

Except as otherwise specified herein, definitive Warrants will not be issued.

Disrupted Days, Market Disruption Events and Adjustments:

If (in relation to an Index Warrant, a Share Warrant, a Depositary Receipt Warrant, an ETF Warrant or a Mutual Fund Warrant) a Disrupted Day in relation to any Underlying Asset occurs or (in relation to a Warrant which is not an Index Warrant, a Share Warrant, a Depositary Receipt Warrant, an ETF Warrant, a Mutual Fund Warrant or a Gilt Warrant) a Market Disruption Event in relation to any Underlying Asset occurs, the day on which the value of the Underlying Asset(s) is to be determined may be postponed or alternative provisions for valuation may apply.

In relation to Index Warrants, if an Index Adjustment Event occurs, the Issuer may, unless otherwise specified in the applicable Final Terms, (i) require the Calculation Agent to either (A) determine the level of the relevant Index by reference to the level for such Index as determined by the Calculation Agent in accordance with the formula for and method of calculating the relevant Index last in effect prior to the relevant change, failure or cancellation or (B) substitute the Index with a replacement index and determine the adjustments, if any, to be made to account for such substitution or (ii) cancel the Warrants and pay an amount to each Warrantholder in respect of each Warrant as specified below.

In relation to Index Warrants, Share Warrants, Depositary Receipt Warrants, ETF Warrants and Mutual Fund Warrants, if an Adjustment Event occurs, the Issuer may, unless otherwise specified in the applicable Final Terms, (i) require the Calculation Agent to make such adjustments to the terms of the Warrants as the Calculation Agent determines necessary or appropriate to account for the event (including, but not limited to, (a) a substitution of the relevant Underlying Asset, if such substitution is specified as applying in the applicable Final Terms or (b) the issue of additional Warrants if so specified in the applicable Final Terms or (c) if Increased Cost of Hedging is specified as applicable in the applicable Final Terms and such an event occurs, adjustments to pass onto warrantholders any increased cost of hedging which may include, but is not limited to, reducing any of the amounts which would otherwise be payable) and determine the effective date of the adjustment, or (ii) cancel the Warrants and pay an amount to each Warrantholder in respect of each Warrant as specified below.

Adjustment Events include: (i) in respect of Share Warrants, Depositary Receipt Warrants, ETF Warrants and Mutual Fund Warrants: events having a dilutive, concentrative or other effect on the value of the relevant Underlying Asset, de-listing of the relevant Underlying Asset, insolvency and analogous proceedings affecting the relevant Underlying Asset, mergers, tender offers or nationalisations in respect of the relevant Underlying Asset, arrangements made to hedge the Issuer's position under the Warrants becoming illegal (ii) in respect of Depositary Receipt Warrants: instructions being given to surrender shares underlying the relevant Depositary Receipts or any relevant deposit agreement being terminated, (iii) in respect of ETF Warrants and Mutual Fund Warrants: changes in or failures by any fund service providers, any failure to segregate relevant assets, modifications of any relevant fund agreements, any administrator or adviser becoming subject to regulatory action, changes in legal, fiscal or regulatory treatment having an adverse impact on the value of the relevant Underlying Asset, any violation of any strategy or investment guidelines, (iv) in respect of Mutual Fund Warrants: any event making it impossible or impracticable to determine the value of the relevant Underlying Asset for a specified period or any failure of a fund to deliver agreed information, and (v) any additional or alternative Adjustment Events (including any Additional Disruption Events) specified in the applicable Final Terms.

Additional Disruption Events may include, in respect of Index Warrants and Share Warrants: change in law, hedging disruption, increased cost of hedging, increased cost of stock borrow and/or loss of stock borrow and any additional or alternative Additional Disruption Events specified in the applicable Final Terms and in respect of Share Warrants: insolvency filing.

If, in relation to EMEA Participation Certificates, a cash dividend is paid or a stock dividend or rights issue occurs, the value of any dividend or corporate action securities paid or issued by the relevant share company will be paid to Warrantheolders and any such corporate action shall not constitute an Adjustment Event, except as otherwise provided in the Conditions.

PROSPECTIVE INVESTORS SHOULD REVIEW THE APPLICABLE FINAL TERMS TO ASCERTAIN WHICH ADJUSTMENT EVENTS APPLY TO THE RELEVANT WARRANTS BEFORE MAKING ANY DECISION TO INVEST.

In relation to Warrants relating to a Contract, in the event that the terms of the Contract are changed or modified by

the applicable Related Exchange, the Calculation Agent shall make appropriate adjustments to the terms of the Warrants to account for such change or modification. In the event that the relevant Contract never commences or is permanently discontinued, the Calculation Agent shall determine the Official Settlement Price by reference to the closing level of the relevant Index on the Expiry Date as more fully set out in the Conditions.

In relation to Gilt Warrants, the Calculation Agent may substitute for any Gilt such other "gilt-edged securities" (within the meaning of the Taxation of Chargeable Gains Act 1992) as it considers appropriate in its commercially reasonable discretion, and the Issuer may make such other adjustments to the terms of the Warrants as it deems appropriate to reflect such substitution.

Exercise Style:

The applicable Final Terms will indicate whether the relevant Warrants will be exercisable on any Business Day during a specified period (**American Style Warrants**), on a specific date (**European Style Warrants**) or more than one date (**Multiple Exercise Warrants**) or on such other date or dates (including, without limitation a combination of the above), in each case, as specified in the applicable Final Terms.

Warrants are either exercisable by the relevant holder or will be exercised automatically, if they are in-the-money, or will expire worthless. There is no obligation upon the Issuer to pay any amount and/or deliver any asset in respect of the exercise of any Warrant to any holder unless the relevant holder duly exercises such Warrant or such Warrant is automatically exercised and an Exercise Notice is duly delivered.

Issue Price of Warrants:

Warrants will be issued with such Issue Price as may be agreed between the Issuer and the relevant Manager.

Settlement:

Warrants may be settled by way of cash payment (**Cash Settled Warrants**) and/or physical delivery (**Physical Delivery Warrants**).

Variation of Settlement:

If so specified in the applicable Final Terms in relation to Warrants represented by a Permanent Global Warrant, the Issuer may have the option to vary settlement in respect of the Warrants.

Substitute Assets

In relation to Physical Delivery Warrants (other than Gilt Warrants) which are Private Placement Definitive Warrants or Warrants represented by a Rule 144A Global Warrant, a Regulation S Global Warrant or a Combined Global Warrant, the Issuer may, if the Calculation Agent determines that the Relevant Asset(s) comprise securities

which are not freely tradeable, elect either (i) to substitute an equivalent value (as determined by the Calculation Agent) of Substitute Assets for such shares or (ii) *in lieu* of delivery of such shares make payment to the relevant Warrantholders of an amount equal to the fair market value of the relevant shares, as determined by the Calculation Agent.

No Physical Delivery Warrants linked to the shares or transferable securities equivalent to shares issued by the Issuer or an entity belonging to the group of the Issuer will be issued.

Dividends:

In relation to Share Warrants, Depositary Receipt Warrants, ETF Warrants or Mutual Fund Warrants, where the applicable Final Terms specifies that "Payments of Dividends" is applicable, payments calculated by reference to the amount of any dividends, distributions or other payments paid by the relevant Share Company or Basket Company, Depositary or Basket Depositary, Fund or Basket Fund or Mutual Fund or Basket Mutual Fund, as the case may be, in respect of Shares, Depositary Receipts, ETF Shares or Fund Interests comprising the Underlying Asset(s) may be paid by the Issuer to the Warrantholders, as further described in the applicable Final Terms.

Early Termination:

If the applicable Final Terms specifies that Early Termination applies, such Warrants may be terminated early by the Issuer following the occurrence of an Early Termination Event, as further described in the Conditions and in the applicable Final Terms.

Illegality in relation to the Warrants:

If the Issuer determines that the performance of its obligations under the terms of an issue of Warrants (other than Gilt Warrants) has become illegal in whole or in part for any reason, the Issuer may cancel the Warrants and, to the extent permitted by applicable law, will pay an amount to each Warrantholder in respect of each Warrant as specified below.

Physical Delivery Warrants:

To the extent specified in the applicable Final Terms, settlement may be by way of physical delivery of certain assets as specified in the applicable Final Terms.

In the case of Physical Delivery Warrants, if a Settlement Disruption Event occurs or exists on any date specified for delivery of the relevant Entitlement, settlement will be postponed until the next Settlement Business Day in respect of which there is no Settlement Disruption Event. The Issuer in these circumstances may elect to deliver the relevant Entitlement using such other commercially reasonable manner as it may select or (in respect of Warrants other than Gilt Warrants) may pay the Disruption Cash Settlement Price in lieu of delivering the Entitlement.

In respect of Gilt Warrants, for so long as delivery of the Entitlement in respect of an Actual Exercise Date or Early Termination Event, as the case may be, is not practicable by reason of a Settlement Disruption Event, then the Issuer may elect to substitute the Gilts comprising the Entitlement.

If "Failure to Deliver" is specified as applying in the applicable Final Terms and, at the relevant time, it is impossible or impracticable, in the opinion of the Calculation Agent, to deliver, when due, some or all of the Relevant Assets or Substitute Assets, as the case may be, where such failure to deliver is due to illiquidity in the market for such Relevant Assets or Substitute Assets, the Issuer may pay the Failure to Deliver Settlement Price *in lieu* of delivering some or all of such Relevant Assets or Substitute Assets, as the case may be, which are so affected.

Subject as provided below, Physical Delivery Warrants which are either (i) exercised at the same time by the same Warrantholder or (ii) held by the same Warrantholder at the time of early termination following the occurrence of an Early Termination Event will be aggregated for the purpose of determining the aggregate Entitlements in respect of such Warrants. Such aggregate Entitlements will be rounded down to the nearest whole unit of the Relevant Asset(s) (or, if applicable, of the Substitute Asset(s)), in such manner as the Calculation Agent shall determine.

If the applicable Final Terms specifies that aggregation of Entitlements does not apply, the Entitlement in respect of each Warrant will be rounded up or down (as specified in the applicable Final Terms) to the nearest whole unit of the Relevant Asset(s) (or, if applicable, of the Substitute Asset(s)), in such manner as the Calculation Agent shall determine.

Fractions of the Relevant Asset(s) (or, if applicable, of the Substitute Asset(s)), will not be delivered and no cash or other adjustment will be made in respect thereof except that if "Cash Adjustment" is specified as applicable in the applicable Final Terms, the Calculation Agent on behalf of the Issuer shall pay to the relevant Warrantholder a cash amount in the Settlement Currency equal to the value of such fraction.

Realisation Disruption:

If "Realisation Disruption" is specified as applicable in the applicable Final Terms, upon the occurrence and/or continuation of any Realisation Disruption Event on or before the date on which the Issuer's obligations in respect of the Warrants have been discharged, the Issuer may (i) direct the Calculation Agent to make such consequential adjustments to any of the terms of the Warrants (including

any payment or delivery obligations) as it determines appropriate in order to reflect the economic effect of the particular Realisation Disruption Event or (ii) cancel the Warrants and pay an amount to each Warrantholder in respect of each Warrant as specified below.

Payments on cancellation:

If the Warrants are cancelled pursuant to an Index Adjustment Event, an Adjustment Event, an illegality or a Realisation Disruption, the Issuer will pay to each Warrantholder in respect of each Warrant an amount equal to the fair market value of a Warrant (which may be determined by the Issuer by reference to the amounts (if any) received by it and/or any of its affiliates under any hedging arrangements) less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements but taking into account, if applicable, any Exercise Price(s), all as determined by the Calculation Agent or such other amount as may be specified in the applicable Final Terms.

Expenses and Taxation:

A Warrantholder shall pay all Exercise Expenses relating to Warrants held by such Warrantholder.

Exercise Expenses in respect of Physical Delivery Warrants shall be paid to the Issuer by the relevant Warrantholder, as specified by the relevant Warrantholder in the relevant Exercise Notice.

If any Exercise Expenses are not so paid, the relevant Warrantholder shall be deemed to authorise the Issuer to convert and the Issuer may convert such amount of the Entitlement into cash sufficient to cover the Exercise Expenses in respect of the relevant Warrant from which the Issuer shall deduct such Exercise Expenses.

The Issuer shall not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, exercise or enforcement of any Warrant by any person and all payments 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.

Substitution of the Issuer:

In relation to any issue of Warrants, the Issuer, or any previous substituted company may, at any time, without the consent of the Warrantholders, substitute for itself as principal obligor under such Warrants any company which is, on the date of such substitution and in the opinion of the Issuer, of at least the equivalent standing and creditworthiness to the Issuer, subject as provided herein.

Status of the Warrants:	<p>The Warrants will represent general contractual obligations of the Issuer and of no other person. The Warrants will not be secured by any property of the Issuer and will rank equally among themselves and with all other unsecured and unsubordinated obligations of the Issuer.</p>
Listing and admission to trading:	<p>Application has been made for Warrants to be admitted during the period of twelve months after the date hereof to trading on the regulated market and to listing on the Official List of the Luxembourg Stock Exchange.</p> <p>Warrants may also be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or will be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as the Issuer and the relevant Manager decide.</p> <p>In respect of Warrants which are to be listed on a stock exchange, market or quotation system, the Issuer shall use all reasonable endeavours to maintain such listing PROVIDED THAT if it becomes impracticable, unduly burdensome or unduly onerous to maintain such listing, then the Issuer may apply to de-list such Warrants PROVIDED THAT it shall use all reasonable endeavours to obtain as soon as practicable after such de-listing, an alternative admission to listing, trading and/or quotation by a stock exchange, market or quotation system within or outside the European Union, as it may decide. If such an alternative admission is not available or is, in the Issuer's opinion, impracticable or unduly burdensome, an alternative admission will not be obtained.</p>
Governing Law:	<p>The Warrants and any non-contractual obligations arising out of or in connection with them will be governed by, and construed in accordance with, English law.</p>
Selling Restrictions:	<p>There are restrictions on the offer, sale and transfer of the Warrants in the United States, the European Economic Area (including the United Kingdom), Bangladesh, PRC, Hong Kong, Mongolia, India, Indonesia, Korea, Malaysia, Pakistan, the Philippines, Singapore, Sri Lanka, Taiwan, Thailand and Vietnam and such other restrictions as may be required in connection with the offering and sale of a particular Series of Warrants, see "<i>Offering and Sale</i>".</p>

RISK FACTORS RELATING TO WARRANTS

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

In addition, factors which are material for the purpose of assessing the market risks associated with Warrants issued under the Programme are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in Warrants issued under the Programme, but the inability of the Issuer to pay or deliver any amounts in connection with any Warrants may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Warrants are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

Terms and expressions defined in the Conditions shall, save where the context otherwise requires, have the same meaning when used in this section.

Factors that may affect the Issuer's ability to fulfil its obligations under Warrants issued under the Programme

The ability of the Issuer to fulfil its obligations under the Warrants is dependent on the earnings of its subsidiaries.

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

Effect of Credit Rating Reduction

The value of the Warrants is expected to be affected, in part, by investors' general appraisal of the Issuer's or its affiliates' creditworthiness. Such perceptions are generally influenced by the ratings accorded to the Issuer's outstanding securities by standard statistical rating services, such as Moody's Investors Service, a division of Moody's Corporation, Standard & Poor's, a division of The McGraw-Hill Companies, and Fitch Ratings, a division of Fimalac, S.A. A reduction in the rating, if any, accorded to outstanding debt securities (if any) of the Issuer and/or the securities issued by any of its affiliates by one of these rating agencies could result in a reduction in the trading value of the Warrants.

The following risk factors have been extracted from the "Risk Factors" section of the Annual Report on Form 10-K filed by Citigroup Inc., the parent company of the Issuer, (together with its consolidated subsidiaries, Citigroup) with the SEC on 26 February 2010 for the fiscal year ended 31 December 2009 and reproduced without material amendment

The economic recession and disruptions in the global financial markets have adversely affected, and may continue to adversely affect, Citigroup's business and results of operations.

The financial services industry and the capital markets have been, and may continue to be, materially and adversely affected by the economic recession and disruptions in the global financial markets. These market disruptions were initially triggered by declines that impacted the value of subprime mortgages, but spread to all mortgage and real estate asset classes, to leveraged bank loans and to nearly all asset classes, including equities. These market disruptions resulted in significant write-downs of asset values by financial institutions, including Citigroup, causing many financial institutions to seek additional capital, merge with other financial institutions or, in some cases, go bankrupt.

Disruptions in the global financial markets have also adversely affected, and may continue to adversely affect, the corporate bond markets, equity markets, debt and equity underwriting, and other elements of the financial markets. Such disruptions have caused some lenders and institutional investors to reduce and, in some cases, cease to provide funding to certain borrowers, including other financial institutions. Credit headwinds, increasingly volatile financial markets and reduced levels of business activity may continue to negatively impact Citigroup's business, capital, liquidity, financial condition and results of operations, as well as the trading price of Citigroup's common stock, preferred stock and debt securities.

Moreover, market and economic disruptions have affected, and may continue to affect, consumer confidence levels, consumer spending, personal bankruptcy rates, and levels of incurrence and default on consumer debt and home prices, among other factors, in certain of the markets in which Citigroup operates. Any of these factors, along with persistently high levels of unemployment, may result in a greater likelihood of reduced client interaction or elevated delinquencies on consumer loans, particularly with respect to Citigroup's credit card and mortgage programs, or other obligations to Citigroup. This, in turn, could result in a higher level of loan losses and Citigroup's allowances for credit losses, all of which could adversely affect Citigroup's earnings. While Citigroup has instituted loss mitigation programs to work with distressed borrowers and potentially mitigate these effects, these programs are in the early stages, and it is uncertain whether they will be successful.

In connection with significant government and central bank actions taken in late 2008 and in 2009, the U.S. and global economies began to see signs of stabilisation in certain areas, and some positive economic signs were observed in late 2009 and in 2010. Despite these positive signs, there remains significant uncertainty regarding the sustainability and pace of economic recovery, unemployment levels, the impact of the U.S. and other governments' unwinding of their extensive economic and market supports, and Citigroup's delinquency and credit loss trends.

Previously enacted and potential future legislation, including legislation to reform the U.S. financial regulatory system, could require Citigroup to change certain of its business practices, impose additional costs on Citigroup or otherwise adversely affect its businesses.

In addition to previously enacted governmental assistance programs designed to stabilise and stimulate the U.S. economy (including without limitation the Emergency Economic Stabilization Act of 2008 (**EESA**) and the American Recovery and Reinvestment Act of 2009 (**ARRA**)), recent economic, political and market conditions have led to numerous proposals in the U.S. for changes in the regulation of the financial industry in an effort to prevent future crises and to reform the financial regulatory system.

Some of these proposals have already been adopted. For example, in May 2009, the U.S. Congress enacted the Credit Card Accountability Responsibility and Disclosure Act of 2009 (**CARD Act**), which, among other things, restricts certain credit card practices, requires expanded disclosures to consumers and provides consumers with the right to opt out of certain interest rate increases. Complying with these legislative changes, as well as the requirements of the amendments to

Regulation Z (Truth in Lending) adopted by the Federal Reserve Board and effective July 2010, will require Citigroup to invest significant management attention and resources to make the necessary disclosure and system changes in its U.S. card businesses and will affect the results of such businesses.

In addition, in 2009, the Obama Administration released a comprehensive plan for regulatory reform in the financial industry. The Administration's plan called for significant proposed structural reforms and new substantive regulation across the financial industry, including, without limitation, requiring that broker-dealers who provide investment advice about securities to investors have the same fiduciary obligations as registered investment advisers; new requirements for the securitisation market, including requiring a securitiser to retain a material economic interest in the credit risk associated with the underlying securitisation; and additional regulation with respect to the trading of over-the-counter derivatives. In addition, the Administration's plan called for increased scrutiny and regulation, including potentially heightened capital requirements, for any financial institution whose combination of size, leverage and interconnectedness could pose a threat to market-wide financial stability if it failed. This is sometimes referred to as "systemic risk" and may adversely affect Citigroup, as well as the financial intermediaries with which it interacts on a daily basis such as clearing agencies, clearing houses, banks, securities firms and exchanges.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (**Financial Reform Act**) was signed into law on 21 July 2010. The Financial Reform Act calls for significant structural reforms and new substantive regulation across the financial industry, including new consumer protections and increased scrutiny and regulation for any financial institution that could pose a systemic risk to market-wide financial stability. Many of the provisions of the Financial Reform Act will be subject to extensive rulemaking and interpretation, and a significant amount of uncertainty remains as to the ultimate impact of the Financial Reform Act on Citigroup. The Financial Reform Act will likely require Citigroup to eliminate, transform or change certain of its business activities and practices. The Financial Reform Act will also likely impose additional costs, some significant, on Citigroup, adversely affect its ability to pursue business opportunities it may otherwise consider engaging in, cause business disruptions and impact the value of the assets that Citigroup holds. In addition, the Financial Reform Act grants new regulatory authority to various U.S. federal regulators to impose heightened prudential standards on financial institutions. This authority, together with the continued implementation of new minimum capital standards for bank holding companies as adopted by the Basel Committee on Banking Supervision and U.S. regulators, has created significant uncertainty with respect to the future capital requirements or capital composition for institutions such as Citigroup.

In early 2010, the Obama Administration proposed further restrictions on the size and scope of banks and other financial institutions. There can be no assurance as to whether or when any of the parts of the Administration's plan or other proposals will be enacted into legislation and, if adopted, what the final provisions of such legislation will be. New legislation and regulatory changes could require Citigroup to further change certain of its business practices, impose additional costs on Citigroup, some significant, adversely affect its ability to pursue business opportunities it might otherwise consider engaging in, cause business disruptions or impact the value of assets that Citigroup holds.

Citigroup's participation in government programs to modify first and second lien mortgage loans could adversely affect the amount and timing of its earnings and credit losses relating to those loans.

The U.S. Treasury has announced guidelines for its first and second lien modification programs under the Home Affordable Modification Program (**HAMP**). Citigroup began participating in the HAMP with respect to first mortgages during the second quarter of 2009 and is actively engaged in discussions with the U.S. Treasury for the second lien program.

Participation in the HAMP could result in a reduction in the principal balances of certain first and second lien mortgage loans and the acceleration of loss recognition on those loans. In addition to the

principal reduction aspect of the programs, loan modification efforts can impact the interest rate and term of these loans, which would in turn impact the total return on those assets and the timing of those returns. Participation in the programs as a servicer could also reduce servicing income to the extent the principal balance of a serviced loan is reduced or because it increases the cost of servicing a loan.

In order to participate in the HAMP, borrowers must currently complete a three- to five-month trial period during which the original terms of the loans remain in effect pending final modification. As a result, Citigroup is uncertain of the overall impact the HAMP will have on its delinquency trends, net credit losses and other loan loss metrics.

The expiration of a provision of the U.S. tax law that allows Citigroup to defer U.S. taxes on certain active financial services income could significantly increase Citigroup's tax expense.

Citigroup's tax provision has historically been reduced because active financing income earned and indefinitely reinvested outside the U.S. is taxed at the lower local tax rate rather than at the higher U.S. tax rate. Such reduction has been dependent upon a provision of the U.S. tax law that defers the imposition of U.S. taxes on certain active financial services income until that income is repatriated to the U.S. as a dividend. This "active financing exception" expired on 31 December 2009, and while it has been scheduled to expire on five prior occasions and has been extended each time, there can be no assurance that the exception will continue to be extended. In the event this exception is not extended the U.S. tax imposed on Citigroup's active financing income earned outside the U.S. would increase, which could further result in Citigroup's tax expense increasing significantly.

Citigroup's businesses are subject to risks arising from extensive operations outside the United States.

As a global participant in the financial services industry, Citigroup is subject to extensive regulation, including fiscal and monetary policies, in jurisdictions around the world.

As a result of the current financial crisis, there are currently numerous reform efforts underway outside the U.S., including without limitation proposals by the European Commission to amend bank capital requirements and by the Financial Services Authority in the United Kingdom to enhance regulatory standards applicable to financial institutions. This level of regulation could further increase in all jurisdictions in which Citigroup conducts business. Any regulatory changes could lead to business disruptions or could impact the value of assets that Citigroup holds or the scope or profitability of its business activities. Such changes could also require Citigroup to change certain of its business practices and could expose Citigroup to additional costs, including compliance costs, and liabilities as well as reputational harm. To the extent the regulations strictly control the activities of financial services institutions, such changes would also make it more difficult for Citigroup to distinguish itself from competitors.

In addition, the emerging markets in which Citigroup operates or invests, or in which it may do so in the future, particularly as a result of its overall strategy, may be more volatile than the U.S. markets or other developed markets outside the U.S. and are subject to changing political, economic, financial and social factors. Among other factors, these include the possibility of recent or future changes in political leadership and economic and fiscal policies and the possible imposition of, or changes in, currency exchange laws or other laws or restrictions applicable to companies or investments in these countries. Citigroup's inability to remain in compliance with local laws in a particular market could have a materially adverse effect not only on its business in that market but also on its reputation generally.

Citigroup's ability to utilise its deferred tax assets (DTAs) to offset future taxable income may be significantly limited if it experiences an "ownership change" under the Internal Revenue Code.

As of 31 December 2009, Citigroup had recognised net DTAs of approximately U.S.\$46.1 billion, which are included in its tangible common equity. Citigroup's ability to utilise its DTAs to offset future taxable income may be significantly limited if Citigroup experiences an "ownership change" as defined in Section 382 of the Internal Revenue Code of 1986, as amended (the **Code**). In general, an ownership change will occur if there is a cumulative change in Citigroup's ownership by "5-percent shareholders" (as defined in the Code) that exceeds 50 percentage points over a rolling three-year period.

On 9 June 2009, the Board of Directors of Citigroup adopted a Tax Benefits Preservation Plan, which was approved by Citigroup's shareholders at the 2010 Annual Meeting. The purpose of the Plan is to minimise the likelihood of an ownership change occurring for Section 382 purposes. Despite adoption of the Plan, future transactions in Citigroup stock that may not be in its control may cause Citigroup to experience an ownership change and thus limit its ability to utilise its DTAs, as well as cause a reduction in Citigroup's tangible common equity and stockholders' equity.

Increases in FDIC insurance premiums and other proposed fees on banks may adversely affect Citigroup's earnings.

Higher levels of bank failures have dramatically increased resolution costs of the FDIC and depleted the deposit insurance fund. In order to maintain a strong funding position and restore reserve ratios of the deposit insurance fund, the FDIC has increased, and may further increase in the future, assessment rates of insured institutions. In November 2009, the FDIC adopted a rule requiring banks to prepay three years of estimated premiums to replenish the depleted insurance fund, which Citigroup paid in the fourth quarter of 2009. There have also been proposals to change the basis on which these assessment rates are determined. Moreover, the Obama Administration suggested the imposition of other fees on banking institutions.

Citigroup is generally unable to control the basis or the amount of premiums that it is required to pay for FDIC insurance or the levying of other fees or assessments on financial institutions. If there are additional bank or financial institution failures, Citigroup may be required to pay even higher FDIC premiums than the recently increased levels. These announced increases and prepayments, and any future increases or other required fees, could adversely impact Citigroup's earnings.

Citigroup's businesses may be materially adversely affected if it is unable to hire and retain qualified employees.

Citigroup's performance is heavily dependent on the talents and efforts of the highly skilled individuals that Citigroup is able to attract and retain. Competition from within the financial services industry and from businesses outside of the financial services industry for qualified employees has often been intense.

Citigroup is required to comply with the U.S. government's standards for executive compensation and related corporate governance set forth in the ARRA generally for so long as the U.S. government holds certain Citigroup securities. These standards generally apply to Citigroup's senior-most executives and certain other highly compensated employees. The incentive compensation arrangements for Citigroup's top 30 most highly compensated employees are also subject to review under the incentive compensation principles set by the Federal Reserve Board, in consultation with Citigroup's other regulators. In addition, the U.K. imposed a one-time 50 per cent. tax on bonuses above a certain amount paid to employees of banks operating in the country.

Furthermore, the market price of Citigroup's common stock has declined significantly from a closing price of U.S.\$55.12 on 25 May 2007. Because a substantial portion of Citigroup's annual bonus compensation paid to its senior employees has been paid in the form of equity, such awards may not be as valuable from a compensatory or retention perspective.

There can be no assurance that, as a result of these restrictions, or any potential future compensation restrictions or guidelines imposed on Citigroup, Citigroup will be able to attract new employees and retain and motivate its existing employees, which may in turn affect its ability to compete effectively in its businesses, manage its businesses effectively and expand into new businesses and geographic regions.

Failure to maintain the value of the Citigroup brand may adversely affect its businesses.

Citigroup's success depends on the continued strength and recognition of the Citigroup brand on a global basis. The Citi name is integral to its business as well as to the implementation of its strategy for expanding its businesses, including outside the U.S. Maintaining, promoting and positioning the Citigroup brand will depend largely on the success of its ability to provide consistent, high-quality financial services and products to its clients around the world. Citigroup's brand could be adversely affected if it fails to achieve these objectives or if its public image or reputation were to be tarnished by negative views about Citigroup or the financial services industry in general, or by a negative perception of Citigroup's short-term or long-term financial prospects. Any of these events could have a material adverse effect on Citigroup's businesses.

Although Citigroup currently believes it is "well capitalised" its capitalisation may not prove to be sufficiently consistent with its risk profile or sufficiently robust relative to future capital requirements.

Citigroup's capital management framework is designed to ensure that Citigroup and its principal subsidiaries maintain sufficient capital consistent with Citigroup's risk profile, all applicable regulatory standards and guidelines as well as external rating agency conditions. Citigroup is subject to the risk based capital guidelines issued by the Federal Reserve Board. Capital adequacy is measured, in part, based on two risk based capital ratios, the Tier 1 Capital and Total Capital (Tier 1 Capital plus Tier 2 Capital) ratios. In conjunction with the conclusion of the Supervisory Capital Assessment Program (SCAP), U.S. banking regulators developed a new measure of capital called Tier 1 Common. While Tier 1 Common and related ratios are measures used and relied on by U.S. banking regulators, they are non-GAAP financial measures for SEC purposes.

To be "well capitalised" under U.S. federal bank regulatory agency definitions, a bank holding company must have a Tier 1 Capital ratio of at least 6 per cent., a Total Capital ratio of at least 10 per cent. and a Leverage ratio of at least 3 per cent., and not be subject to a Federal Reserve Board directive to maintain higher capital levels. As of 31 December 2009, Citigroup was "well capitalised," with a Tier 1 Capital ratio of 11.7 per cent., a Total Capital ratio of 15.2 per cent. and a Leverage ratio of 6.9 per cent., as well as a Tier 1 Common ratio of 9.6 per cent. There can be no assurance, however, that Citigroup will be able to maintain sufficient capital consistent with its risk profile or remain "well capitalised." Moreover, the various regulators in the U.S. and abroad have not reached consensus as to the appropriate level of capitalisation for financial services institutions such as Citigroup. These regulators, including the Federal Reserve Board, may alter the current regulatory capital requirements to which Citigroup is subject and thereby necessitate equity increases that could dilute existing stockholders, lead to required asset sales or adversely impact the availability of Citigroup's DTAs, as described above, among other issues.

In addition, Citigroup could adopt the provisions of the Basel II regulatory capital framework as early as 1 April 2011. This new regulatory capital framework is likely to result in a need for Citigroup to hold additional regulatory capital. If market conditions do not improve, the capital requirements of Basel II could increase prior to scheduled implementation in 2011, further increasing the amount of capital needed by Citigroup. The new rules could also result in changes in Citigroup's funding mix, resulting in lower net income and/or continued shrinking of the balance sheet. Separate from the above Basel II rules for credit and operational risk, the Basel Committee on Banking Supervision has also proposed revisions to the market risk framework that could also lead to additional capital requirements. Although not yet ratified by the U.S. regulators, the Basel II rules for market risk are

currently scheduled for 1 January 2011, one quarter ahead of Citigroup's earliest date for Basel II implementation for credit and operational risk.

Liquidity is essential to Citigroup's businesses, and Citigroup relies on external sources to finance a significant portion of its operations.

Adequate liquidity is essential to Citigroup's businesses. Citigroup's liquidity could be materially, adversely affected by factors Citigroup cannot control, such as general disruption of the financial markets or negative views about the financial services industry in general. In addition, Citigroup's ability to raise funding could be impaired if lenders develop a negative perception of Citigroup's short-term or long-term financial prospects, or a perception that it is experiencing greater liquidity risk.

Regulatory measures instituted in late 2008 and 2009, such as the FDIC's temporary guarantee of the newly issued senior debt as well as deposits in non-interest-bearing deposit transaction accounts, and the commercial paper funding facility of the Federal Reserve Board were designed to stabilise the financial markets and the liquidity position of financial institutions such as Citigroup. While much of Citigroup's long-term and short-term unsecured funding during 2009 was issued pursuant to these government-sponsored funding programs, Citigroup began to access funding outside of these programs, particularly during the fourth quarter of 2009, due, in part, to the fact that many of these facilities were terminating. Citigroup's reliance on government-sponsored short-term funding facilities was substantially reduced as of the end of 2009. It is unclear whether Citigroup will be able to regain access to the public long-term unsecured debt markets on historically customary terms.

Citigroup's cost of obtaining long-term unsecured funding is directly related to its credit spreads in both the cash bond and derivatives markets. Increases in Citigroup's credit qualifying spreads can significantly increase the cost of this funding. Credit spreads are influenced by market and rating agency perceptions of Citigroup's creditworthiness and may be influenced by movements in the costs to purchasers of credit default swaps referenced to Citigroup's long-term debt.

In addition, a significant portion of Citigroup's business activities are based on gathering deposits and borrowing money and then lending or investing those funds, including through market-making activities in tradable securities. Citigroup's profitability is in part a function of the spread between interest rates earned on such loans and investments, as well as other interest-earning assets, and the interest rates paid on deposits and other interest-bearing liabilities. During 2009, the need to maintain adequate liquidity caused Citigroup to invest available funds in lower-yielding assets, such as those issued by the U.S. government. As a result, during 2009, the yields across both the interest-earning assets and the interest-bearing liabilities dropped significantly from 2008. The lower asset yields more than offset the lower cost of funds, resulting in lower net interest margins compared to 2008. There can be no assurance that Citigroup's net interest margins will not continue to remain low.

Any reduction in Citigroup's and its subsidiaries' credit ratings could increase the cost of its funding from, and restrict its access to, the capital markets and have a material adverse effect on its results of operations and financial condition.

Each of Citigroup's and Citibank, N.A.'s long-term/senior debt is currently rated investment grade by Fitch Ratings, Moody's Investors Service and Standard & Poor's. The rating agencies regularly evaluate Citigroup and its subsidiaries, and their ratings of Citigroup's and its subsidiaries' long-term and short-term debt are based on a number of factors, including financial strength, as well as factors not entirely within the control of Citigroup and its subsidiaries, such as conditions affecting the financial services industry generally.

In light of the difficulties in the financial services industry and the financial markets generally, or as a result of events affecting Citigroup more specifically, Citigroup and its subsidiaries may not be able to maintain their current respective ratings. A reduction in Citigroup's or its subsidiaries' credit ratings

could adversely affect Citigroup's liquidity, widen its credit spreads or otherwise increase its borrowing costs, limit its access to the capital markets or trigger obligations under certain bilateral provisions in some of Citigroup's trading and collateralised financing contracts. In addition, under these provisions, counterparties could be permitted to terminate certain contracts with Citigroup or require it to post additional collateral. Termination of Citigroup's trading and collateralised financing contracts could cause Citigroup to sustain losses and impair its liquidity by requiring Citigroup to find other sources of financing or to make significant cash payments or securities transfers.

Certain of the credit rating agencies have stated that the credit ratings of Citigroup and other financial institutions have benefited from the implicit support that the U.S. government and regulators have provided to the financial industry through the financial crisis. The reduction of this support over time, unless offset by improvement in standalone credit profiles, could have a negative impact on the credit ratings of financial institutions, including Citigroup.

Market disruptions may increase the risk of customer or counterparty delinquency or default.

Market and economic disruptions, as well as the policies of the Federal Reserve Board or other government agencies or entities, can adversely affect Citigroup's customers, obligors on securities or other instruments or other counterparties, potentially increasing the risk that they may fail to repay their securities or loans or otherwise default on their contractual obligations to Citigroup, some of which maybe significant. These customers, obligors or counterparties could include individuals or corporate or governmental entities. Moreover, Citigroup may incur significant credit risk exposure from holding securities or other obligations or entering into swap or other derivative contracts under which obligors or other counterparties have long-term obligations to make payments to Citigroup. Market conditions over the last several years, including credit deterioration, decreased liquidity and pricing transparency along with increased market volatility, have negatively impacted Citigroup's credit risk exposure. Although Citigroup regularly reviews its credit exposures, default risk may arise from events or circumstances that are difficult to detect or foresee.

Citigroup may fail to realise all of the anticipated benefits of the realignment of its businesses.

Effective in the second quarter of 2009, Citigroup realigned into two primary business segments, Citicorp and Citi Holdings, for management and reporting purposes. The realignment is part of Citigroup's strategy to focus on its core businesses and reduce non-core assets in a disciplined and deliberate manner. Citigroup believes this structure will allow it to enhance the capabilities and performance of Citigroup's core assets, through Citicorp, as well as realise value from its non-core assets, through Citi Holdings.

Given the rapidly changing and uncertain financial environment, there can be no assurance that the realignment of Citigroup's businesses will achieve the company's desired objectives or benefits, including simplifying the organisation and permitting Citigroup to allocate capital to fund its long-term strategic businesses comprising Citicorp, or that Citigroup will be able to continue to make progress in divesting or exiting businesses within Citi Holdings in an orderly and timely manner.

Citigroup may experience further write-downs of its financial instruments and other losses related to volatile and illiquid market conditions.

Market volatility, illiquid market conditions and disruptions in the credit markets have made it extremely difficult to value certain of Citigroup's assets. Subsequent valuations, in light of factors then prevailing, may result in significant changes in the values of these assets in future periods. In addition, at the time of any sales of these assets, the price Citigroup ultimately realises will depend on the demand and liquidity in the market at that time and may be materially lower than their current fair value. Further, Citigroup's hedging strategies with respect to these assets may not be effective. Any of these factors could require Citigroup to take further write-downs in respect of these assets, which may negatively affect on Citigroup's results of operations and financial condition in future periods.

Citigroup finances and acquires principal positions in a number of real estate and real estate-related products for its own account, for investment vehicles managed by affiliates in which it also may have a significant investment, for separate accounts managed by affiliates and for major participants in the commercial and residential real estate markets, and originates loans secured by commercial and residential properties. Citigroup also securitises and trades in a wide range of commercial and residential real estate and real estate-related whole loans, mortgages and other real estate and commercial assets and products, including residential and commercial mortgage-backed securities. These businesses have been, and may continue to be, adversely affected by the downturn in the real estate sector.

Furthermore, in the past, Citigroup has provided financial support to certain of its investment products and vehicles in difficult market conditions and Citigroup may decide to do so again in the future for contractual reasons or, at its discretion, for reputational or business reasons, including through equity investments or cash or capital infusions.

Should unemployment rates continue to be high, and if stresses in the real estate market continue to depress housing prices, Citigroup could experience greater write-offs and also need to set aside larger loan loss reserves for mortgage and credit card portfolios as well as other consumer loans.

The elimination of QSPEs from the guidance in SFAS 140 and changes in FIN 46(R) will significantly impact, and may continue to significantly impact, Citigroup's Consolidated Financial Statements.

During 2009, the Financial Accounting Standards Board (the **FASB**) issued SFAS No. 166, Accounting for Transfers of Financial Assets, which eliminates Qualifying Special Purpose Entities (**QSPEs**) from the guidance in SFAS No. 140, and SFAS No. 167, Amendments to FASB Interpretation No. 46(R), which makes three key changes to the consolidation model in FIN 46(R), "Consolidation of Variable Interest Entities". Such changes include: (i) former QSPEs will now be included in the scope of SFAS No. 167; (ii) FIN 46(R) has been amended to change the method of analysing which party to a variable interest entity (**VIE**) should consolidate the VIE to a qualitative determination of "power" combined with potentially significant benefits or losses; and (iii) the analysis of primary beneficiaries has to be re-evaluated whenever circumstances change.

These standards became effective 1 January 2010, including for Citigroup, and they have had a significant impact, and may have an ongoing significant impact, on Citigroup's Consolidated Financial Statements as Citigroup will be required to bring a portion of assets that were not historically on its balance sheet onto its balance sheet, which will also impact Citigroup's capital ratios.

Citigroup's financial statements are based in part on assumptions and estimates, which, if wrong, could cause unexpected losses in the future.

Pursuant to U.S. GAAP, Citigroup is required to use certain assumptions and estimates in preparing its financial statements, including in determining credit loss reserves, reserves related to litigation and the fair value of certain assets and liabilities, among other items. If assumptions or estimates underlying Citigroup's financial statements are incorrect, Citigroup may experience material losses.

Changes in accounting standards can be difficult to predict and can materially impact how Citigroup records and reports its financial condition and results of operations.

Citigroup's accounting policies and methods are fundamental to how it records and reports its financial condition and results of operations. From time to time, the FASB changes the financial accounting and reporting standards that govern the preparation of Citigroup's financial statements. These changes can be hard to anticipate and implement and can materially impact how Citigroup records and reports its financial condition and results of operations. For example, the FASB's current

financial instruments project could, among other things, significantly change the way loan loss provisions are determined from an incurred loss model to an expected loss model, and may also result in most financial instruments being required to be reported at fair value.

Citigroup may incur significant losses as a result of ineffective risk management processes and strategies and concentration of risk increases the potential for such losses.

Citigroup seeks to monitor and control its risk exposure through a risk and control framework encompassing a variety of separate but complementary financial, credit, operational, compliance and legal reporting systems, internal controls, management review processes and other mechanisms. While Citigroup employs a broad and diversified set of risk monitoring and risk mitigation techniques, those techniques and the judgments that accompany their application may not be effective and may not anticipate every economic and financial outcome in all market environments or the specifics and timing of such outcomes. Market conditions over the last several years have involved unprecedented dislocations and highlight the limitations inherent in using historical data to manage risk.

These market movements can, and have, limited the effectiveness of Citigroup's hedging strategies and have caused Citigroup to incur significant losses, and they may do so again in the future. In addition, concentration of risk increases the potential for significant losses in certain of Citigroup's businesses. For example, Citigroup extends large commitments as part of its credit origination activities. Citigroup's inability to reduce its credit risk by selling, syndicating or securitising these positions, including during periods of market dislocation, could negatively affect its results of operations due to a decrease in the fair value of the positions, as well as the loss of revenues associated with selling such securities or loans. Further, Citigroup routinely executes a high volume of transactions with counterparties in the financial services industry, including brokers and dealers, commercial banks and investment funds. This has resulted in significant credit concentration with respect to this industry.

The financial services industry faces substantial legal liability and regulatory risks, and Citigroup may face damage to its reputation and incur significant legal and regulatory liability.

Citigroup faces significant legal and regulatory risks in its businesses, and the volume of claims and amount of damages and penalties claimed in litigation and regulatory proceedings against financial institutions remain high. Citigroup's experience has been that legal claims by shareholders, regulators, customers and clients increase in a market downturn. In addition, employment-related claims typically increase in periods when Citigroup has reduced the total number of employees, such as during the prior two fiscal years. There have also been a number of highly publicised cases involving fraud or other misconduct by employees in the financial services industry in recent years, and Citigroup runs the risk that employee misconduct could occur. It is not always possible to deter or prevent employee misconduct, and the extensive precautions Citigroup takes to prevent and detect this activity may not be effective in all cases.

A failure in Citigroup's operational systems or infrastructure, or those of third parties, could impair its liquidity, disrupt its businesses, result in the disclosure of confidential information, damage Citigroup's reputation and cause losses.

Citigroup's businesses are highly dependent on its ability to process and monitor, on a daily basis, a very large number of transactions, many of which are highly complex, across numerous and diverse markets in many currencies. These transactions, as well as the information technology services Citigroup provides to clients, often must adhere to client-specific guidelines, as well as legal and regulatory standards. Due to the breadth of Citigroup's client base and its geographical reach, developing and maintaining Citigroup's operational systems and infrastructure is challenging. Citigroup's financial, account, data processing or other operating systems and facilities may fail to operate properly or become disabled as a result of events that are wholly or partially beyond its

control, such as a spike in transaction volume or unforeseen catastrophic events, adversely affecting Citigroup's ability to process these transactions or provide these services.

Citigroup also faces the risk of operational failure, termination or capacity constraints of any of the clearing agents, exchanges, clearing houses or other financial intermediaries Citigroup uses to facilitate its transactions, and as Citigroup's interconnectivity with its clients grows, it increasingly faces the risk of operational failure with respect to its clients' systems.

In addition, Citigroup's operations rely on the secure processing, storage and transmission of confidential and other information in its computer systems and networks. Although Citigroup takes protective measures and endeavours to modify them as circumstances warrant, its computer systems, software and networks may be vulnerable to unauthorised access, computer viruses or other malicious code, and other events that could have a security impact. Given the high volume of transactions at Citigroup, certain errors may be repeated or compounded before they are discovered and rectified. If one or more of such events occurs, this could potentially jeopardise Citigroup's, its clients', counterparties' or third parties' confidential and other information processed and stored in, and transmitted through, Citigroup's computer systems and networks, or otherwise cause interruptions or malfunctions in Citigroup's, its clients', its counterparties' or third parties' operations, which could result in significant losses or reputational damage.

Factors which are material for the purpose of assessing the market risks associated with Warrants issued under the Programme.

Warrants may not be a suitable investment for all investors

Each potential investor in Warrants 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 make a meaningful evaluation of the Warrants, the merits and risks of investing in Warrants and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in Warrants and the impact any such Warrants will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in Warrants, including Warrants with amounts payable on exercise in one or more currencies, or where the currency for any such payment is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Warrants and be familiar with the behaviour of any relevant indices and financial markets; and
- (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.

In addition, an investment in Index Warrants, Share Warrants, Depositary Receipt Warrants, ETF Warrants, Mutual Fund Warrants, Debt Warrants, Currency Warrants, Commodity Warrants, Gilt Warrants or other Warrants 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 Warrants" set out below.

An investment in Warrants the payments and/or deliveries in respect of which is/are determined by reference to one or more values of indices, shares, depositary receipts, ETF shares, fund interests, debt

securities, currencies, commodities, gilts or other underlying assets (the **Underlying Assets**), either directly or inversely, or which may be exercisable for or payable in certain assets may entail significant risks. The risks of a particular Warrant will depend on the terms of such Warrant, but may include, without limitation, the possibility of significant changes in the prices of the relevant Underlying Assets. Such risks generally depend on factors over which the Issuer has no control, and which cannot readily be foreseen, such as economic and political events and the supply of and demand for the relevant Underlying Assets. In recent years, currency exchange rates and prices for various Underlying Assets have been highly volatile, and such volatility may be expected in the future. Fluctuations in any such rates or prices that have occurred in the past are not necessarily indicative, however, of fluctuations that may occur during the term of any Warrant.

Additionally, certain Warrants, as well as the payments and/or deliveries in respect thereof being linked to one or more Underlying Assets, may also have the payments and/or deliveries in respect thereof linked to the underlying hedging arrangements of the Issuer, any of its Affiliates and/or any third parties with whom the Issuer and/or any of its Affiliates has entered into hedging arrangements in respect of the relevant Warrants.

PROSPECTIVE INVESTORS MUST REVIEW THE APPLICABLE FINAL TERMS TO ASCERTAIN WHAT THE RELEVANT UNDERLYING ASSET(S) ARE AND HOW ANY UNDERLYING HEDGING ARRANGEMENTS ARE RELEVANT, IN EACH CASE, IN ORDER TO SEE HOW ANY AMOUNTS PAYABLE AND/OR DELIVERABLE, AS THE CASE MAY BE, ARE DETERMINED AND WHEN ANY SUCH AMOUNTS ARE PAYABLE AND/OR DELIVERABLE, BEFORE MAKING ANY DECISION TO PURCHASE ANY WARRANTS. WARRANTS MAY HAVE NO GUARANTEED RETURN AND MAY EXPIRE WORTHLESS.

Warrants 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 Warrants which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Warrants will perform under changing conditions, the resulting effects on the value of the Warrants and the impact such an investment will have on the potential investor's overall investment portfolio.

Risks related to the structure of a particular issue of Warrants

A wide range of Warrants may be issued under the Programme. A number of these Warrants 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 Underlying Asset(s).

The Warrants involve a high degree of risk, which may include, among others, interest rate, foreign exchange, time value and political risks. Prospective purchasers of Warrants should recognise that their Warrants, other than any Warrants having a minimum expiration value, may expire worthless. Purchasers should be prepared to sustain a total loss of the purchase price of their Warrants, except, if so indicated in the applicable Final Terms, to the extent of any minimum expiration value attributable to such Warrants. This risk reflects the nature of a Warrant as an asset which, other factors held constant, tends to decline in value over time and which may become worthless when it expires (except to the extent of any minimum expiration value). See "*Certain Factors Affecting the Value and Trading Price of Warrants*" below. Prospective purchasers of Warrants should be experienced with respect to options and option transactions, should understand the risks of transactions involving the relevant Warrants and should reach an investment decision only after careful consideration, with their advisers, of the suitability of such Warrants in light of their particular financial circumstances, the

information set forth herein and the information regarding the relevant Warrants and the particular Underlying Assets(s), as specified in the applicable Final Terms.

The risk of the loss of some or all of the purchase price of a Warrant upon exercise or expiration means that, in order to recover and realise a return upon his or her investment, a purchaser of a Warrant must generally be correct about the direction, timing and magnitude of an anticipated change in the value of the relevant Underlying Assets(s). Assuming all other factors are held constant, the more a Warrant is "out-of-the-money" and the shorter its remaining term to expiration, the greater the risk that purchasers of such Warrants will lose all or part of their investment. With respect to European Style Warrants, the only means through which a Warrantholder can realise value from the Warrant prior to the Exercise Date in relation to such Warrant is to sell it at its then market price in an available secondary market. With respect to Multiple Exercise Warrants, apart from the payment of any Cash Settlement Amount following one of the exercises of such Warrants, the only means through which a Warrantholder can realise value from the Warrant (apart from the periodic exercise of such Warrant) is to sell it at its then market price in an available secondary market. See "Possible Illiquidity of the Warrants in the Secondary Market" below.

Fluctuations in the value or the yield (if applicable) or the relevant rates of exchange (if applicable) of the relevant Underlying Assets(s) will affect the value of the relevant Warrants. Also, in relation to Debt Warrants, due to the character of the particular market on which a debt instrument is traded, the absence of last sale information and the limited availability of quotations for the relevant debt instrument may make it difficult for many investors to obtain timely, accurate data for the price or yield of such debt instrument. Purchasers of Warrants risk losing their entire investment if the value of the relevant Underlying Asset(s) does not move in the anticipated direction.

The Issuer may issue several issues of Warrants relating to particular Underlying Assets(s). However, no assurance can be given that the Issuer will issue any Warrants other than the Warrants to which the applicable Final Terms relate. At any given time, the number of Warrants outstanding may be substantial. Warrants provide opportunities for investment and pose risks to investors as a result of fluctuations in the value of the Underlying Assets(s). 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 or warrants on equities (including shares, depositary receipts, exchange traded fund shares and mutual fund interests) or debt securities or gilts are priced primarily on the basis of the value of underlying securities whilst Currency Warrants, Commodity Warrants and Index Warrants are priced primarily on the basis of present and expected values of the reference currency (or basket of currencies), the commodity (or basket of commodities) or the index (or basket of indices) specified in the applicable Final Terms.

Warrants are Unsecured Obligations

All Warrants will represent general contractual obligations of the Issuer and of no other person. No Warrants will be secured by any property of the Issuer and all Warrants will rank equally among themselves and with all other unsecured and unsubordinated obligations of the Issuer.

Certain Factors Affecting the Value and Trading Price of Warrants

The aggregate Cash Settlement Amount(s) to be paid (the **Cash Settlement Value**) (in the case of Cash Settled Warrants) or the value of the Entitlements to be delivered or, if applicable, the aggregate difference in the value of the Entitlements to be delivered and the Exercise Price (either such value, the **Physical Settlement Value**) (in the case of Physical Delivery Warrants) at any time prior to expiration is typically expected to be less than the trading price of such Warrants at that time. The difference between the trading price and the Cash Settlement Value or the Physical Settlement Value, as the case may be, will reflect, among other things, the "time value" of the Warrants and the likelihood of the occurrence of any Early Termination Event (if applicable). The "time value" of the Warrants will depend partly upon the length of the period remaining to expiration and expectations

concerning the value of the Underlying Asset(s). Warrants offer hedging and investment diversification opportunities but also pose some additional risks with regard to interim value. The interim value of the Warrants varies as the price or level of the Underlying Asset(s) varies, as well as due to a number of other interrelated factors, including those specified herein.

Before exercising or selling Warrants, Warrantholders should carefully consider, among other things, (i) the trading price of the Warrants, (ii) the value and volatility of the Underlying Asset(s), (iii) the time remaining to expiration, (iv) in the case of Cash Settled Warrants, the probable range of any one or more 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 Underlying Asset(s), (viii) any related transaction costs and (ix) the likelihood of the occurrence of any Early Termination Event (if applicable).

Risks relating to EMEA Participation Certificates

The issue price of EMEA Participation Certificates will reflect the value of the relevant Shares on the relevant pricing date and the final settlement amount payable in respect of such Warrants will be linked to the performance of the relevant share company. Therefore, if the traded price of the relevant Shares falls below the value of the Shares on the relevant pricing date, the final settlement amount payable in respect of each such Warrant may be less than the issue price of such Warrant. If, in relation to EMEA Participation Certificates, a cash dividend is paid or a stock dividend or rights issue occurs, the value of any dividend or corporate action securities paid or issued by the relevant share company will be paid to Warrantholders and any such corporate action shall not constitute an Adjustment Event, except as otherwise provided in the Conditions.

Risks relating to Warrants generally

Limitations on Exercise

Maximum Exercise Number

If a Maximum Exercise Number is specified in the applicable Final Terms, the Issuer 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. In the event that the total number of Warrants being exercised on any date (other than the Expiration Date) exceeds such maximum number and the Issuer elects to limit the number of Warrants exercisable on such date, a Warrantholder may not be able to exercise on such date all Warrants that such Warrantholder 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 by the Issuer. Unless otherwise specified in the applicable Final Terms, the Warrants tendered for exercise but not exercised on such date may 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 on any Exercise Date 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 Value (in the case of Cash Settled Warrants) or the Physical Settlement Value (in the case of Physical Delivery Warrants) of such Warrants.

Certain Considerations Regarding Hedging

Prospective purchasers intending to purchase Warrants to hedge against the market risk associated with investing in the particular Underlying Asset(s) should recognise the complexities of utilising Warrants in this manner. For example, the value of the Warrants may not exactly correlate with the value of the relevant Underlying Asset(s). Due to fluctuating supply and demand for the Warrants, there is no assurance that their value will correlate with movements of the Underlying Asset(s). Furthermore, in certain circumstances, the Issuer reserves the right to substitute assets for the Relevant Asset or Relevant Assets which comprise the Entitlement, and in such event, delivery of the Substitute Asset or Substitute Assets is unlikely to correlate to the market risk that the Warrants were intended to hedge. 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 Underlying Asset. In addition, in certain cases, the ability of Warrantholders to use Warrants for hedging may be restricted by the provisions of the Securities Act.

Time Lag after Exercise or Early Termination

Unless otherwise specified in the applicable Final Terms, in the case of any exercise or termination of Cash Settled Warrants, there may be a time lag between the Actual Exercise Date or the Early Termination Event, as the case may be, and the time the applicable Cash Settlement Amount relating to such exercise or the Early Termination Amount relating to such Early Termination Event, as the case may be, is determined. Any such delay will be specified in the applicable Final Terms or the applicable Conditions. However, a delay in such determination could be significantly longer than anticipated, particularly in the case of either 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) or following the imposition of any exchange controls or other similar regulations affecting the ability to obtain or exchange any relevant currency (or basket of currencies) in the case of Currency Warrants or following the occurrence of a Realisation Disruption Event. Any such delay could decrease the relevant Cash Settlement Amount of the Warrants being exercised or the Early Termination Amount relating to the relevant Early Termination Event from what it might otherwise have been and may result in such Cash Settlement Amount or Early Termination Amount, as the case may be, being zero. Warrantholders will not be compensated in respect of any such delay and it will not be possible to withdraw Exercise Notices in respect of Warrants which have been exercised.

In relation to Physical Delivery Warrants, there will be a time lag between the Actual Exercise Date or the Early Termination Event, as the case may be, and the time the relevant Entitlement is delivered. Any such delay 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 relevant Entitlement could increase or decrease during this period and could result in the value of the relevant Entitlement being less than any applicable Exercise Price or possibly zero. Warrantholders will not be compensated in respect of any such delay and it will not be possible to withdraw Exercise Notices in respect of Warrants which have been exercised.

Certain Considerations Associated with Warrants Relating to Shares (or Baskets of Shares)

In the case of Warrants relating to shares, no issuer of such shares will have participated in the preparation of the applicable Final Terms or in establishing the terms of the Warrants and neither the Issuer nor any Manager will make any investigation or enquiry in connection with such offering with respect to the information concerning any such issuer of shares 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 share 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 shares could affect the trading price of the share and therefore the trading price of the Warrants.

Except as provided in the Conditions or specified in the applicable Final Terms, Warrantholders will not have voting rights or rights to receive dividends or distributions or any other rights with respect to the relevant shares to which such Warrants relate.

Certain Considerations Associated with Warrants Relating to Depositary Receipts (or Baskets of Depositary Receipts)

In the case of Warrants relating to depositary receipts, no issuer of such depositary receipts or any underlying shares related to such depositary receipts will have participated in the preparation of the applicable Final Terms or in establishing the terms of the Warrants and neither the Issuer nor any Manager will make any investigation or enquiry in connection with such offering with respect to the information concerning any such issuer of depositary receipts or such underlying shares 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 depositary receipt or the underlying share 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 such depositary receipts or underlying shares could affect the trading price of the depositary receipts and therefore the trading price of the Warrants.

Except as provided in the Conditions or specified in the applicable Final Terms, Warrantholders will not have voting rights or rights to receive dividends or distributions or any other rights with respect to the relevant depositary receipts to which such Warrants relate or any related underlying shares.

Certain Considerations Associated with Warrants Relating to ETF Shares (or Baskets of ETF Shares)

In the case of Warrants relating to ETF shares, no issuer of such ETF shares will have participated in the preparation of the applicable Final Terms or in establishing the terms of the Warrants and neither the Issuer nor any Manager will make any investigation or enquiry in connection with such offering with respect to the information concerning any such issuer of ETF shares 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 ETF share 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 ETF shares could affect the trading price of the ETF share and therefore the trading price of the Warrants.

Except as provided in the Conditions or specified in the applicable Final Terms, Warrantholders will not have voting rights or rights to receive dividends or distributions or any other rights with respect to the relevant ETF shares to which such Warrants relate.

Certain Considerations Associated with Warrants Relating to Mutual Funds (or Baskets of Mutual Funds)

In the case of Warrants relating to mutual funds and the related fund interests, the relevant mutual fund administrator, adviser or manager will not have participated in the preparation of the applicable Final Terms or in establishing the terms of the Warrants and neither the Issuer nor any Manager will make any investigation or enquiry in connection with such offering with respect to the information concerning any such mutual fund 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 value of the fund interest will have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning such a mutual fund could affect the value of the fund interest and therefore the trading price of the Warrants.

Except as provided in the Conditions or specified in the applicable Final Terms, Warrantholders will not have voting rights or rights to receive dividends or distributions or any other rights with respect to the relevant fund interests to which such Warrants relate.

Mutual funds may trade and invest in a broad range of investments such as debt and equity securities, commodities and foreign exchange and may enter into derivative transactions, including, without limitation, futures and options. Mutual funds may be illiquid and may only be traded on an infrequent basis. Investors should review the applicable Final Terms to ascertain the characteristics of any relevant fund interest. The trading strategies of mutual funds are often opaque. Mutual funds, as well as the markets and instruments in which they invest, are often not subject to review by governmental authorities, self-regulatory organisations or other supervisory authorities.

For all the above reasons, investing directly or indirectly in mutual funds is generally considered to be risky. If the underlying mutual fund does not perform sufficiently well, the value of the Warrants will fall, and may in certain circumstances be zero.

The value of fund interests may be affected by the performance of the relevant fund service providers and in particular the relevant fund adviser.

Dividends

If so specified in the applicable Final Terms, Warrantholders may be entitled to receive payments calculated by reference to the amount of dividends, distributions or other payments that would be received by a holder of the shares, depositary receipts, underlying shares, ETF shares or mutual funds, as the case may be. Warrantholders are not by virtue thereof the holders of the relevant shares, depositary receipts, underlying shares, ETF shares or fund interests, as the case may be, and do not have any right to receive any information exercise voting rights or receive dividends directly from the relevant share company, underlying share company, depositary, fund or mutual fund, as the case may be.

If the applicable Final Terms does not specify that payments will be calculated by reference to the amount of dividends, distributions or other payments that would be received by a holder of the shares, depositary receipts, underlying shares, ETF shares or mutual funds, as the case may be, the return on such Warrants will not reflect the dividends, distributions or other payments which would be paid to investors who have made a direct investment in the relevant shares, depositary receipts, underlying shares, ETF shares or fund interests, as the case may be. Accordingly, the return on the Warrants may be less than the return on a direct investment in such shares, depositary receipts, underlying shares, ETF shares or fund interests, as the case may be.

Certain Additional Risk Factors Associated with Currency Warrants

Fluctuations in exchange rates of the relevant currency (or one or more of the currencies in a basket of currencies) will affect the value of Currency Warrants. Furthermore, investors who intend to convert gains or losses from the exercise or sale of Currency Warrants into their home currency may be affected by fluctuations in exchange rates between their home currency and the relevant currency (or one or more of the currencies in a basket of currencies). Currency values may be affected by complex political and economic factors, including governmental action to fix or support the value of a currency (or one or more of the currencies in a basket of currencies), regardless of other market forces. Purchasers of Currency Warrants risk losing their entire investment if exchange rates of the relevant currency (or one or more of the currencies in a basket of currencies) do not move in the anticipated direction.

If additional warrants or options relating to particular currencies or particular currency indices are subsequently issued, the supply of warrants and options relating to such currencies or currency indices, as applicable, in the market will increase, which could cause the price at which the Warrants and such other warrants and options traded in the secondary market to decline significantly.

Variation of Settlement

If the applicable Final Terms in respect of any Warrants represented by a Permanent Global Warrant indicate that the Issuer has an option to vary settlement in respect of any Actual Exercise Date relating to such Warrants, the Issuer may elect (1) not to pay the relevant Warrantholders the relevant Cash Settlement Amount, but to deliver or procure delivery of the relevant Entitlement or (2) not to deliver or procure delivery to the relevant Warrantholders of the relevant Entitlement, but to make payment of the relevant Cash Settlement Amount.

Warrants may, if so specified and provided for in the applicable Final Terms, allow Warrantholders to elect for settlement by way of cash payment or by way of physical delivery or by such other method of settlement as is specified in the applicable Final Terms. The rights of a Warrantholder as described in this paragraph may be subject to the Issuer's right to vary settlement if so indicated in the applicable Final Terms and will be subject, in certain circumstances, to the Issuer's right to substitute assets or to pay the Alternate Cash Amount (as defined below) *in lieu* of physical delivery in accordance with the Conditions.

Issuer's Option to Substitute Assets or to pay the Alternate Cash Amount

If Warrants (other than Gilt Warrants) are Private Placement Definitive Warrants or which are represented by a Rule 144A Global Warrant, a Regulation S Global Warrant or a Combined Global Warrant, the Issuer may, if the Calculation Agent determines that the Relevant Asset or Relevant Assets, as the case may be, relating to an Actual Exercise Date or an Early Termination Event, as the case may be, comprises securities which are not freely tradeable, elect either (i) to substitute a Substitute Asset or Substitute Assets, as the case may be, for the Relevant Asset or Relevant Assets relating to such Actual Exercise Date or Early Termination Event, as the case may be, or (ii) not to deliver or procure the delivery of the relevant Entitlement or the relevant Substitute Asset or Substitute Assets, as the case may be, to the relevant Warrantholders, but *in lieu* thereof to make payment to the relevant Warrantholders on the relevant Settlement Date or Early Termination Settlement Date, as the case may be, of the Alternate Cash Amount.

Potential Conflicts of Interest

The Issuer and its affiliates (including CGML) may also engage in trading activities (including hedging activities) related to the Underlying Asset(s) and other instruments or derivative products based on or related to the Underlying Asset(s) for their proprietary accounts or for other accounts under their management, subject to compliance with the requirements of the Securities Act. The

Issuer and its affiliates (including CGML) may also issue other derivative instruments in respect of any Underlying Asset(s). The Issuer and its affiliates (including CGML) may also act as underwriter in connection with future offerings of shares or other securities related to an issue of Warrants or may act as financial adviser to certain companies or companies whose shares are included in a basket of shares or in a commercial banking capacity for such companies. Such activities could present certain conflicts of interest, could influence the prices of such shares or other securities and could adversely affect the value of such Warrants.

Disrupted Days, Market Disruption Events, Adjustments and Realisation Disruption

If an issue of Warrants includes provisions dealing with the postponement of a day in respect of which the Calculation Agent is required to determine the level, price or amount of an Underlying Asset due to the occurrence of (i) in relation to Warrants which are Share Warrants, Index Warrants, Depositary Receipt Warrants, ETF Warrants or Mutual Fund Warrants, a Disrupted Day or (ii) in relation to Warrants which other than Share Warrants, Index Warrants, Depositary Receipt Warrants, ETF Warrants, Mutual Fund Warrants or Gilt Warrants, a Market Disruption Event such postponement or any alternative provisions for valuation provided in the Conditions of any Warrants may have an adverse effect on the value of such Warrants.

If, in relation to Index Warrants, an Index Adjustment Event occurs, the Issuer may, unless otherwise specified in the applicable Final Terms, (i) require the Calculation Agent to either (A) determine the level of the relevant Index by reference to the level for such Index as determined by the Calculation Agent in accordance with the formula for and method of calculating the relevant Index last in effect prior to the relevant change, failure or cancellation or (B) substitute the Index with a replacement index and determine the adjustments, if any, to be made to account for such substitution or (ii) cancel the Warrants, as more fully set out in the Conditions. Such adjustments to the Conditions of such Warrants may have an adverse effect of the value of such Warrants.

In relation to Index Warrants, the following are Adjustment Events (if specified for such Index in the applicable Final Terms): Change in Law, Hedging Disruption, Increased Cost of Hedging, Increased Cost of Stock Borrow, Loss of Stock Borrow and any additional or alternative events specified in the applicable Final Terms.

In relation to Share Warrants and subject as provided in relation to EMEA Participation Certificates, the following are Adjustment Events: Potential Adjustment Event, De-listing, Insolvency, Merger Event, Nationalisation, Tender Offer and Hedging Illegality and, if specified for such Share in the applicable Final Terms, Change in Law, Hedging Disruption, Increased Cost of Hedging, Increased Cost of Stock Borrow, Insolvency Filing, Loss of Stock Borrow and any additional or alternative events specified in the applicable Final Terms.

In relation to Depositary Receipt Warrants, the following are Adjustment Events: Potential Adjustment Event, De-listing, Hedging Illegality, Insolvency, Merger Event, Nationalisation, Tender Offer and, where "Full Lookthrough" is specified as applying in relation to a Depositary Receipt in the applicable Final Terms, a DR Underlying Share Event.

In relation to ETF Warrants, the following are Adjustment Events: Potential Adjustment Event, Adviser Resignation Event, Cross-contamination, De-listing, Failure by Fund Service Provider, Fund Administrator Cessation, Fund Modification, Hedging Illegality, Insolvency, Merger Event, Nationalisation, Regulatory Action, Strategy Breach and Tender Offer.

In relation to Mutual Fund Warrants, the following are Adjustment Events: Potential Adjustment Event, Adviser Resignation Event, Cross-contamination, Failure by Fund Service Provider, Fund Administrator Cessation, Fund Modification, Hedging Illegality, Insolvency, Nationalisation, Regulatory Action, Reporting Disruption and Strategy Breach.

If an Adjustment Event occurs, the Issuer may, unless otherwise specified in the applicable Final Terms, (i) require the Calculation Agent to make such adjustments to the terms of the Warrants as the Calculation Agent determines necessary or appropriate to account for the event (including, but not limited to, a substitution of the relevant Underlying Asset, if such substitution is specified as applying in the applicable Final Terms or the issue of additional Warrants if so specified in the applicable Final Terms) and determine the effective date of the adjustment, or (ii) cancel the Warrants.

If an Increased Cost of Hedging is specified as applying in the applicable Final Terms and it occurs, the Issuer may, in addition to (i) and (ii) above, require the Calculation Agent to make such adjustments to the terms of the Warrants as the Calculation Agent determines necessary or appropriate to pass onto Warrantholders the increased cost of hedging which adjustment may include, but is not limited to, reducing any of the amounts which would otherwise be payable under the Warrants.

Such adjustments to the terms of the Warrants may have an adverse effect of the value of such Warrants.

If "Realisation Disruption" is specified as applicable in the applicable Final Terms, upon the occurrence and/or continuation of any Realisation Disruption Event on or before the date on which the Issuer's obligations in respect of the Warrants have been discharged, the Issuer may either direct the Calculation Agent to make such consequential adjustments to any of the terms of the Warrants (including any payment or delivery obligations) as it determines appropriate in order to reflect the economic effect of the particular Realisation Disruption Event or cancel the Warrants.

If the Warrants are cancelled as provided in the above paragraphs, the Issuer will pay to each Warrantholder in respect of each Warrant an amount equal to the fair market value of such Warrant (which may be determined by the Issuer by reference to the amounts (if any) received by it and/or any of its affiliates under any hedging arrangements) less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent or such other amount as may be specified in the applicable Final Terms.

If, in relation to Warrants relating to a Contract, the terms of the Contract are changed or modified by the applicable Related Exchange, the Calculation Agent shall make appropriate adjustments to the terms of the Warrants to account for such change or modification. In the event that the relevant Contract never commences or is permanently discontinued, the Calculation Agent shall determine the Official Settlement Price by reference to the closing level of the relevant Index on the Expiry Date as more fully set out in the Conditions. Such adjustments to the Conditions of such Warrants may have an adverse effect of the value of such Warrants.

Substitution of Gilts

Investors should note that, in relation to Gilt Warrants, the Calculation Agent may substitute for any Gilt specified in the applicable Final Terms such other "gilt-edged securities" (within the meaning of the Taxation of Chargeable Gains Act 1992) as it considers appropriate in its commercially reasonable discretion and the Issuer may make such other adjustments to the terms of the Warrants as it deems appropriate to reflect such substitution.

Settlement arrangements for Gilt Warrants

In respect of Gilt Warrants which are to be settled by way of physical delivery, the relevant Gilts will be delivered on the relevant Settlement Date to a custody account agreed between the Issuer and the Warrantholder. Warrantholders will not be able to sell the relevant Gilts from that account until the tenth Business Day immediately following the relevant Settlement Date and will therefore bear the risk of fluctuations in the market value of such Gilts during the period from such Settlement Date until the tenth Business Day immediately following such Settlement Date.

Settlement Disruption Event and Failure to Deliver

In the case of Physical Delivery Warrants, if a Settlement Disruption Event occurs or exists on any date specified for the delivery of the relevant Entitlement, settlement will be postponed until the next Settlement Business Day in respect of which there is no Settlement Disruption Event. The Issuer in these circumstances may select to deliver the relevant Entitlement using such other commercially reasonable manner as it may select or (in respect of Warrants other than Gilt Warrants) it may pay the Disruption Cash Settlement Price *in lieu* of delivering the Entitlement.

In respect of Gilt Warrants, for so long as delivery of the Entitlement in respect of an Actual Exercise Date or Early Termination Event, as the case may be, is not practicable by reason of a Settlement Disruption Event, then the Issuer may elect to substitute the Gilts comprising the Entitlement.

If, in relation to Physical Delivery Index Warrants, Share Warrants, Depositary Receipt Warrants, ETF Warrants or Mutual Fund Warrants "Failure to Deliver" is specified as applying in the applicable Final Terms and it is impossible or impracticable, in the opinion of the Calculation Agent, to deliver, when due, some or all of the Relevant Assets or Substitute Assets, as the case may be, where such failure to deliver is due to illiquidity in the market for such Relevant Assets or Substitute Assets, the Issuer has the right to pay the Failure to Deliver Settlement Price *in lieu* of delivering some or all of such Relevant Assets or Substitute Assets, as the case may be, which are affected by such illiquidity.

Subject as provided below, Physical Delivery Warrants which are either (i) exercised at the same time by the same Warrantholder or (ii) held by the same Warrantholder at the time of early termination following the occurrence of an Early Termination Event will be aggregated for the purpose of determining the aggregate Entitlements in respect of such Warrants. Such aggregate Entitlements will be rounded down to the nearest whole unit of the Relevant Asset(s) (or, if applicable, of the Substitute Asset(s)), in such manner as the Calculation Agent shall determine.

If the applicable Final Terms specifies that aggregation of Entitlements does not apply, the Entitlement in respect of each Warrant will be rounded up or down (as specified in the applicable Final Terms) to the nearest whole unit of the Relevant Asset(s) (or, if applicable, of the Substitute Asset(s)), in such manner as the Calculation Agent shall determine.

Fractions of the Relevant Asset(s) (or, if applicable, of the Substitute Asset(s)), will not be delivered and no cash or other adjustment will be made in respect thereof except that if "Cash Adjustment" is specified as applicable in the applicable Final Terms, the Calculation Agent on behalf of the Issuer shall pay to the relevant Warrantholder a cash amount in the Settlement Currency equal to the value of such fraction.

Early Termination

If the applicable Final Terms specifies that Early Termination applies, Warrants may be terminated early by the Issuer following the occurrence of an Early Termination Event. Details of the Early Termination Event will be set out in the applicable Final Terms.

Exercise Expenses

A Warrantholder shall pay all Exercise Expenses relating to Warrants held by such Warrantholder.

Exercise Expenses in respect of Physical Delivery Warrants shall either be paid to the Issuer by the relevant Warrantholder or deducted by the Issuer from any cash amount owing to such Warrantholder and paid by the Issuer on behalf of the Warrantholder or paid by the Issuer on behalf of such Warrantholder by converting such amount of the Entitlement as necessary to pay the Exercise Expenses, as specified by the Warrantholder in the relevant Exercise Notice. If any Exercise Expenses are not so paid, the relevant Warrantholder shall be deemed to authorise the Issuer to convert and the

Issuer may convert such amount of the Entitlement into cash sufficient to cover the Exercise Expenses in respect of the relevant Warrant from which the Issuer shall deduct such Exercise Expenses.

The Issuer shall not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, exercise or enforcement of any Warrant 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.

Risks related to Implementation of Regulatory Reform

Implementation of recently-enacted US federal financial reform legislation may affect the value of the Underlying Assets, which may ultimately affect the value, trading price and viability of the Warrants. For example, the Financial Reform Act, would, upon implementation, impose limits on the maximum position that could be held by a single trader in certain of the Underlying Assets and may subject certain Transactions to new forms of regulation that could create barriers to some types of hedging activity by the Issuer. Other provisions may require certain Underlying Assets and/or hedging transactions to be cleared and traded on a regulated exchange, expand entity registration requirements and impose business conduct requirements on persons active in the swaps market, which may affect the value of the Underlying Assets or hedging transactions and therefore may affect the value, trading price and viability of the Warrants. While many provisions of the Financial Reform Act must be implemented through future rulemaking, and any regulatory or legislative activity may not necessarily have a direct or indirect immediate effect upon the Programme, the Issuer or its affiliates, the implementation of the Financial Reform Act or any future measures could potentially limit or completely restrict the ability of the Issuer to hedge its exposure on the Warrants, increase the costs of hedging or make hedging strategies less effective, which may then constitute an Additional Disruption Event in respect of certain Warrants.

Risks related to the Market Generally

Possible Illiquidity of the Warrants in the Secondary Market

It is not possible to predict the price at which Warrants will trade in the secondary market or whether such market will be liquid or illiquid. The Issuer may, but is not obliged to, list Warrants on a stock exchange. If the Warrants are not listed or traded on any exchange, pricing information for the Warrants may be more difficult to obtain and the liquidity of the Warrants may be adversely affected. If the Issuer does list an issue of Warrants, then, the Issuer shall use all reasonable endeavours to maintain such listing, but see "Listing of Warrants" below. Also, to the extent American Style Warrants of a particular issue are exercised, the number of Warrants of such issue outstanding will decrease, resulting in a diminished liquidity for the remaining Warrants of such issue. A decrease in the liquidity of an issue of Warrants may cause, in turn, an increase in the volatility associated with the price of such issue of Warrants.

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

Set out below is a brief description of the principal market risks, including liquidity risk, illegality in relation to the Warrants, exchange rate risk and risks relating to the listing of the Warrants.

Illegality in relation to the Warrants

If the Issuer determines that the performance of its obligations under any Warrants (other than Gilt Warrants) has become illegal in whole or in part for any reason, the Issuer may cancel such Warrants and, if and to the extent permitted by applicable law, will pay to each Warrantholder in respect of each Warrant an amount equal to the fair market value of such Warrant, notwithstanding such illegality, less the sum of (i) the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements and (ii) if already paid by or on behalf of the Warrantholder and if applicable, any Exercise Price(s), all as determined by the Calculation Agent.

Exchange rate risks and exchange controls

In the case of Cash Settled Warrants, the Issuer will pay any cash amounts in respect of the Warrants in the Settlement Currency specified in the applicable Final Terms. This presents certain risks relating to currency conversions if an investor'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 Warrants, (ii) the Investor's Currency-equivalent value of such Cash Settlement Amount in respect of the Warrants and (iii) the Investor's Currency-equivalent market value of the Warrants.

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, any cash amounts that investors may receive may be less than expected or zero.

Listing of Warrants

In respect of Warrants which are to be listed on a stock exchange, the Issuer shall use all reasonable endeavours to have such Warrants approved for listing on the relevant stock exchange and to maintain such listing so long as any of such Warrants are outstanding, PROVIDED THAT (a) if it is impracticable or unduly burdensome to maintain such listing due to changes in listing requirements occurring after the issue date of the relevant Warrants or (b) if the maintenance of the listing of such Warrants has become unduly onerous for any reason whatsoever, as further described in Condition 17, then the Issuer may apply to the relevant stock exchange to de-list such Warrants from such stock exchange in accordance with the rules of the relevant Stock Exchange, PROVIDED THAT it shall use all reasonable endeavours to obtain and maintain as soon as reasonably practicable after such de-listing an alternative admission to listing, trading and/or quotation of the relevant Warrants by an "appropriate stock exchange" (as defined in Condition 17) within or outside the European Union, as it may decide.

If, in the opinion of the Issuer, such admission to listing, trading and/or quotation on an appropriate stock exchange is not available or if obtaining or maintaining such admission would be, in the opinion of the Issuer, unduly burdensome, the Issuer shall not be required to obtain such admission and shall have no further obligation to obtain or maintain any listing, trading and/or quotation for the relevant Warrants.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published and have been filed with the CSSF shall be incorporated in, and form part of, this Base Prospectus:

- (a) the Issuer's Annual Financial Report for the year ended 31 December 2009 which contains the Issuer's audited consolidated financial statements as of 31 December 2009 and 2008 for each of the years in the three year period ended 31 December 2009;
- (b) the Issuer's Half-yearly Financial Report for the six months ended 30 June 2010 which contains the Issuer's unaudited consolidated financial statements as of 30 June 2010 and 31 December 2009 and for the six months ended 30 June 2010 and 2009, which are neither audited nor reviewed by KPMG LLP;
- (c) the Form 10-Q (Quarterly Report for the period ended 30 September 2010) of Citigroup Inc. (the parent of the Issuer) (the **Form 10-Q**) which contains the Issuer's unaudited interim consolidated financial statements for the three and nine month periods ended 30 September 2010;
- (d) the Restated Certificate of Incorporation of the Issuer;
- (e) the By-Laws of the Issuer; and
- (f) the Offering Memoranda dated 25 February 2003 and 25 May 2004 and the Base Prospectuses dated 15 February 2006, 15 February 2007, 15 February 2008, 13 February 2009 and 12 February 2010 and the Base Prospectus Supplement (No. 4) dated 29 September 2010, in each case, issued by the Issuer in respect of the Programme.

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

1. The audited Condensed Consolidated Financial Statements of the Issuer as of 31 December 2009 and 2008 and for the years ended 31 December 2009, 2008 and 2007

	2009	2008
	Page	Page
A. Consolidated Statements of Financial Condition	4 to 5	4 to 5
B. Consolidated Statements of Operations	3	3
C. Consolidated Statements of Cash Flows	7	7
D. Notes to Consolidated Financial Statements	8 to 56	8 to 49
E. Independent Auditor's Report	2	2

2. The unaudited interim Consolidated Financial Statements of the Issuer as of 30 June 2010 and 31 December 2009 and for the six months ended 30 June 2010 and 2009

	Page
A. Consolidated Statements of Financial Condition	2 to 3
B. Consolidated Statements of Income	1
C. Consolidated Statements of Cash Flows	5
D. Notes to Consolidated Financial Statements	6 to 43

3. The unaudited interim Condensed Consolidated Financial Statements of the Issuer for the three and nine month periods ended 30 September 2010 in the Form 10-Q

	Page
A. Condensed Consolidated Balance Sheet	200 to 201
B. Condensed Consolidated Income Statement	196 to 199
C. Condensed Consolidated Cash Flow Statement	202 to 203

4.	the Restated Certificate of Incorporation	Page 1
	Corporate Objects: Purpose	
5.	the Offering Memorandum dated 25 February 2003	Page 24 – 67
	Terms and Conditions of the Warrants	
6.	the Offering Memorandum dated 25 May 2004	Page 24 – 76
	Terms and Conditions of the Warrants	
7.	the Base Prospectus dated 15 February 2006	Page 34 – 82
	Terms and Conditions of the Warrants	
8.	the Base Prospectus dated 15 February 2007	Page 38 – 92
	Terms and Conditions of the Warrants	
9.	the Base Prospectus dated 15 February 2008	Page 42 – 107
	Terms and Conditions of the Warrants	
10.	the Base Prospectus dated 13 February 2009	Page 63 - 163
	Terms and Conditions of the Warrants	
11.	the Base Prospectus dated 12 February 2010	Page 63 - 163
	Terms and Conditions of the Warrants	
12.	the Base Prospectus Supplement (No. 4) dated 29 September 2010	Page 15 - 22
	Terms and Conditions of the Warrants	

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and approved by the CSSF in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document incorporated by reference in this Base Prospectus. Any such statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Copies of any documents incorporated by reference can be obtained from Citigroup Global Markets Deutschland AG, Frankfurt office at Reuterweg 16, 60323 Frankfurt, Germany as principal warrant agent (the **Principal Warrant Agent**) and New York warrant agent (the **New York Warrant Agent**), from BNP Paribas Securities Services, Luxembourg Branch at 33 rue de Gasperich, Howald-Hesperange, L-2085 Luxembourg Ville, Luxembourg as Luxembourg listing agent (the **Luxembourg Listing Agent**), from Citibank, N.A. at 111 Wall Street, New York 10005, New York, United States of America (the **Definitive Warrant Agent**) and from CGML at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom.

The documents incorporated by reference are also available for viewing at www.bourse.lu. Any information not listed in the cross-reference table but included in the documents incorporated by reference is given for information purposes only.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Warrants, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Warrants.

FORM OF APPLICABLE FINAL TERMS

The Final Terms relating to each issue of Warrants may contain (without limitation) such of the following information as is applicable in respect of such Warrants. Any information which is not applicable will be deleted.

[Date]

CITIGROUP GLOBAL MARKETS HOLDINGS INC.

Issue of [Aggregate Number of Warrants][Title of Warrants] (the Warrants) under the Warrant Programme

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

The Warrants [and any Entitlements] have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**) or any state securities law and may not be offered or sold within the United States or to, or for the account or benefit of, any U.S. person (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to the registration requirements of the Securities Act and applicable state securities laws. For a description of certain restrictions on offers and sales of Warrants, see "*Notice to Purchasers and Holders of Warrants and Transfer Restrictions*" in the Base Prospectus.

Trading in the Warrants has not been approved by the United States Futures Trading Commission under the United States Commodity Exchange Act, as amended.

Notwithstanding anything to the contrary in this Final Terms or the Base Prospectus (as defined below), all persons may disclose to any and all persons, without limitation of any kind, the United States federal, state and local tax treatment of the Warrants, any fact relevant to understanding the United States federal, state and local tax treatment of the Warrants, and all materials of any kind (including opinions or other tax analyses) relating to such United States federal, state and local tax treatment other than the names of the parties or any other person named herein, or information that would permit identification of the parties or other non-public business or financial information that is unrelated to the United States federal, state or local tax treatment of the Warrants with respect to such person and is not relevant to understanding the United States federal, state or local tax treatment of the Warrants with respect to such person.

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 14 January 2011 (the **Base Prospectus**) which constitutes a base

prospectus for the purposes of the Prospectus Directive. This document constitutes the Final Terms of the Warrants described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Warrants is only available on the basis of the combination of this Final Terms and the Base Prospectus. The Base Prospectus is available for viewing at the specified offices of [the Manager[s] and] the Warrant Agents. The Base Prospectus [and this Final Terms] [is/are] also published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

[The following alternative language applies if the first tranche of an issue (other than an "up to" issue) which is being increased was issued under a Base Prospectus/Offering Memorandum with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Original [Base Prospectus/Offering Memorandum]. This document constitutes the Final Terms of the Warrants described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus, save in respect of the Conditions which are extracted from the Original [Base Prospectus/Offering Memorandum] and are incorporated by reference into the Base Prospectus.

For the purposes hereof, **Original [Base Prospectus/Offering Memorandum]** means, in relation to the first tranche of the Warrants, the [Base Prospectus/Offering Memorandum] dated [*insert date of original Base Prospectus*] specified in the Final Terms for such first tranche and **Base Prospectus** means the Base Prospectus dated 14 January 2011 which, in either case, constitutes a base prospectus for the purposes of the Prospectus Directive.

Full information on the Issuer and the offer of the Warrants is only available on the basis of the combination of this Final Terms and the Base Prospectus and the Original [Base Prospectus/Offering Memorandum]. Copies of such documents are available for viewing at the specified offices of [the Manager[s] and] the Warrant Agents. Such documents [and this Final Terms] are also published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

[The following alternative language applies if the Final Terms relates to an "up to" issue of Warrants which may be increased under a Base Prospectus/Offering Memorandum with a later date.]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Base Prospectus. This document constitutes the Final Terms of the Warrants described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with either (i) the Base Prospectus or (ii) in respect of any issues of further Warrants issued by the Issuer pursuant to Condition 12 in a number up to the maximum number of Warrants specified below, the Current Base Prospectus, save in respect of the Conditions which are extracted from the Base Prospectus.

For the purposes hereof, **Base Prospectus** means the Base Prospectus dated 14 January 2011 and **Current Base Prospectus** means, in respect of any issues of further Warrants issued by the Issuer pursuant to Condition 12 in a number up to the maximum number of Warrants specified below, the Base Prospectus as supplemented, amended or replaced as at the date of such further issue which, in either case, constitutes a base prospectus for the purposes of the Prospectus Directive.

Full information on the Issuer and the offer of the Warrants is only available on the basis of the combination of this Final Terms and the Base Prospectus and any Current Base Prospectus. Copies of such documents are and will be available for viewing at the specified offices of [the Manager[s] and] the Warrant Agents. Such documents [and this Final Terms] are and will also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

[The following alternative language applies to the Final Terms relating to an "up to" issue of Warrants where the first tranche was issued under a Base Prospectus/Offering Memorandum with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Original [Base Prospectus/Offering Memorandum]. This document constitutes the Final Terms of the Warrants described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with either (i) the Base Prospectus or (ii) in respect of any issues of further Warrants issued by the Issuer pursuant to Condition 12 in a number up to the maximum number of Warrants specified below, the Current Base Prospectus, save in respect of the Conditions which are extracted from the Original [Base Prospectus/Offering Memorandum] and are incorporated by reference into the Base Prospectus.

For the purposes hereof, **Original [Base Prospectus/Offering Memorandum]** means, in relation to the first tranche of the Warrants, the [Base Prospectus/Offering Memorandum] dated *[insert date of original Base Prospectus]* specified in the Final Terms for such first tranche, **Base Prospectus** means the Base Prospectus dated 14 January 2011 and **Current Base Prospectus** means, in respect of any issues of further Warrants issued by the Issuer pursuant to Condition 12 in a number up to the maximum number of Warrants specified below, the Base Prospectus as supplemented, amended or replaced as at the date of such further issue which, in any such case, constitutes a base prospectus for the purposes of the Prospectus Directive.

Full information on the Issuer and the offer of the Warrants is only available on the basis of the combination of this Final Terms and the Original [Base Prospectus/Offering Memorandum], the Base Prospectus and any Current Base Prospectus. Copies of such documents are and will be available for viewing at the specified offices of [the Manager[s] and] the Warrant Agents. Such documents [and this Final Terms] are and will also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

[When adding any other final terms or information consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]

References herein to numbered Conditions are to the terms and conditions of the Warrants and words and expressions defined in such terms and conditions shall bear the same meaning in this Final Terms, save where otherwise expressly provided.

TYPE OF WARRANTS AND ISSUE

1. Type: [Warrants/Certificates].
2. [(a)] Series Number: [].
[(b)] Consolidation: The Warrants are to be consolidated and form a single Series with the *[insert title of relevant Series of Warrants]* issued on *[insert issue date]*.
(NB: Only applicable for fungible issues of Warrants)
3. Type of Warrant: The Warrants are [Index Warrants (*including Index Warrants relating to a Contract*)/Share Warrants/Depositary Receipt Warrants/ETF Warrants/Mutual Fund Warrants/Debt Warrants/Currency Warrants/Commodity Warrants/Gilt Warrants/*specify other type of Warrant*].

[The Warrants are EMEA Participation Certificates.]

(N.B. EMEA Participation Certificates may only be Share Warrants relating to a single Share)

4. Exercise Style: The Warrants are [[European Style/American Style/Multiple Exercise/(specify other)] Warrants].
5. Call/Put Warrants: The Warrants are [Call Warrants/Put Warrants].
6. [(a)] Number of Warrants being issued: The number of Warrants being issued is [].
- [(b)] Total number of Warrants in issue: The total number of Warrants in issue is [].]
- [(c)] Minimum trading size: [].]

(NB: Only applicable for fungible issues of Warrants)

7. 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)*
8. Issue Price: The issue price per [Warrant/Unit] is [].
9. Issue Date: The issue date of the Warrants is [].

EXERCISE

10. Exercise Price: The exercise price per [Warrant/Unit] is [].
- (N.B. This should take into account any relevant Multiplier and, in the case of an Index Warrant, may be expressed as a monetary value on the same basis as the Index Currency, if any)*
11. Exercise Date(s): [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)*
- [The exercise dates of the Warrants are [], [] and [], PROVIDED THAT, if any such date is not a Business Day, that Exercise Date shall be the immediately [preceding/succeeding] Business Day.]
- (N.B. Only applicable in relation to Multiple Exercise Warrants)*
12. Final Exercise Date: [].

(N.B. Only applicable in relation to EMEA Participation Certificates)

13. 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].
14. Extension of Exercise Period: [Applicable/Not Applicable].

(N.B. Only applicable in relation to American Style Warrants)

15. Automatic Exercise: Automatic Exercise [applies/does not apply].
16. 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].
17. 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 [].

[The Actual Exercise Date for each additional Quota shall be each of the succeeding Business Days until all such Warrants have been attributed with an Actual Exercise Date, subject as provided in Condition 6(A)(ii).]

(N.B. Not applicable for European Style Warrants or Multiple Exercise Warrants)

VALUATION

18. Averaging: Averaging [applies/does not apply] to the Warrants. [The Averaging Dates [in respect of each Actual Exercise Date] are [].]
- [In the event that an Averaging Date is a Disrupted Day (as defined in Condition 3) [Omission/Postponement/Modified Postponement] (as defined in Condition 3) will apply.]]

(N.B. Only applicable for Index Warrants, Share Warrants, Depositary Receipt Warrants, ETF Warrants or Mutual Fund Warrants)

[In the event of a Market Disruption Event (as defined in Condition 15) occurring on an Averaging Date [Omission/Postponement/Modified Postponement] (as defined in Condition 3) will apply.]

(N.B. Only applicable for Warrants other than Index

Warrants, Share Warrants, Depositary Receipt Warrants, ETF Warrants, Mutual Fund Warrants or Gilt Warrants)

[In the event of Modified Postponement applying, the Averaging Date will be determined [*specify relevant provisions*].]

(N.B. Only applicable in relation to Debt Warrants, Currency Warrants or Commodity Warrants)

19. Valuation Date(s): The Valuation Date[s] [in respect of each Actual Exercise Date] [is/are] [].

20. Averaging Date/Valuation Date Adjustments: Number of Roll Days: [8/5/*specify other*] Scheduled Trading Days.

(N.B. Only applicable in relation to Share Warrants, Index Warrants, Depositary Receipt Warrants, ETF Warrants and Mutual Fund Warrants)

Move in Block: [Applicable/Not Applicable].

Value What You Can:[Applicable/Not Applicable].

(N.B. Only applicable in relation to Share Warrants linked to a Basket of Shares, Index Warrants linked to a Basket of Indices, Depositary Receipt Warrants linked to a Basket of Depositary Receipts, ETF Warrants linked to a Basket of ETF Shares and Mutual Fund Warrants linked to a Basket of Fund Interests)

21. Gilt Valuation Date: The Gilt Valuation Date[s] [in respect of each Actual Exercise Date] [is/are] [].

(N.B. Only applicable in relation to Gilt Warrants)

22. Scheduled Trading Day: [].

(N.B. Only applicable if different from the definition in Condition 3 or if the Warrants are Debt Warrants, Currency Warrants or Commodity Warrants)

A Scheduled Trading Day shall be a [Scheduled Redemption Valuation Date/Scheduled Mutual Fund Valuation Date].

(N.B. Only applicable in relation to Mutual Fund Warrants)

23. Disrupted Day: If [an Observation Date/a Valuation Date/an Averaging Date] is a Disrupted Day the relevant Settlement Price will be calculated [*insert calculation method*].

(N.B. Only applicable in relation to Index Warrants, Share Warrants, Depositary Receipt Warrants, ETF Warrants or Mutual Fund Warrants where provisions in

Conditions are not appropriate)

24. Market Disruption Event: When a Market Disruption Event occurs on [an Observation Date/a Valuation Date/an Averaging Date], the relevant Settlement Price will be calculated [*insert calculation method*].

(N.B. Only applicable in relation to Warrants other than Index Warrants, Share Warrants, Depositary Receipt Warrants, ETF Warrants, Mutual Fund Warrants or Gilt Warrants where provisions in Conditions are not appropriate)

SETTLEMENT

25. Settlement: Settlement will be by way of [cash payment (**Cash Settled Warrants**)] [and/or] [physical delivery (**Physical Delivery Warrants**)].

26. Variation of Settlement

- (i) Issuer's option to vary settlement: The Issuer [has/does not have] the option to vary settlement in respect of the Warrants pursuant to Condition 4(E) *(N.B. Option is only available in relation to Warrants represented by a Permanent Global Warrant)*. Cash Settled Warrants which carry this right will be treated as Physical Delivery Warrants for the purposes of the legends on the Warrants and determination of the Distribution Compliance Period].
- (ii) Warrantholder's option to vary settlement: [The Warrantholder [has/does not have] the option to elect for settlement [by way of cash payment/physical delivery][, subject as provided in the Conditions to the Issuer's right to elect cash settlement/*insert details*].

27. Cash Settlement Amount(s): [For the purposes of Condition [4(B)(i)(a)(III)/4(B)(i)(b)(III)], the Cash Settlement Amount shall be determined as set out in the Schedule attached hereto/*insert details*].

(N.B. Applicable if none of Condition 4(B)(i)(a)(I), 4(B)(i)(a)(II), 4(B)(ii)(b)(I) and 4(B)(ii)(b)(II) applies)

28. Multiplier: The multiplier to be applied to each item comprising the Basket to ascertain the Settlement Price is []. Each such Multiplier shall be subject to adjustment [in accordance with Condition 15(B) *(in the case of Share Warrants)*]/[*specify other*].

(N.B. Only applicable in relation to Cash Settled Warrants relating to a Basket)

29. Settlement Date(s): [(i) [The settlement date(s) for the Warrants [is/are] []. *(N.B. Applicable for Physical Delivery Warrants. Only applicable for Cash Settled Warrants if Settlement Date(s) is/are different*

from the definition in Condition 3)]

- [(ii) **Settlement Business Day** for the purposes of Condition 4(C)(ii) and Condition 5(E) means [].

(N.B. Only applicable in the case of Physical Delivery Warrants)]

(N.B. In relation to Mutual Fund Warrants, consideration should be given to when the value of the relevant Fund Interest will be published)

30. Settlement Currency: The settlement currency for the payment of [the/each Cash Settlement Amount] *(in the case of Cash Settled Warrants)*/[the Disruption Cash Settlement Price] [and/or the Failure to Deliver Settlement Price] *(in the case of Physical Delivery Warrants)* [and/or any other amounts payable in respect of the Warrants] is [].
31. Business Day Centre(s): The applicable Business Day Centre[s] for the purposes of the definition of "Business Day" in Condition 3 [is/are] [].
32. Hedging Taxes: [Applicable/Not Applicable].
33. Realisation Disruption: [Applicable/Not Applicable].

EARLY TERMINATION

34. Early Termination [Applicable/Not Applicable].
- (i) Early Termination Event: [].
- (include provisions relating to valuation)*
- (ii) Observation Date(s): The Observation Date[s] [in respect of each Early Termination Settlement Date] [is/are] [].
- (iii) Observation Date Number of Roll Days: [8/5/specify other] Scheduled Trading Days.
- (N.B. Only applicable in relation to Share Warrants, Index Warrants, Depositary Receipt Warrants, ETF Warrants and Mutual Fund Warrants)*
- Move in Block: [Applicable/Not Applicable].
- Value What You Can: [Applicable/Not Applicable].
- (N.B. Only applicable in relation to Share Warrants linked to a Basket of Shares, Index Warrants linked to a Basket of Indices, Depositary Receipt Warrants linked to a Basket of Depositary Receipts, ETF Warrants linked to a Basket of ETF Shares and Mutual Fund Warrants linked to a Basket of Fund Interests)*

- (iv) Observation Period: [].
- (v) Early Termination Amount(s): [].
- (vi) Early Termination Settlement Date(s): [].
- (vii) Termination Cut-off Date: [[] Business Days immediately preceding the Early Termination Settlement Date/*specify*].

INDEX WARRANTS

35. Terms of Index Warrants: [Applicable/Not Applicable].

For the purposes of Condition 3 and Condition 15(A):

- (i) Details of Index: [].
- (ii) Exchange(s): [].
- (iii) Related Exchange(s): [*specify*/All Exchanges].

(N.B. If no specific related exchanges are named or "All Exchanges" is not selected, the following should be included: "any exchange on which options contracts or futures contracts on [details of underlying] are traded.")

- (iv) Index Sponsor(s): [].
- (v) Designated Multi-Exchange Index: [Yes/Not Applicable].

(N.B. Designated Multi-Exchange Index only applies in relation to the Euro Stoxx Index unless otherwise specifically agreed)

- (vi) Index Currency: [].
- (vii) Exchange Rate: The applicable rate of exchange for conversion of any amount into the relevant Settlement Currency for the purposes of determining [the/any] Settlement Price (as defined in Condition 3) or [the/each] 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*].
- (viii) Settlement Price: For the purposes of Condition [4(B)(i)(a)(III)/4(B)(i)(b)(III)] the Settlement Price in respect of an Index shall be determined as set out in paragraph (i)(a)(B) of the definition of Settlement Price in Condition 3/The Settlement Price will be calculated [*insert calculation method*].

(N.B. Only applicable in relation to Index Warrants)

relating to a Basket of Indices where Condition 4(B)(i)(a)(III) or Condition 4(B)(i)(b)(III) applies or where provisions in the Conditions are not appropriate)

- (ix) Relevant Time: The relevant time is [], being the time specified on [an Observation Date/a Valuation Date/an Averaging Date], as the case may be, for the calculation of the relevant Settlement Price.

(N.B. For Index Warrants (other than Index Warrants relating to a Designated Multi-Exchange Index) if no Relevant Time is specified, the Valuation Time will be the Scheduled Closing Time)

(N.B. For Index Warrants relating to a Designated Multi-Exchange Index, if no Relevant Time is specified, the Valuation Time will be determined as set out in Condition 3)

(N.B. For Index Warrants linked to the S&P Index, consider applying paragraph (ii)(b) of the definition of "Valuation Time" set out in Condition 3)

(N.B. Only applicable in relation to Index Warrants (Including Index Warrants relating to a Contract))

- (x) Index Substitution: [Applicable/Not Applicable]
- (xi) Index Substitution Criteria: [Any Substitute Index shall use the same or a substantially similar method of calculation as used in the calculation of the Index/specify/None].

- (xii) Additional Disruption Events: [(a) The following Additional Disruption Events apply to the Warrants:

(Specify each of the following which applies)

[Change in Law]
[Hedging Disruption]
[Increased Cost of Hedging]
[Increased Cost of Stock Borrow]
[Loss of Stock Borrow]
[specify other]

- [(b) [The Trade Date is []].

(NB: Only applicable if Change in Law and/or Increased Cost of Hedging is applicable)]

- [(c) [The Maximum Stock Loan Rate in respect of [specify in relation to each relevant share] is []].

(NB: Only applicable if Loss of Stock Borrow is applicable)]

[(d)] [The Initial Stock Loan Rate in respect of [specify in relation to each relevant share] is [].

(NB: Only applicable if Increased Cost of Stock Borrow is applicable)

- (xiii) Adjustments to an Index/Consequences of Adjustment Events: [Following the occurrence of an Index Adjustment Event or an Adjustment Event, the Warrants shall not be cancelled and the provisions of Condition 15(A)(2)(b)(ii) and Condition 15(A)(4)(b) shall not apply to the Warrants.]

(N.B. Consider including for Index Warrants which are also Gilt Warrants)

(NB: Only applicable in relation to Index Warrants)

SHARE WARRANTS

36. Terms of Share Warrants: [Applicable/Not Applicable].

For the purposes of Condition 3 and Condition 15(B):

- (i) Details of Share(s): [].
- (ii) Share Company/
Basket Companies: [].
- (iii) Exchange(s): [].
- (iv) Related Exchange(s): [*specify*/All Exchanges].

(N.B. If no specific related exchanges are named or "All Exchanges" is not selected, the following should be included: "any exchange on which options contracts or futures contracts on [details of underlying] are traded.")

- (v) Exchange Rate: The applicable rate of exchange for conversion of any amount into the relevant Settlement Currency for the purposes of determining [the/any] Settlement Price (as defined in Condition 3) or [the/each] 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*].
- (vi) Settlement Price: For the purposes of Condition [4(B)(i)(a)(III)/4(B)(i)(b)(III)] the Settlement Price in respect of a Share shall be determined as set out in paragraph (ii)(a)(B) of the definition of Settlement Price in Condition 3/The Settlement Price will be calculated [*insert calculation method*].

(N.B. Only applicable in relation to Share Warrants)

relating to a Basket of Shares where Condition 4(B)(i)(a)(III) or Condition 4(B)(i)(b)(III) applies or where provisions in the Conditions are not appropriate or where the Settlement Price is determined by reference to the price at the Valuation Time)

- (vii) Relevant Time: The relevant time is [], being the time specified on [an Observation Date/a Valuation Date/an Averaging Date], as the case may be, for the calculation of the relevant Settlement Price.
- (N.B. If no Valuation Time is specified, the Valuation Time will be the Scheduled Closing Time)*
- (viii) Share Substitution: [Applicable/Not Applicable].
- (ix) Share Substitution Criteria: [New Share shall be selected by the Calculation Agent from the Reference Index/specify/None].
- (x) Additional Warrants on the occurrence of an Adjustment Event: [Applicable/Not Applicable].
- (xi) Additional Disruption Events: [(a) The following Additional Disruption Events apply to the Warrants:
- (Specify each of the following which applies)*
- [Change in Law]
[Hedging Disruption]
[Increased Cost of Hedging]
[Increased Cost of Stock Borrow]
[Insolvency Filing]
[Loss of Stock Borrow]
[specify other]
- [(b) [The Trade Date is [].
- (NB: Only applicable if Change in Law and/or Increased Cost of Hedging is applicable)]*
- [(c) [The Maximum Stock Loan Rate in respect of [Specify in relation to each Share] is [].
- (NB: Only applicable if Loss of Stock Borrow is applicable)]*
- [(d) [The Initial Stock Loan Rate in respect of [Specify in relation to each Share] is [].
- (NB: Only applicable if Increased Cost of Stock Borrow is applicable)]*
- (xii) Consequences of Adjustment Events: [Following the occurrence of an Adjustment Event, the Warrants shall not be cancelled and the provisions of Condition 15(B)(3)(ii) shall not apply to the Warrants.]

(N.B. Consider including for Share Warrants which are also Gilt Warrants)

- (xiii) Payments of Dividends: [Applicable – see the Schedule attached hereto/specify details].

(N.B. Only applicable in relation to Share Warrants)

37. Terms of EMEA Participation Certificates

- (i) Share Currency: [].
- (ii) Commission: [].
- (iii) Strike Date: [].

(N.B. Only applicable in relation to EMEA Participation Certificates)

DEPOSITARY RECEIPT WARRANTS

38. Terms of Depositary Receipt Warrants: [Applicable/Not Applicable].

For the purposes of Condition 3 and Condition 15(C):

- (i) Details of Depositary Receipt: [].
- (ii) Depositary/Basket Depositary: []. *(If none specified, the definition in Condition 15 will apply)*
- (iii) Exchange(s): [].
- (iv) Related Exchange(s): [specify/All Exchanges].

(N.B. If no specific related exchanges are named or "All Exchanges" is not selected, the following should be included: "any exchange on which options contracts or futures contracts on [details of underlying] are traded.")

- (v) Exchange Rate: The applicable rate of exchange for conversion of any amount into the relevant Settlement Currency for the purposes of determining [the/any] Settlement Price (as defined in Condition 3) or [the/each] 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]*.
- (vi) Settlement Price: For the purposes of Condition [4(B)(i)(a)(III)/4(B)(i)(b)(III)] the Settlement Price in respect of a Depositary Receipt shall be determined as set out in paragraph (c)(i)(B) of the definition of Settlement Price in Condition 3/The Settlement Price will be calculated *[insert calculation method]*.

(N.B. Only applicable in relation to Depositary Receipt Warrants relating to a Basket of Depositary Receipts where Condition 4(B)(i)(a)(III) or Condition 4(B)(i)(b)(III) applies or where provisions in the Conditions are not appropriate)

(vii) Relevant Time: The relevant time is [], being the time specified on [an Observation Date/a Valuation Date/an Averaging Date], as the case may be, for the calculation of the relevant Settlement Price.

(N.B. If no Relevant Time is specified, the Valuation Time will be the time at which the official closing level of the relevant Depositary Receipt is [scheduled to be] published)

(viii) Electronic Page: [].

(ix) Underlying Share: Details of Underlying Share: []. *(If none specified, the definition in the Conditions will apply)*

Underlying Share Company: [].

Exchange(s): []. *(If different to the Conditions)*

Related Exchange(s): []. *(If different to the Conditions)*

(x) Full Lookthrough: [Applicable/Not Applicable].

(xi) Partial Lookthrough: [Applicable/Not Applicable].

(xii) Depositary Receipt Substitution: [Applicable/Not Applicable].

(xiii) Depositary Receipt Substitution Criteria: [specify/None].

(xiv) Additional Warrants on the occurrence of an Adjustment Event: [Applicable/Not Applicable].

(xv) Consequences of Adjustment Events: [Following the occurrence of an Adjustment Event, the Warrants shall not be cancelled and the provisions of Condition 15(C)(3)(b) shall not apply to the Warrants.]

(N.B. Consider including for Depositary Receipt Warrants which are also Gilt Warrants)

(xvi) Payments of Dividends: [Applicable – see the Schedule attached hereto/specify details].

(N.B. Only applicable in relation to Depositary Receipt

Warrants)

ETF WARRANTS

39. Terms of ETF Warrants: [Applicable/Not Applicable].

For the purposes of Condition 3 and Condition 15(D):

(i) Details of ETF Share: [].

(ii) Fund/Basket Fund: [].

(iii) Exchange(s): [].

(iv) Related Exchange(s): [specify/All Exchanges].

(N.B. If no specific related exchanges are named or "All Exchanges" is not selected, the following should be included: "any exchange on which options contracts or futures contracts on [details of underlying] are traded.")

(v) Exchange Rate: The applicable rate of exchange for conversion of any amount into the relevant Settlement Currency for the purposes of determining [the/any] Settlement Price (as defined in Condition 3) or [the/each] 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].

(vi) Settlement Price: For the purposes of Condition [4(B)(i)(a)(III)/4(B)(i)(b)(III)] the Settlement Price in respect of an Index shall be determined as set out in paragraph (d)(i)(B) of the definition of Settlement Price in Condition 3/The Settlement Price will be calculated [insert calculation method].

Only applicable in relation to ETF Warrants relating to a Basket of ETF Shares where Condition 4(B)(i)(a)(III) or Condition 4(B)(i)(b)(III) applies or where provisions in the Conditions are not appropriate)

(vii) Relevant Time: The relevant time is [], being the time specified on [an Observation Date/a Valuation Date/an Averaging Date] for the calculation of the relevant Settlement Price.

(N.B. If no Relevant Time is specified, the Valuation Time will be the time at which the official closing level of the relevant ETF Share is scheduled to be published)

(viii) Electronic Page: [].

(ix) ETF Share Substitution: [Applicable/Not Applicable].

- (x) ETF Share Substitution Criteria: [specify/None].
- (xi) Additional Warrants on the occurrence of an Adjustment Event: [Applicable/Not Applicable].
- (xii) Consequences of Adjustment Events: [Following the occurrence of an Adjustment Event, the Warrants shall not be cancelled and the provisions of Condition 15(D)(3)(b) shall not apply to the Warrants.]

(N.B. Consider including for ETF Warrants which are also Gilt Warrants)

- (xiii) Payments of Dividends: [Applicable – see the Schedule attached hereto/specify details].

(N.B. Only applicable in relation to ETF Warrants)

MUTUAL FUND WARRANTS

- 40. Terms of Mutual Fund Warrants: [Applicable/Not Applicable].

For the purposes of Condition 3 and Condition 15(E):

- (i) Details of Fund Interest: [].
- (ii) Mutual Fund/Basket Mutual Fund: [].
- (iii) Exchange Rate: The applicable rate of exchange for conversion of any amount into the relevant Settlement Currency for the purposes of determining [the/any] Settlement Price (as defined in Condition 3) or [the/each] 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]*.
- (iv) Settlement Price: For the purposes of Condition *[4(B)(i)(a)(III)/4(B)(i)(b)(III)]* the Settlement Price in respect of an Index shall be determined as set out in paragraph (e)(i)(B) of the definition of Settlement Price in Condition 3/The Settlement Price will be calculated *[insert calculation method]*.

Only applicable in relation to Mutual Fund Warrants relating to a Basket of Fund Interests where Condition 4(B)(i)(a)(III) or Condition 4(B)(i)(b)(III) applies or where provisions in the Conditions are not appropriate)

- (v) Electronic Page: [].

- (vi) Fund Interest Substitution: [Applicable/Not Applicable].
- (vii) Mutual Fund Substitution Criteria: [*specify*/None].
- (viii) Additional Warrants on the occurrence of an Adjustment Event: [Applicable/Not Applicable].
- (ix) Payments of Dividends: [Applicable – see the Schedule attached hereto/*specify details*].
- (x) Consequences of Adjustment Events: [Following the occurrence of an Adjustment Event, the Warrants shall not be cancelled and the provisions of Condition 15(E)(2)(ii) shall not apply to the Warrants.]

(N.B. Consider including for Mutual Fund Warrants which are also Gilt Warrants)

(N.B. Only applicable in relation to Mutual Fund Warrants)

INDEX WARRANTS RELATING TO A FUTURES CONTRACT OR AN OPTIONS CONTRACT

41. Terms of Index Warrants relating to a futures contract or an options contract: [Applicable/Not Applicable].
(If Not Applicable delete the remaining sub-paragraphs of this paragraph)

For the purposes of Condition 15(H):

- (i) Details of Contract [].
- (ii) Expiry Date: [].
- (iii) Related Exchange: [].
- (iv) Official Settlement Price (if different from that in Condition 3): [*insert details*/Not Applicable].
- (v) Settlement Price calculation: [*insert details*].

(N.B. Only applicable in relation to Index Warrants relating to a Contract)

DEBT WARRANTS

42. Terms of Debt Securities: [Applicable/Not Applicable].

For the purposes of Condition 3 and Condition 15(F):

- (i) Nominal Amount: The nominal amount which is to be used to determine [the/each] Cash Settlement Amount pursuant to Condition 4 is [] and the relevant screen page **(Relevant Screen Page)** is [].

(N.B. Only applicable in relation to Cash Settled Warrants relating to Debt Securities)

(N.B. Only applicable in relation to Debt Warrants)

- (ii) Redemption of Debt Securities: Where one or more of the relevant Debt Securities is redeemed (or otherwise ceases to exist) before an Actual Exercise Date, *[insert appropriate fallback provisions]*.

(N.B. Only applicable in relation to Debt Warrants)

(N.B. Only applicable where provisions in Conditions are not appropriate)

COMMODITY WARRANTS

43. Terms of Commodity Warrants: [Applicable/Not Applicable].
[insert applicable provisions]

CURRENCY WARRANTS

44. Terms of Currency Warrants: [Applicable/Not Applicable].

For the purposes of Condition 3:

- (i) Relevant Screen Page: [].
(ii) Base Currency: [].
(iii) Subject Currency/Currencies: [].

(N.B. Only applicable in relation to Currency Warrants)

GILT WARRANTS

45. Terms of Gilt Warrants: [Applicable/Not Applicable].

For the purposes of Condition 3 and Condition 15(J):

- (i) Details of Gilt(s): [].
(ii) Settlement Price: The Settlement Price will be calculated *[insert calculation method]*.
(N.B. Only applicable in relation to Gilt Warrants where provisions in the Conditions are not appropriate)
(iii) Relevant Time: The relevant time is [].

- (iv) Gilt Substitution: [Applicable/Not Applicable].
(*N.B. Only applicable in relation to Gilt Warrants*)

PHYSICAL DELIVERY

46. Relevant Asset(s): The relevant asset to which the Warrants relate [is/are] [].

Delivery [shall/shall not] be subject to payment of the relevant Exercise Price.

(*N.B. Only applicable in relation to Physical Delivery Warrants*)

47. Aggregation:

- (i) Aggregation of Entitlements: [Applicable/Not Applicable].

- (ii) Rounding: [Up/Down].

(*N.B. Only applicable where Aggregation of Entitlements is specified as Not Applicable*)

48. Cash Adjustment: [Applicable/Not Applicable].

[The Value of the Fractional Entitlement shall be determined by the Calculation Agent [by reference to the [Settlement Price] of the relevant [Share]].

49. Entitlement: [The/Each] Entitlement (as defined in Condition 3) in relation to each Warrant [and each Actual Exercise Date] is [].

(*N.B. Only applicable in relation to Physical Delivery Warrants*)

50. Evidence of Entitlement: [The/Each] Entitlement will be evidenced by [*insert details of how such Entitlement will be evidenced*].

(*N.B. Only applicable in relation to Physical Delivery Warrants*)

51. Delivery of Entitlement: [The/Each] Entitlement will be delivered [*insert details of the method of delivery of such Entitlement*].

(*N.B. Only applicable in relation to Physical Delivery Warrants*)

52. Failure to Deliver: Failure to Deliver [applies/does not apply] to the Warrants.

(*N.B. Only applicable in the case of the Physical Delivery Warrants which are Index Warrants, Share Warrants, Depositary Receipt Warrants, ETF Warrants or Mutual Fund Warrants. Careful consideration should*

be given to whether Failure to Deliver is applicable to other Physical Delivery Warrants)

DISTRIBUTION

53. Additional Restrictions and Selling required certifications: [Insert any additional selling restrictions] [Additional certifications will be required as set out in the form of Exercise Notice attached hereto/*insert other*].
54. Eligibility for sale in the United States under the exemption provided by Section 4(2) to IAs (*N.B. Only Warrants linked to "securities" (as defined in the Securities Act) may be so eligible. If the Warrants are not Share linked Warrants, consideration should be given to any applicable US law issues*):
- The Warrants are not eligible for sale into the United States or to U.S. persons [except to certain IAs pursuant to Section 4(2)].
- [Where Warrants are eligible for sale in the United States to IAs, include the following:
- (a) The Warrants will be in the form of Private Placement Definitive Warrants;
 - (b) the Warrants will [not] be issued concurrently outside the United States to non-U.S. persons [(such Warrants to be represented by a Regulation S Global Warrant)];
 - (c) the Warrants may [not] be transferred to QIBs;
(*N.B. Warrants may only be transferred to QIBs if eligible for sale to QIBs as provided in paragraph 55 below*)
 - (d) the Warrants may [not] be transferred to non-U.S. persons;
 - (e) the Warrants may [not] be transferred to IAs;
 - (f) [*insert applicable U.S. selling restrictions and specify details of any transfer restrictions and any necessary certifications, if different from those set out in the Conditions*]; and
 - (g) [*specify any amendments to the form of Exercise Notice (the form of which is set out in a schedule to the Warrant Agreement)*].]
55. Eligibility for sale in the United States within the meaning of Rule 144A to QIBs (*N.B. Only Warrants linked to "securities" (as defined in the Securities Act)*)
- The Warrants are not eligible for sale into the United States or to U.S. persons [except to certain QIBs pursuant to Rule 144A under the Securities Act].
- [Where Warrants are represented by a Combined Global Warrant include the following:

may be so eligible. If the Warrants are not Share linked Warrants, consideration should be given to any applicable US law issues):

Warrants eligible for sale in the United States pursuant to Rule 144A to QIBs and to non-U.S. persons in reliance on Regulation S will be represented by the Combined Global Warrant and will be subject to the transfer restrictions set forth on the Combined Global Warrant.]

[Where Warrants are eligible for sale in the United States under Rule 144A to QIBs, include the following:

- (a) [The Rule 144A Global Warrant will be deposited with [the New York Warrant Agent as Custodian/a Common Depositary on behalf of Clearstream, Luxembourg and Euroclear]] [The Combined Global Warrant will be deposited with a Common Depositary on behalf of Clearstream, Luxembourg and Euroclear];
- (b) the Warrants [will] [will not] be issued concurrently outside the United States to non-U.S. persons [(such Warrants to be represented by a Regulation S Global Warrant)];
- (c) the Warrants may [not] be transferred to QIBs;
- (d) the Warrants may [not] be transferred to non-U.S. persons;
- (e) the Warrants may [not] be transferred to IAIs;
(N.B. Warrant may only be transferred to IAIs if eligible for sale to IAIs as provided for in paragraph 54 above)
- (f) [insert applicable U.S. selling restrictions and specify details of any transfer restrictions and any necessary certifications, if different from those set out in the Conditions]; and
- (g) [specify any amendments to the form of Exercise Notice (the form of which is set out in a schedule to the Warrant Agreement).]

56. Registered Broker/Dealer: [Citigroup Global Markets Inc./[specify other]/[Not Applicable]].

(N.B. Only applicable for Warrants eligible for sale in the United States)

57. Syndication: The Warrants will be distributed on a [non-]syndicated

basis.

- (a) If non-syndicated, name and address of relevant Manager: [insert name and address].
- (b) If syndicated, names and addresses of Managers: [insert names and addresses].
- (c) Date of [Subscription] Agreement: [].

GENERAL

58. Calculation Agent: The Calculation Agent is [Citigroup Global Markets Limited]/[specify other].
[insert address].

59. Special conditions or other final terms: [].

(when adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

60. Responsibility Statement: The Issuer accepts responsibility for the information contained in this Final Terms[, subject as provided below].

[The information in relation to [] included in [Part B hereto] consists of extracts from or summaries of information that is publicly available in respect of []. The Issuer accepts responsibility for accurately reproducing such extracts or summaries and, as far as the Issuer is aware and is able to ascertain from such publicly available information, no facts have been omitted which would render the reproduced information inaccurate or misleading.]

61. Purpose of Final Terms: This Final Terms comprises the final terms required for the issue [and admission to trading on [specify relevant regulated market]] of the Warrants described herein pursuant to the Warrant Programme of Citigroup Global Markets Holdings Inc.

CITIGROUP GLOBAL MARKETS HOLDINGS INC.
as Issuer

Signed on behalf of the Issuer

By:
Duly Authorised

The Warrants will not become valid or obligatory for any purpose until this Final Terms is attached to the applicable Global Warrant[s] [and/or Definitive Warrant(s), as the case may be,] and the certificate of authentication on such Global Warrant[s] [and/or Definitive Warrant(s), as the case may be], has been signed by or on behalf of the relevant Warrant Agent.

PART B – OTHER INFORMATION¹

1. LISTING AND ADMISSION TO TRADING

Listing: [Luxembourg/other (*specify*)/None]

Admission to trading: [Application has been made for the Warrants to be admitted to trading on [] with effect from [].] [Not Applicable.]

(Where documenting a fungible issue need to indicate that original warrants are already admitted to trading.)

2. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the Manager[s], so far as the Issuer is aware, no person involved in the issue of the Warrants has an interest material to the offer. - *Amend as appropriate if there are other interests*]

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

(i) [Reasons for the offer: []]

(See "Use of Proceeds" wording in Base 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".)]*

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

4. PERFORMANCE OF THE UNDERLYING ASSETS], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING ASSETS

[Need to include details of the underlying (such as security identification number), details of where past and future performance and volatility of the underlying can be obtained, the

¹

Please note that if an issue of Warrants is not to be admitted to trading on a regulated market in the EEA or offered to the public in the EEA then only sections 1, 5 and 6 of part B need to be completed and sections 2 to 4 and 7 should be deleted.

relevant weightings (where the Warrants relate to a basket) and where pricing information is available. If the Warrants are Mutual Fund Warrants, need to include information about the characteristics (e.g. trading frequency) of the relevant Fund Interests.]

[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.]

[Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where information about the index can be obtained. Where the underlying is not an index need to include equivalent information.]

5. DISCLAIMERS

[Insert any relevant disclaimers]

[Bloomberg®]

Certain information contained in this Final Terms consists of extracts from or summaries of information that is publicly-available from Bloomberg L.P. (**Bloomberg®**). The Issuer accepts responsibility for accurately reproducing such extracts or summaries and, as far as the Issuer is aware and is able to ascertain from such publicly-available information, no facts have been omitted which would render the reproduced information inaccurate or misleading. Bloomberg® makes no representation, warranty or undertaking, express or implied, as to the accuracy of the reproduction of such information, and accepts no responsibility for the reproduction of such information or for the merits of an investment in the Warrants. Bloomberg® does not arrange, sponsor, endorse, sell or promote the issue of the Warrants.]

6. OPERATIONAL INFORMATION

(i) ISIN Code: [][†]

(ii) Common Code: [][†]

[(iii) DTC CUSIP: []]

[(iv)] Any Additional or Alternative Clearing System(s) other than Clearstream, Luxembourg, Euroclear or DTC and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]

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

[(vi)] Delivery: Delivery [against/free of] payment

[†] These codes must be marked as "restricted" for Securities Act purposes in the case of Combined Global Warrants or Physical Delivery Share Warrants represented by a Regulation S Global Warrant or a Permanent Global Warrant.

7. ADDITIONAL U.S. FEDERAL INCOME TAX CONSEQUENCES

The Issuer will treat the Warrants as [options/forward contracts] for U.S. federal income tax purposes.

[insert details]

8. OTHER INFORMATION

[e.g. entities having a firm commitment to act as intermediaries in secondary trading etc.]

TERMS AND CONDITIONS OF THE WARRANTS

The following is the text of the Conditions of the Warrants (which will include the additional terms and conditions contained in Schedule 1 in the case of EMEA Participation Certificates) which will be attached to each Global Warrant (as defined below) or each Definitive Warrant, as applicable. The applicable Final Terms in relation to any issue of Warrants 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 Warrants. The applicable Final Terms will be attached to each Global Warrant or upon each Definitive Warrant, as applicable.

The Warrants of this Series (as defined below) (such Warrants being hereinafter referred to as the **Warrants**) are issued pursuant to an amended and restated Master Warrant Agreement dated 15 February 2006 as supplemented by a First Supplemental Master Warrant Agreement dated 15 February 2007, a Second Supplemental Master Warrant Agreement dated 15 February 2008, a Third Supplemental Master Warrant Agreement dated 15 February 2009 and a Fourth Supplemental Master Warrant Agreement dated [14] January 2011 (together, and as further supplemented and/or amended and/or replaced, the **Warrant Agreement**) among, *inter alia*, Citigroup Global Markets Holdings Inc. as issuer (the **Issuer**), Citigroup Global Markets Deutschland AG as principal warrant agent (the **Principal Warrant Agent**, which expression shall include any successor principal warrant agent) and as New York warrant agent (the **New York Warrant Agent**) and Citibank, N.A. as definitive warrant agent (the **Definitive Warrant Agent**, and, together with the Principal Warrant Agent and the New York Warrant Agent, the **Warrant Agents**, which expression shall include any additional or successor warrant agents). The Warrants are constituted by the Warrant 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 a global warrant (the **Global Warrant**) or, in the case of Warrants to be issued in definitive form (**Definitive Warrants**), attached to each Definitive Warrant, as applicable.

References herein to the **applicable Final Terms** are to Part A of the Final Terms attached to the Global Warrant or each Definitive Warrant, as the case may be.

Copies of the Warrant Agreement (which contains the form of the Final Terms) and the applicable Final Terms may be obtained during normal office hours from the specified office of each Warrant Agent (save that the Final Terms relating to Warrants which 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 will only be obtainable by a Warrantholder and such Warrantholder must first produce evidence satisfactory to the relevant Warrant Agent as to its holding of Warrants and identity).

The Warrantholders (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 Warrant Agreement (insofar as they relate to the Warrants) and the applicable Final Terms, which are binding on them.

Citigroup Global Markets Limited shall undertake the duties of calculation agent (the **Calculation Agent**) in respect of the terms and conditions of the Warrants (the **Conditions**) as set out below and in the applicable Final Terms unless another entity is so specified as calculation agent in the applicable Final Terms. The expression Calculation Agent shall, in relation to the relevant Warrants, include such other specified calculation agent.

In the event that (A) the applicable Final Terms specify that Warrants are eligible for sale in the United States (such eligibility to be pursuant to an exemption from the registration requirements of the United States Securities Act of 1933, as amended (the **Securities Act**)), the Warrants sold in the United States to qualified institutional buyers (**QIBs**) within the meaning of Rule 144A (**Rule 144A**)

under the Securities Act will, subject as provided below, be represented by a Rule 144A Global Warrant (the **Rule 144A Global Warrant**), or (B) the applicable Final Terms specify that the Warrants are eligible for sale in the United States under the exemption provided by Section 4(2) (**Section 4(2)**) of the Securities Act, the Warrants sold in the United States to institutional accredited investors (**IAIs**) (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act) will be constituted by Private Placement Definitive Warrants (**Private Placement Definitive Warrants**), and (C) in either such case, Warrants are sold outside the United States to non-U.S. persons, such Warrants will, subject as provided below, be represented by a Regulation S Global Warrant (the **Regulation S Global Warrant**). Warrants eligible for sale in the United States to QIBs pursuant to Rule 144A and sold outside the United States to non-U.S. persons in reliance on Regulation S may also be represented by a global warrant (the **Combined Global Warrant**).

In the event that the applicable Final Terms specify that the Warrants are not eligible for sale in the United States, any Warrants will be represented by a Permanent Global Warrant (the **Permanent Global Warrant**).

References herein to a **Global Warrant** include, as the context so requires, a Permanent Global Warrant, a Rule 144A Global Warrant, a Regulation S Global Warrant and a Combined Global Warrant.

Except as otherwise specified herein, Definitive Warrants will not be issued. Each Regulation S Global Warrant, Permanent Global Warrant or Combined Global Warrant (if any) will be deposited with a depositary (a **Common Depositary**) on behalf of Clearstream Banking, société anonyme (**Clearstream, Luxembourg**) and Euroclear Bank S.A./N.V. (**Euroclear**). Each Rule 144A Global Warrant (if any) will be either (i) deposited with the New York Warrant Agent as custodian (the **Custodian**) for, and registered in the name of a nominee of, The Depository Trust Company (**DTC**) or (ii) deposited with a Common Depositary, as specified in the applicable Final Terms.

Unless otherwise specified in the applicable Final Terms, Regulation S Global Warrants, Rule 144A Global Warrants, Private Placement Definitive Warrants and Combined Global Warrants will only be issued in relation to equity linked Warrants.

In the case of Warrants represented by a Rule 144A Global Warrant held by a Custodian on behalf of DTC, if DTC notifies the Issuer that it is unwilling or unable to continue as a depositary for that Rule 144A Global Warrant, or if at any time DTC ceases to be a **clearing agency** registered under the United States Securities Exchange Act of 1934, as amended, and a successor depositary is not appointed by the Issuer within 90 days of such notice, the Issuer will deliver Warrants in definitive registered form (bearing such legends as may be required by the Issuer) in exchange for that Rule 144A Global Warrant. Except in these circumstances, owners of beneficial interests in a Rule 144A Global Warrant held by a Custodian on behalf of DTC will not be entitled to have any portion of such Warrants registered in their name and will not receive or be entitled to receive physical delivery of registered Warrants in definitive form in exchange for their interests in that Rule 144A Global Warrant. Transfer, exercise, termination, settlement and other mechanics related to any Warrants issued in definitive form in exchange for Warrants represented by a Rule 144A Global Warrant shall be as agreed between the Issuer and the New York Warrant Agent.

The applicable Final Terms for the Warrants are attached to the Global Warrant or each Definitive Warrant, as the case may be, and supplements 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 Warrants.

If "Certificates" is specified in the applicable Final Terms, references herein to "Warrant", "Warrants", "Global Warrant", "Global Warrants", "Warrantholder" and "Warrantholders" shall be

deemed to be references to "Certificate", "Certificates", "Global Certificate", "Global Certificates", "Certificateholder" and "Certificateholders", respectively.

As used herein, **Series** means an issue of Warrants together with any further issues of Warrants which (a) are expressed to be consolidated and form a single Series with the outstanding Warrants and (b) are identical in all respects with such Warrants (including as to listing and admission to trading) except for their respective issue dates and/or issue prices.

Words and expressions defined in the Warrant 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 Warrants are Index Warrants, Share Warrants, Depositary Receipt Warrants, ETF Warrants, Mutual Fund Warrants, Debt Warrants, Currency Warrants, Commodity Warrants, Gilt Warrants and/or any other or further type of warrants or combination of types of Warrants as is specified in the applicable Final Terms. The Final Terms will also indicate whether the Warrants are "EMEA Participation Certificates". Certain terms which will, unless otherwise varied in the applicable Final Terms, apply to Index Warrants, Share Warrants, Depositary Receipt Warrants, ETF Warrants, Mutual Fund Warrants, Debt Warrants, Commodity Warrants or Gilt Warrants are set out in Condition 15.

If the Warrants are specified in the applicable Final Terms to be "EMEA Participation Certificates", the provisions of Schedule 1 to these Conditions shall apply thereto. In the event of any conflict between the provisions of Schedule 1 and the General Conditions, the provisions of Schedule 1 will prevail.

The applicable Final Terms will indicate, *inter alia*, whether the Warrants are American style Warrants (**American Style Warrants**) or European style Warrants (**European Style Warrants**) or multiple exercise Warrants (**Multiple Exercise Warrants**) or such other type (including, without limitation, a combination thereof) 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 Warrants**) or physical delivery (**Physical Delivery Warrants**), 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, whether Averaging (**Averaging**) will apply to the Warrants and whether the Warrants may be terminated early following an Early Termination Event. 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. If Averaging is specified as applying in the applicable Final Terms, the applicable Final Terms will state the relevant Averaging Dates and (i) in relation to Index Warrants, Share Warrants, Depositary Receipt Warrants, ETF Warrants or Mutual Fund Warrants, where a Disrupted Day (as defined in Condition 3) occurs on an Averaging Date or (ii) in relation to Warrants other than Index Warrants, Share Warrants, Depositary Receipt Warrants, ETF Warrants or Mutual Fund Warrants, where a Market Disruption Event (as defined in Condition 15) occurs on an Averaging Date, whether Omission, Postponement or Modified Postponement (each as defined in Condition 3 below) applies.

References in these Conditions, unless the context otherwise requires, to Cash Settled Warrants shall be deemed to include references to Physical Delivery Warrants which include an option (as set out in the applicable Final Terms) at the Issuer's election to make cash

settlement of such Warrants pursuant to Condition 4(E) and where settlement is to be by way of cash payment. References in these Conditions, unless the context otherwise requires, to Physical Delivery Warrants shall be deemed to include references to Cash Settled Warrants 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 Warrants pursuant to Condition 4(E) and where settlement is to be by way of physical delivery.

Warrants may, if so specified and provided for in the applicable Final Terms, allow Warrantholders to elect for settlement by way of cash payment or by way of physical delivery or by such other method of settlement as is specified in the applicable Final Terms. Those Warrants where the Warrantholder has elected for cash payment will be Cash Settled Warrants and those Warrants where the Warrantholder has elected for physical delivery will be Physical Delivery Warrants. The rights of a Warrantholder as described in this paragraph may be subject to the Issuer's right to vary settlement if so indicated in the applicable Final Terms and will be subject, in certain circumstances, to the Issuer's right to substitute assets or to pay the Alternate Cash Amount (as defined below) *in lieu* of physical delivery in accordance with Condition 4(F).

(B) Title to Warrants

The Warrants will be in registered form.

In the case of Warrants represented by a Regulation S Global Warrant, a Permanent Global Warrant, a Rule 144A Global Warrant or a Combined Global Warrant held by a Common Depositary on behalf of Clearstream, Luxembourg and Euroclear subject as set forth in Condition 1(C) below, 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 Warrants (in which regard any certificate or other document issued by Clearstream, Luxembourg or Euroclear as to the amount of Warrants 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 and the Warrant Agents, Clearstream, Luxembourg, Euroclear and all other persons dealing with said person as the holder of such amount of Warrants for all purposes (and the expressions **Warrantholder** and **holder of Warrants** and related expressions shall be construed accordingly).

In the case of Warrants represented by a Rule 144A Global Warrant held by a Custodian on behalf of DTC, the Rule 144A Global Warrant will be registered in the name of Cede & Co., as nominee of DTC but this does not confer any rights or benefits on Cede & Co. or any other nominee of DTC in whose name a Rule 144A Global Warrant may be registered. Transfers of such Rule 144A Global Warrant by such nominee of DTC shall be limited to transfers of such Rule 144A Global Warrant, in whole but not in part, to another nominee of DTC or to a successor of DTC or such successor's nominee. Rights conferred by the Rule 144A Global Warrant are only enforceable by the Warrantholders (as defined below) as provided therein. Subject as set forth in Condition 1(C) below, each person who is for the time being shown in the records of DTC as the holder of a particular amount of Warrants shall (except as otherwise required by law) be treated by the Issuer and the Warrant Agents as the holder of such amount of Warrants for all purposes (and the expressions **Warrantholder** and **holder of Warrants** and related expressions shall be construed accordingly).

In the case of Private Placement Definitive Warrants, the Issuer shall cause to be kept at the principal office of the Definitive Warrant Agent, a register (the **Register**) on which shall be entered the names and addresses of all holders of Private Placement Definitive Warrants, the amount and type of Private Placement Definitive Warrants held by them and details of all transfers of Private Placement Definitive Warrants. Subject as set forth in Condition 1(C) below, the persons shown in the Register (each a **Warrantholder**) shall (except as otherwise

required by law) be treated as the absolute owners of the relevant Private Placement Definitive Warrants for all purposes (regardless of any notice of ownership, trust, or any interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating such person.

(C) *Transfers of Warrants*

Transfers of Warrants may not be effected after the exercise or termination of such Warrants pursuant to Condition 5(D).

Subject as set forth in this Condition, all transactions (including permitted transfers of Warrants) in the open market or otherwise must be effected, in the case of Warrants represented by a Regulation S Global Warrant or a Permanent Global Warrant, a Rule 144A Global Warrant or a Combined Global Warrant held by a Common Depositary on behalf of Clearstream, Luxembourg or Euroclear, through an account at Clearstream, Luxembourg or Euroclear or, in the case of Warrants represented by a Rule 144A Global Warrant held by a Custodian on behalf of DTC, through a direct or indirect participant of DTC, subject to and in accordance with the rules and procedures for the time being of Clearstream, Luxembourg, Euroclear, or DTC, as the case may be. Title will pass upon registration of the transfer in the books of Clearstream, Luxembourg or Euroclear or DTC, as the case may be.

Subject as set forth in this Condition, Private Placement Definitive Warrants may be transferred by the then current Warrantholder surrendering its Private Placement Definitive Warrant for registration of transfer at the specified office of the Definitive Warrant Agent, duly endorsed by, or accompanied by a written instrument of transfer (in the form satisfactory to the Issuer and the Definitive Warrant Agent), duly executed by the Warrantholder or its duly authorised agent.

Any reference herein to Clearstream, Luxembourg and/or Euroclear and/or DTC shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer and the Principal Warrant Agent from time to time and notified to the Warrantholders in accordance with Condition 10.

(a) Transfers of Warrants for Warrants represented by a Global Warrant may be made only in accordance with the following provisions:

- (i) (A) in the case of transfers to a person who takes delivery in the form of Warrants represented by a Regulation S Global Warrant, from a holder of Warrants represented by a Regulation S Global Warrant, within the Distribution Compliance Period only, upon certification (in the form from time to time available from any Warrant Agent) to the Principal Warrant Agent by the transferor thereof that such transfer is being made to a non-U.S. person in an offshore transaction pursuant to Regulation S under the Securities Act (**Regulation S**) and, after the expiry of the Distribution Compliance Period, to a non-U.S. person in an offshore transaction pursuant to Regulation S but without such certification;
- (B) in the case of transfers to a person who takes delivery in the form of Warrants represented by a Rule 144A Global Warrant, from a holder of Warrants represented by a Regulation S Global Warrant, within the Distribution Compliance Period only, upon certification (in the form from time to time available from any Warrant Agent) to the relevant Warrant Agent by the transferor thereof that such transfer is being made to a person who is a QIB who is acquiring such Warrants

in a transaction meeting the requirements of Rule 144A and, after the expiry of the Distribution Compliance Period, in a transaction meeting the requirements of Rule 144A but without such certification;

- (C) in the case of transfers to a person who takes delivery in the form of Warrants represented by a Regulation S Global Warrant, from a holder of Private Placement Definitive Warrants, within the Distribution Compliance Period only, upon certification (in the form from time to time available from any Warrant Agent) to the Principal Warrant Agent by the transferor thereof that such transfer is being made to a non-U.S. person in an offshore transaction pursuant to Regulation S and, after the expiry of the Distribution Compliance Period, to a non-U.S. person in an offshore transaction pursuant to Regulation S but without such certification;
- (D) in the case of transfers to a person who takes delivery in the form of Warrants represented by a Rule 144A Global Warrant, from a holder of Private Placement Definitive Warrants, in a transaction meeting the requirements of Rule 144A;
- (E) in the case of transfers to a person who takes delivery in the form of Warrants represented by a Rule 144A Global Warrant, from a holder of Warrants represented by a Rule 144A Global Warrant, in a transaction meeting the requirements of Rule 144A;
- (F) in the case of transfers to a person who takes delivery in the form of Warrants represented by a Regulation S Global Warrant, from a holder of Warrants represented by a Rule 144A Global Warrant, within the Distribution Compliance Period only, upon certification (in the form from time to time available from any Warrant Agent) to the Principal Warrant Agent by the transferor thereof that such transfer is being made to a non-U.S. person in an offshore transaction pursuant to Regulation S and, after the expiry of the Distribution Compliance Period, to a non-U.S. person in an offshore transaction pursuant to Regulation S but without such certification;
- (G) In the case of transfers to a person who takes delivery in the form of Warrants represented by a Combined Global Warrant, from a holder of Warrants represented by that Combined Global Warrant, within the Distribution Compliance Period only, upon certification (in the form from time to time available from any Warrant Agent) to the Principal Warrant Agent by the transferor thereof that such transfer is being made either (x) to a person who is a QIB who is acquiring such Warrants in a transaction meeting the requirements of Rule 144A or (y) to a non-U.S. person in an offshore transaction pursuant to Regulation S and, after the expiry of the Distribution Compliance Period either (x) to a person who is a QIB who is acquiring such Warrants in a transaction meeting the requirements of Rule 144A or (y) to a non-U.S. person in an offshore transaction pursuant to Regulation S but, in either case, without such certification;
- (H) in the case of transfers to a person who takes delivery in the form of Warrants represented by a Combined Global Warrant, from a holder of a Private Placement Definitive Warrant, upon certification (in the

form from time to time available from any Warrant Agent) to the Principal Warrant Agent by the transferor thereof;

- (I) in the case of transfers to a person who takes delivery in the form of Warrants represented by a Permanent Global Warrant, from a holder of Warrants represented by that Permanent Global Warrant only, to a non-U.S. person in an offshore transaction pursuant to Regulation S; and

in each case, in accordance with any applicable rules and regulations of the Principal Warrant Agent, the New York Warrant Agent, the Definitive Warrant Agent, DTC, Clearstream, Luxembourg and/or Euroclear, as the case may be, and/or as specified in the applicable Final Terms.

- (ii) The Warrantholder must send:

- (A) in the case of transfers of Private Placement Definitive Warrants, a free of payment instruction to the Definitive Warrant Agent at least two New York Business Days prior to the date on which the transfer is to take effect;
- (B) in the case of transfers of Warrants represented by a Regulation S Global Warrant, a Permanent Global Warrant, a Rule 144A Global Warrant or a Combined Global Warrant held by a Common Depositary on behalf of Clearstream, Luxembourg and Euroclear, a free of payment instruction to Clearstream, Luxembourg or Euroclear, as the case may be, not later than 10.00 a.m. (Luxembourg or Brussels time, as the case may be) one Luxembourg Business Day or Brussels Business Day, as the case may be, prior to the date on which the transfer is to take effect; and
- (C) in the case of transfers of Warrants represented by a Rule 144A Global Warrant held by a Custodian on behalf of DTC, a free of payment instruction to DTC at least two New York Business Days prior to the date on which the transfer is to take effect.

Separate payment arrangements are required to be made between the transferor and the transferee.

- (iii) On the transfer date:

- (A) (x) in the case of transfers of Warrants represented by a Global Warrant, DTC, Clearstream, Luxembourg or Euroclear, as the case may be, will debit the account of its participant and (y) in the case of transfers of Private Placement Definitive Warrants, the Warrantholder must deliver the Private Placement Definitive Warrants the subject of the transfer to the Definitive Warrant Agent and instruct the Definitive Warrant Agent to cancel the transferred Private Placement Definitive Warrants; and
- (B) DTC, Clearstream, Luxembourg, Euroclear or the Warrantholder, as the case may be, will instruct (x) in the case of transfers to a person who takes delivery in the form of Warrants represented by a Regulation S Global Warrant, a Rule 144A Global Warrant or a Combined Global Warrant held by a Common Depositary on behalf

of Clearstream, Luxembourg and Euroclear, the Principal Warrant Agent to instruct Clearstream, Luxembourg, or Euroclear, as the case may be, to credit the relevant account of the Clearstream, Luxembourg or Euroclear participant, as the case may be, (y) in the case of transfers to a person who takes delivery in the form of Warrants represented by a Permanent Global Warrant, the Principal Warrant Agent to instruct Clearstream, Luxembourg or Euroclear, as the case may be, to credit the relevant account of the Clearstream, Luxembourg or Euroclear participant, as the case may be, and (z) in the case of transfers to a person who takes delivery in the form of Warrants represented by a Rule 144A Global Warrant held by a Custodian on behalf of DTC, the New York Warrant Agent (in the case of transfers of Warrants represented by a Rule 144A Global Warrant held by a Custodian on behalf of DTC) to credit the relevant account of the DTC participant, the Definitive Warrant Agent (in the case of transfers of Private Placement Definitive Warrants) to credit the relevant account of the DTC participant, or the Principal Warrant Agent (in the case of transfers of Warrants represented by a Regulation S Global Warrant or Rule 144A Global Warrant held by a Common Depositary on behalf of Clearstream, Luxembourg and Euroclear) to instruct DTC to credit the relevant account of Clearstream, Luxembourg or Euroclear at DTC and thereafter DTC will debit such account of Clearstream, Luxembourg or Euroclear, as the case may be, and will credit the relevant account of the DTC participant.

(iv) Upon any such transfer, on the transfer date:

- (A) the Principal Warrant Agent, in the case of transfers to and/or from a person who takes delivery in the form of Warrants represented by a Regulation S Global Warrant, Rule 144A Global Warrant or Combined Global Warrant held by a Common Depositary on behalf of Clearstream, Luxembourg and Euroclear, will increase or decrease, if appropriate, the number of Warrants represented by such Regulation S Global Warrant, Rule 144A Global Warrant or Combined Global Warrant, whereupon the number of Warrants represented by such Regulation S Global Warrant, Rule 144A Global Warrant or Combined Global Warrant shall be increased or decreased, if appropriate, for all purposes by the number so transferred and endorsed; or
- (B) the New York Warrant Agent, in the case of transfers to and/or from a person who takes delivery in the form of Warrants represented by a Rule 144A Global Warrant held by a Custodian on behalf of DTC, will increase or decrease, if appropriate, the number of Warrants represented by such Rule 144A Global Warrant, whereupon the number of Warrants represented by such Rule 144A Global Warrant shall be increased or decreased, if appropriate, for all purposes by the number so transferred and endorsed.

(b) (i) Transfers of Warrants for Private Placement Definitive Warrants may be made only in accordance with the following provisions:

- (A) in the case of transfers from a holder of Private Placement Definitive Warrants, upon (x) delivery of a duly executed investor representation letter in the form set out in the Warrant Agreement (an **Investor Representation Letter**) from the relevant transferee in accordance with paragraph (c) below and (y) certification (in the form from time to time available from any Warrant Agent) to the Definitive Warrant Agent by the transferor thereof that such transfer is being made to a person whom the transferor reasonably believes is an IAI who is acquiring such Warrants in a transaction exempt from the registration requirements of the Securities Act;
- (B) in the case of transfers from a holder of Warrants represented by a Rule 144A Global Warrant or a Combined Global Warrant, upon (x) delivery of a duly executed Investor Representation Letter from the relevant transferee in accordance with paragraph (c) below and (y) certification (in the form from time to time available from any Warrant Agent) to the Definitive Warrant Agent by the transferor thereof that such transfer is being made to a person whom the transferor reasonably believes is an IAI who is acquiring such Warrants in a transaction exempt from the registration requirements of the Securities Act;
- (C) in the case of transfers from a holder of Warrants represented by a Regulation S Global Warrant, upon (x) delivery of a duly executed Investor Representation Letter from the relevant transferee in accordance with paragraph (c) and (y) within the Distribution Compliance Period only, certification (in the form from time to time available from any Warrant Agent) to the Definitive Warrant Agent by the transferor thereof that such transfer is being made to a person whom the transferor reasonably believes is an IAI who is acquiring such Warrants in a transaction exempt from the registration requirements of the Securities Act; and

in each case, in accordance with any applicable securities laws of any state of the United States and any applicable rules and regulations of the New York Warrant Agent, the Definitive Warrant Agent, DTC, Clearstream, Luxembourg and/or Euroclear, as the case may be, and/or as specified in the applicable Final Terms.

(ii) The Warrantholder must send:

- (A) in the case of transfers of Private Placement Definitive Warrants, a free of payment instruction to the Definitive Warrant Agent at least two New York Business Days prior to the date on which the transfer is to take effect;
- (B) in the case of transfers of Warrants represented by a Regulation S Global Warrant, a Rule 144A Global Warrant or a Combined Global Warrant held by a Common Depositary on behalf of Clearstream, Luxembourg and Euroclear, a free of payment instruction to Clearstream, Luxembourg or Euroclear, as the case may be, not later than 10.00 a.m. (Luxembourg or Brussels time, as the case may be) one Luxembourg Business Day or Brussels Business Day, as the case may be, prior to the date on which the transfer is to take effect; and

- (C) in the case of transfers of Warrants represented by a Rule 144A Global Warrant held by a Custodian on behalf of DTC, a free of payment instruction to DTC at least two New York Business Days prior to the date on which the transfer is to take effect.

Separate payment arrangements are required to be made between the transferor and the transferee.

- (iii) On the transfer date:

- (A) in the case of transfers of Warrants represented by a Global Warrant, DTC, Clearstream, Luxembourg or Euroclear, as the case may be, will debit the account of its participant and, in the case of transfers of Private Placement Definitive Warrants, the Warrantholder must deliver the Private Placement Definitive Warrants the subject of the transfer to the Definitive Warrant Agent and instruct the Definitive Warrant Agent to cancel the transferred Private Placement Definitive Warrants; and
- (B) DTC, Clearstream, Luxembourg, Euroclear or the Warrantholder, as the case may be, will instruct the Definitive Warrant Agent to deliver or procure the delivery of new Private Placement Definitive Warrants, of a like number to the number of Warrants transferred, to the transferee at its specified office or send such new Private Placement Definitive Warrants, by uninsured mail, at the risk of the transferee, to such address as the transferee may request.

- (iv) Upon any such transfer, on the transfer date, the Principal Warrant Agent will, in the case of transfers of Warrants represented by a Regulation S Global Warrant, a Rule 144A Global Warrant or a Combined Global Warrant held by a Common Depositary on behalf of Clearstream, Luxembourg and Euroclear, decrease the number of Warrants represented by such Regulation S Global Warrant, Rule 144A Global Warrant or Combined Global Warrant, if appropriate, whereupon the number of Warrants represented by such Regulation S Global Warrant, Rule 144A Global Warrant or Combined Global Warrant shall, if appropriate, be reduced for all purposes by the number so transferred or exchanged and endorsed and the New York Warrant Agent will, in the case of transfers of Warrants represented by a Rule 144A Global Warrant held by a Custodian on behalf of DTC, decrease the number of Warrants represented by such Rule 144A Global Warrant, if appropriate, whereupon the number of Warrants represented by such Rule 144A Global Warrant shall, if appropriate, be decreased for all purposes by the number so transferred and endorsed.

- (c) In the case of transfers of Warrants to a person who takes delivery in the form of a Private Placement Definitive Warrant, the delivery of a duly executed Investor Representation Letter from the relevant transferee to the Definitive Warrant Agent is a condition precedent to the transfer of such Private Placement Definitive Warrant or any beneficial interests therein. The Investor Representation Letter must be duly executed by such proposed transferee or such proposed transferee's attorney duly authorised in writing, at least three New York Business Days prior to the date the transfer of such Private Placement Definitive Warrant is desired. Any attempted transfer in which the Investor Representation Letter and the proposed transfer was not effected in accordance with the foregoing procedures shall not be valid or binding on the Issuer.

If (i) the Principal Warrant Agent (in relation to Regulation S Global Warrants, Rule 144A Global Warrants and Combined Global Warrants held by a Common Depositary on behalf of Clearstream, Luxembourg and Euroclear) or (ii) the New York Warrant Agent (in relation to Rule 144A Global Warrants held by a Custodian on behalf of DTC) or (iii) the Definitive Warrant Agent (in relation to Private Placement Definitive Warrants) subsequently determines or is subsequently notified by the Issuer that (a) a transfer or attempted or purported transfer of any interest in a Private Placement Definitive Warrant was consummated in compliance with the provisions of this paragraph on the basis of an incorrect form or certification from the transferee or purported transferee as set forth in the relevant Investor Representation Letter, or (b) the holder of any interest in any Warrant was in breach, at the time given, of any representation or agreement given by such Warrantholder (including, but not limited to, in the case of Private Placement Definitive Warrants, any such representation or agreement set forth in the relevant Investor Representation Letter) or (c) a transfer or attempted transfer of any interest in any Warrant was consummated that did not comply with the transfer restrictions set forth in this Condition 1(C), the purported transfer shall be absolutely null and void ab initio and shall vest no rights in the purported transferee (such purported transferee, a **Disqualified Transferee**) and the last preceding holder of such interest that was not a Disqualified Transferee shall be restored to all rights as a holder thereof retroactively to the date of transfer of such interest by such holder.

- (d) All references to transfer in these Conditions shall be construed as a reference to a transfer or exchange, all references to transferor shall be construed as a reference to a transferor, exchanger or holder and all references to transferred shall be construed as a reference to transferred or exchanged.

2. Status of the Warrants

The Warrants represent general contractual obligations of the Issuer and of no other person. The Warrants are not secured by any property of the Issuer and rank equally among themselves and with all other unsecured and unsubordinated obligations of the Issuer. Any Warrantholder may, without the consent of the Warrant Agent or any other holder of Warrants, initiate and maintain a suit, action or proceeding against the Issuer to enforce its rights under the Warrants.

3. Definitions

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

Actual Exercise Date means (i) the Exercise Date (in the case of European Style Warrants) or (ii) in relation to each Exercise Date, that Exercise Date (in the case of Multiple Exercise Warrants), or (iii) subject to Condition 6(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 4(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.

Averaging Date means, in respect of an Actual Exercise Date, each date specified as an Averaging Date for such Actual Exercise Date in the applicable Final Terms or, if any such date is not a Scheduled Trading Day for all the relevant Underlying Assets:

- (i) where none of such Underlying Assets are Fund Interests, the immediately following Scheduled Trading Day for all such Underlying Assets; or
- (ii) where one or more of such Underlying Assets are Fund Interests, (a) in respect of any such Underlying Assets which are not Fund Interests, the immediately succeeding Scheduled Trading Day for all such Underlying Assets and (b) in relation to each Fund Interest, the immediately preceding Scheduled Trading Day for such Fund Interest,

unless, in the opinion of the Calculation Agent, in respect of Underlying Assets which are Indices, Shares, Depositary Receipts, ETF Shares or Fund Interests, any such day is a Disrupted Day for any of such Underlying Asset or, in respect of Underlying Assets which are Debt Securities or Commodities, a Market Disruption Event in relation to any such Underlying Asset has occurred on that day. If any such day is such a Disrupted Day or if there is such a Market Disruption Event on that day, as applicable, then:

- (a) if **Omission** is specified as applying in the applicable Final Terms, then such date will be deemed not to be an Averaging Date PROVIDED THAT, if through the operation of this provision there would not be an Averaging Date in respect of such Actual Exercise Date, then the provisions of the definition of "Valuation Date" will apply for purposes of determining the relevant level, price or value on the final Averaging Date with respect to that Actual Exercise Date as if such Averaging Date were a Valuation Date that was a Disrupted Day or on which a Market Disruption Event had occurred, as the case may be; or
- (b) if **Postponement** is specified as applying in the applicable Final Terms, then the provisions of the definition of "Valuation Date" will apply for 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 or on which a Market Disruption Event had occurred, as the case may be, 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 for such Actual Exercise Date; or
- (c) if **Modified Postponement** is specified as applying in the applicable Final Terms:
 - (i) where the Warrants relate to a single Index, Share, Depositary Receipt, ETF Share or Fund Interest, that Averaging Date in respect of such Actual Exercise Date shall be the earliest of:
 - (A) the first succeeding Valid Date (as defined below);
 - (B) the Scheduled Trading Day falling the Number of Roll Days specified in the applicable Final Terms immediately following that originally designated Averaging Date; and
 - (C) the second Business Day prior to the Settlement Date immediately succeeding the relevant Actual Exercise Date or, if such day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day.

If the relevant Averaging Date falls within (B) or (C) above and the relevant Scheduled Trading Day is a Disrupted Day, then (X) that Scheduled Trading Day shall be deemed to be that Averaging Date in respect of such Actual Exercise Date (notwithstanding the fact that such day is a Disrupted Day and irrespective of whether that Scheduled Trading Day is already an Averaging

Date), and (Y) the Calculation Agent shall determine the relevant level, price or value for that Averaging Date in accordance with sub-paragraph (i)(b)(C) of the definition of "Valuation Date" below.

(ii) where the Warrants relate to a Basket of Indices and/or Shares and/or Depositary Receipts and/or ETF Shares and/or Fund Interests,

(A) where "Move in Block" is specified as applying in the applicable Final Terms, that Averaging Date in respect of such Actual Exercise Date for all the relevant Underlying Assets shall be the earliest of:

- (I) the first succeeding Valid Date for all such Underlying Assets;
- (II) the Scheduled Trading Day for all such Underlying Assets falling the Number of Roll Days specified in the applicable Final Terms immediately following that originally designated Averaging Date; and
- (III) the second Business Day prior to the Settlement Date immediately succeeding the relevant Actual Exercise Date or, if such day is not a Scheduled Trading Day for all such Underlying Assets, the immediately preceding Scheduled Trading Day for all such Underlying Assets.

If that Averaging Date falls within (II) or (III) above, such Scheduled Trading Day shall be such Averaging Date (irrespective of whether that Scheduled Trading Day is already an Averaging Date) and if the relevant Scheduled Trading Day is a Disrupted Day for a relevant Underlying Asset (the **Affected Item**), (x) that Scheduled Trading Day shall be deemed to be that Averaging Date in respect of such Actual Exercise Date for that Affected Item (notwithstanding the fact that such day is a Disrupted Day) and (y) the Calculation Agent shall determine the relevant level, price or value for such Affected Item for that Averaging Date in accordance with sub-paragraph (i)(b)(C) of the definition of "Valuation Date" below;

(B) where "Value What You Can" is specified as applying in the applicable Final Terms, that Averaging Date in respect of such Actual Exercise Date for each relevant Underlying Asset in respect of which no Disrupted Day has occurred shall be the originally designated Averaging Date (the **Scheduled Averaging Date**) in respect of such Actual Exercise Date and that Averaging Date in respect of such Actual Exercise Date for each relevant Underlying Asset in respect of which a Disrupted Day has occurred (each an **Affected Item**) shall be the earliest of:

- (I) the first succeeding Valid Date for the Affected Item;
- (II) the Scheduled Trading Day for the Affected Item falling the Number of Roll Days specified in the applicable Final Terms immediately following that Scheduled Averaging Date; and
- (III) the second Business Day prior to the Settlement Date immediately succeeding the relevant Actual Exercise Date

or, if such day is not a Scheduled Trading Day for the Affected Item, the immediately preceding Scheduled Trading Day for the Affected Item.

If that Averaging Date for an Affected Item falls within (II) or (III) above and the relevant Scheduled Trading Day is a Disrupted Day for that Affected Item, (x) that Scheduled Trading Day shall be deemed to be that Averaging Date in respect of such Actual Exercise Date for the Affected Item (notwithstanding the fact that such day is a Disrupted Day and irrespective of whether that Scheduled Trading Day is already an Averaging Date) and (y) the Calculation Agent shall determine the relevant level, price or value for that Averaging Date in accordance with sub-paragraph (i)(b)(C) of the definition of "Valuation Date" below.

For the purposes of this Condition, **Valid Date** means, in respect of an Underlying Asset, a Scheduled Trading Day for that Underlying Asset, that is not a Disrupted Day for such Underlying Asset, and on which another Averaging Date for such Underlying Asset, in relation to the Actual Exercise Date, does not or is not deemed to occur; and

- (iii) where the Warrants relate to Debt Securities and/or Commodities, provisions for determining the Averaging Date in the event of Modified Postponement applying will be set out in the applicable Final Terms.

Brussels Business Day means a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in Brussels.

Business Day means:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the relevant Business Day Centre(s) and Clearstream, Luxembourg and Euroclear and DTC where any of the Warrants are represented by a Rule 144A Global Warrant held by a Custodian on behalf of DTC, are open for business; and
- (ii) for the purposes of making payments:
 - (a) where the Settlement Currency is euro, any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System is open (a **TARGET2 Settlement Day**); or
 - (b) where the Settlement Currency is a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Settlement Currency (which, if the Settlement Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively).

Where "TARGET2" is specified as a Business Day Centre in the applicable Final Terms, a Business Day shall also be a TARGET2 Settlement Day.

Cash Settlement Amount means, in relation to Cash Settled Warrants and an Actual Exercise Date, the amount to which the Warrantholder is entitled in the Settlement Currency in relation to such Actual Exercise Date and each such Warrant 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 Condition 4(B)(i) or the applicable Final Terms, as the case may be.

Disrupted Day means:

- (i) in relation to a Share or an Index (other than an Index which is specified in the applicable Final Terms to be a Designated Multi-Exchange Index), any Scheduled Trading Day for such Share or such Index, as the case may be, on which a relevant Exchange or any Related Exchange for such Share or such Index, as the case may be, fails to open for trading during its regular trading session or on which a Market Disruption Event in respect of such Share or such Index, as the case may be, has occurred; or
- (ii) in relation to an Index (where such Index is specified in the applicable Final Terms to be a Designated Multi-Exchange Index), any Scheduled Trading Day for such Index on which (a) the Index Sponsor for such Index fails to publish the level of such Index, (b) any Related Exchange for such Index fails to open for trading during its regular trading session or (c) a Market Disruption Event in respect of such Index has occurred; or
- (iii) in relation to a Depositary Receipt, any Scheduled Trading Day for such Depositary Receipt (a) on which a relevant Exchange or any Related Exchange for such Depositary Receipt or, where "Full Lookthrough" is specified as applying in relation to such Depositary Receipt in the applicable Final Terms, a relevant Exchange or any Related Exchange for the related Underlying Share fails to open for trading during its regular trading session or (b) on which a Market Disruption Event in respect of such Depositary Receipt or, where "Full Lookthrough" is specified as applying in relation to such Depositary Receipt in the applicable Final Terms, in respect of the related Underlying Share has occurred; or
- (iv) in relation to an ETF Share, any Scheduled Trading Day for such ETF Share on which a relevant Exchange or any Related Exchange for such ETF Share fails to open for trading during its regular trading session or on which a Market Disruption Event in respect of such ETF Share has occurred; or
- (v) in relation to a Mutual Fund, a day on which there is:
 - (a) (I) in the case of Scheduled Trading Days that are specified in the applicable Final Terms to be Scheduled Redemption Valuation Dates, a failure of any Scheduled Redemption Valuation Date to be a Redemption Valuation Date for such Mutual Fund or (II) in the case of Scheduled Trading Days that are specified in the applicable Final Terms to be Scheduled Mutual Fund Valuation Dates, a failure of any Scheduled Mutual Fund Valuation Date to be a Mutual Fund Valuation Date for such Mutual Fund; or
 - (b) a failure by a Mutual Fund on such day to pay the full amount (whether expressed as a percentage or otherwise) of any fund redemption proceeds with respect to any Fund Interest scheduled to have been paid on or by such day according to the relevant Fund Documents (without giving effect to any gating, deferral, suspension or other provisions permitting the Fund to delay or refuse redemption of Fund Interests).

Distribution Compliance Period means either the period expiring (i) 40 days after completion of the distribution of the relevant Warrants or (ii) in the case of Physical Delivery Warrants which are Share Warrants or Index Warrants, one year after completion of the

distribution of the relevant Warrants or (iii) in relation to Warrants represented by a Combined Global Warrant, one year after the completion of the distribution of the relevant Warrants.

Early Termination Amount means, in relation to an Early Termination Event, the amount to which the Warrantholder is entitled in the Settlement Currency in relation to such Early Termination Event and each Warrant 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 applicable Final Terms.

Early Termination Event means the event specified in the applicable Final Terms.

Early Termination Settlement Date means each date specified in the applicable Final Terms.

Electronic Page means, in respect of an Underlying Asset, (a) the electronic page or source specified for such Underlying Asset in the applicable Final Terms or (b) (i) any successor display page, other published source, information vendor or provider that has been designated by the sponsor of the original Electronic Page or (ii) if the sponsor has not officially designated a successor display page, other published source, information vendor or provider (as the case may be), the successor display page, other published source, information vendor or provider, if any, designated by the relevant information vendor or provider (if different from the sponsor).

Entitlement means, in relation to a Physical Delivery Warrant or, if Units are specified in the applicable Final Terms, each Unit, as the case may be, and an Actual Exercise Date or an Early Termination Event, as the case may be, the quantity of the Relevant Asset or the Relevant Assets, as the case may be (or, if the Issuer has elected to exercise its option pursuant to Condition 4(F) to substitute assets, the quantity of the Substitute Asset(s)), which a Warrantholder is entitled to receive on the Settlement Date relating to such Actual Exercise Date in respect of each such Warrant or Unit, as the case may be, following payment of the relevant Exercise Price, if applicable, (and any other sums payable) rounded down as provided in Condition 4(C)(ii), as determined by the Calculation Agent including any documents evidencing such Entitlement.

Exchange means:

- (i) in relation to an Index (other than an Index which is specified in the applicable Final Terms to be a Designated Multi-Exchange Index), each exchange or quotation system specified as such for such Index in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the securities/commodities comprising such Index has temporarily relocated (PROVIDED THAT the Calculation Agent has determined that there is comparable liquidity relative to the securities/commodities comprising such Index on such temporary substitute exchange or quotation system as on the original Exchange);
- (ii) in relation to an Index (where such Index is specified in the applicable Final Terms to be a Designated 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;
- (iii) in relation to a Share, each exchange or quotation system specified as such for such Share in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Share has temporarily relocated (PROVIDED THAT the Calculation Agent has determined

that there is comparable liquidity relative to such Share on such temporary substitute exchange or quotation system as on the original Exchange);

- (iv) in relation to a Depositary Receipt, each exchange or quotation system specified as such for such Depositary Receipt in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Depositary Receipt has temporarily relocated (PROVIDED THAT the Calculation Agent has determined that there is comparable liquidity relative to such Depositary Receipt on such temporary substitute exchange or quotation system as on the original Exchange);
- (v) in relation to an Underlying Share, the principal exchange or quotation system on which such Underlying Shares are listed or traded, as determined by the Calculation Agent; or
- (vi) in relation to an ETF Share, each exchange or quotation system specified as such for such ETF Share in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the ETF Share has temporarily relocated (PROVIDED THAT the Calculation Agent has determined that there is comparable liquidity relative to such ETF Share on such temporary substitute exchange or quotation system as on the original Exchange).

Exchange Business Day means:

- (i) in relation to a Share or an Index (other than an Index which is specified in the applicable Final Terms to be a Designated Multi-Exchange Index), any Scheduled Trading Day for such Share or such Index, as the case may be, on which each Exchange and each Related Exchange for such Share or such Index, as the case may be, 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
- (ii) in relation to an Index (where such Index is specified in the applicable Final Terms to be a Designated Multi-Exchange Index), any Scheduled Trading Day for such Index on which (a) the Index Sponsor for such Index publishes the level of such Index and (b) each Related Exchange for such Index is open for trading during its regular trading session, notwithstanding any such Related Exchange closing prior to its Scheduled Closing Time; or
- (iii) in relation to a Depositary Receipt, any Scheduled Trading Day for such Depositary Receipt on which each Exchange and each Related Exchange for such Depositary Receipt and where "Full Lookthrough" is specified as applying in relation to such Depositary Receipt in the applicable Final Terms, each Exchange and each Related Exchange for such Underlying Share 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
- (iv) in relation to an ETF Share, any Scheduled Trading Day for such ETF Share on which each Exchange and each Related Exchange for such ETF Share are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

Exercise Expenses means, in relation to a Warrant, all Taxes and/or expenses including any depositary charges, transaction or exercise charges, which the Calculation Agent determines may be or would be, or would have been incurred (i) in connection with the exercise and/or

termination of the Warrant and/or any payment and/or delivery in respect thereof, and (ii), if "Hedging Taxes" is specified as applying in the applicable Final Terms, by the Issuer or any Affiliate had such entity unwound or varied any underlying related hedging arrangements in respect of the Warrant.

Gilt Valuation Date means, in relation to an Actual Exercise Date, Gilt Warrants and a Gilt, the date specified in the applicable Final Terms for such Actual Exercise Date or, if such day is not a Scheduled Trading Day for such Gilt, the immediately succeeding Scheduled Trading Day for such Gilt.

In-the-Money means (i) in respect of Cash Settled Warrants, the Cash Settlement Amount in respect of such Cash Settled Warrants and the relevant Actual Exercise Date is greater than zero and (ii) in respect of Physical Delivery Warrants, an amount determined by the Calculation Agent to be the fair market value of the Entitlement in relation to the relevant Actual Exercise Date in respect of such Warrant (less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, but taking into account, if already paid and if applicable, the Exercise Price) is greater than zero, in each case, as determined by the Calculation Agent.

Luxembourg Business Day means a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in Luxembourg.

New York Business Day means a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in New York.

Observation Date means, in respect of an Early Termination Settlement Date, each date specified as an Observation Date for such Early Termination Settlement Date in the applicable Final Terms or, if any such date is not a Scheduled Trading Day for all the relevant Underlying Assets:

- (i) where none of such Underlying Assets are Fund Interests, the immediately following Scheduled Trading Day for all such Underlying Assets; or
- (ii) where one or more of such Underlying Assets are Fund Interests, (a) in respect of any such Underlying Assets which are not Fund Interests, the immediately succeeding Scheduled Trading Day for all such Underlying Assets and (b) in relation to each Fund Interest, the immediately preceding Scheduled Trading Day for such Fund Interest,

unless, in the opinion of the Calculation Agent, in respect of Underlying Assets which are Indices, Shares, Depositary Receipts, ETF Shares or Fund Interests, any such day is a Disrupted Day for any of such Underlying Asset or, in respect of Underlying Assets which are Debt Securities or Commodities, a Market Disruption Event in relation to any such Underlying Asset has occurred on that day. If any such day is such a Disrupted Day or if there is such a Market Disruption Event on that day, as applicable, then:

- (i) where more than one Observation Date is specified for an Early Termination Settlement Date, if:
 - (a) **Omission** is specified as applying in the applicable Final Terms, then such date will be deemed not to be an Observation Date PROVIDED THAT, if through the operation of this provision there would not be an Observation Date in respect of such Early Termination Settlement Date, then the provisions of paragraph (b) below will apply for purposes of determining the

relevant level, price or value on the final Observation Date with respect to that Early Termination Settlement Date as if such Observation Date were a single Observation Date that was a Disrupted Day or on which a Market Disruption Event had occurred, as the case may be; or

- (b) if **Postponement** is specified as applying in the applicable Final Terms, then the provisions of paragraph (ii) will apply for purposes of determining the relevant level, price or value on that Observation Date as if such Observation Date were a single Observation Date that was a Disrupted Day or on which a Market Disruption Event had occurred, as the case may be, irrespective of whether, pursuant to such determination, that deferred Observation Date would fall on a day that already is or is deemed to be an Observation Date for such Early Termination Settlement Date; or
- (c) if **Modified Postponement** is specified as applying in the applicable Final Terms:
 - (A) where the Warrants relate to a single Index, Share, Depositary Receipt, ETF Share or Fund Interest, that Observation Date in respect of such Early Termination Settlement Date shall be the earliest of:
 - (I) the first succeeding Valid Date (as defined below);
 - (II) the Scheduled Trading Day falling the Number of Roll Days specified in the applicable Final Terms immediately following that originally designated Observation Date; and
 - (III) the second Business Day prior to the relevant Early Termination Settlement Date or, if such day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day.

If the relevant Observation Date falls within (II) or (III) above and the relevant Scheduled Trading Day is a Disrupted Day, then (X) that Scheduled Trading Day shall be deemed to be that Observation Date in respect of such Early Termination Settlement Date (notwithstanding the fact that such day is a Disrupted Day and irrespective of whether that Scheduled Trading Day is already an Observation Date), and (Y) the Calculation Agent shall determine the relevant level, price or value for that Observation Date in accordance with the provisions of paragraph (i)(b)(C) of the definition of Valuation Date below.

- (B) where the Warrants relate to a Basket of Indices and/or Shares and/or Depositary Receipts, and/or ETF Shares and/or Fund Interests,
 - (I) where "Move in Block" is specified as applying in the applicable Final Terms, that Observation Date in respect of such Early Termination Settlement Date for all the relevant Underlying Assets, shall be the earliest of:
 - (X) the first succeeding Valid Date for all such Underlying Assets;
 - (Y) the Scheduled Trading Day for all such Underlying Assets falling the Number of Roll Days specified in

the applicable Final Terms immediately following that originally designated Observation Date; and

- (Z) the second Business Day prior to the relevant Early Termination Settlement Date or, if such day is not a Scheduled Trading Day for all such Underlying Assets, the immediately preceding Scheduled Trading Day for all such Underlying Assets.

If that Observation Date falls within (Y) or (Z) above, such Scheduled Trading Day shall be such Observation Date (irrespective of whether that Scheduled Trading Day is already an Observation Date) and if the relevant Scheduled Trading Day is a Disrupted Day for a relevant Underlying Asset (the **Affected Item**), (x) that Scheduled Trading Day shall be deemed to be that Observation Date in respect of such Early Termination Settlement Date for that Affected Item (notwithstanding the fact that such day is a Disrupted Day) and (y) the Calculation Agent shall determine the relevant level, amount or value for such Affected Item for that Observation Date in accordance with sub-paragraph (i)(b)(C) of the definition of "Valuation Date" below.

- (II) where "Value What You Can" is specified as applying in the applicable Final Terms, that Observation Date in respect of such Early Termination Settlement Date for each relevant Underlying Asset, in respect of which no Disrupted Day has occurred shall be the originally designated Observation Date (the **Scheduled Observation Date**) in respect of such Early Termination Settlement Date and that Observation Date in respect of such Early Termination Settlement Date for each relevant Underlying Asset, in respect of which a Disrupted Day has occurred (each an **Affected Item**) shall be the earliest of:

- (X) the first succeeding Valid Date for the Affected Item;
- (Y) the Scheduled Trading Day for the Affected Item falling the Number of Roll Days specified in the applicable Final Terms immediately following that Scheduled Observation Date; and
- (Z) the second Business Day prior to the relevant Early Termination Settlement Date or, if such day is not a Scheduled Trading Day for the Affected Item, the immediately preceding Scheduled Trading Day for the Affected Item.

If that Observation Date for an Affected Item falls within (Y) or (Z) above and the relevant Scheduled Trading Day is a Disrupted Day for that Affected Item, (x) that Scheduled Trading Day shall be deemed to be that Observation Date in respect of such Early Termination Settlement Date for the Affected Item (notwithstanding the fact that such day is a Disrupted Day and irrespective of whether that Scheduled Trading Day is already an Observation Date) and (y) the

Calculation Agent shall determine the relevant level, price or value for that Observation Date in accordance with sub-paragraph (i)(b)(C) of the definition of "Valuation Date" below.

For the purposes of this Condition, **Valid Date** means, in respect of an Underlying Asset, a Scheduled Trading Day for that Underlying Asset, that is not a Disrupted Day for such Underlying Asset, and on which another Observation Date for such Underlying Asset, in relation to the relevant Early Termination Settlement Date, does not or is not deemed to occur; and

- (C) where the Warrants relate to Debt Securities and/or Commodities, provisions for determining the relevant Observation Date in the event of Modified Postponement applying, will be set out in the applicable Final Terms.
- (ii) where only one Observation Date is specified for an Early Termination Settlement Date, if, in relation to Underlying Assets which are Indices, Shares, Depositary Receipts, ETF Shares or Fund Interests, such day is such a Disrupted Day, then:
 - (a) where the Warrants relate to a single Index, Share, Depositary Receipt, ETF Share or Fund Interest, the Observation Date in respect of such Early Termination Settlement Date shall be the earliest of:
 - (A) the first succeeding Scheduled Trading Day that is not a Disrupted Day;
 - (B) the Scheduled Trading Day falling the Number of Roll Days specified in the applicable Final Terms immediately following that originally designated Observation Date; and
 - (C) the second Business Day prior to the relevant Early Termination Settlement Date or, if such day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day.

If the relevant Observation Date falls within (B) or (C) above and the relevant Scheduled Trading Day is a Disrupted Day, (I) that Scheduled Trading Day shall be deemed to be the Observation Date in respect of such Early Termination Settlement Date (notwithstanding the fact that such day is a Disrupted Day) and (II) the Calculation Agent shall determine the relevant level, price or value for that Observation Date in the manner set out in the applicable Final Terms or, if not set out or if not practicable, determine the relevant level, price or value for that Observation Date:

- (x) in relation to an Index, by determining the level of such Index as of the Valuation Time on that Scheduled Trading Day in accordance with (subject to Condition 15(A)(2)) the formula for and method of calculating such Index last in effect prior to that originally designated Observation Date using the Exchange traded or quoted price as of the Valuation Time on that Scheduled Trading Day of each security/commodity comprised in such Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security/commodity on that Scheduled Trading Day, its good faith estimate of the value for the relevant security/commodity as of the Valuation Time on that Scheduled Trading Day); or

- (y) in relation to a Share, in accordance with its good faith estimate of the price of such Share as of the Valuation Time on that Scheduled Trading Day; or
 - (z) in relation to a Depositary Receipt, an ETF Share or a Fund Interest, using its good faith estimate of the price or value of such Depositary Receipt, such ETF Share or such Fund Interest, as the case may be, at the Valuation Time on that Scheduled Trading Day; or
- (b) where the Warrants relate to a Basket of Indices and/or Shares and/or Depositary Receipts and/or ETF Shares and/or Fund Interests,
- (A) where "Move in Block" is specified as applying in the applicable Final Terms, the Observation Date in respect of such Early Termination Settlement Date for all the relevant Underlying Assets shall be the earliest of:
 - (I) the first succeeding Scheduled Trading Day for all such Underlying Assets that is not a Disrupted Day for any of such Underlying Assets;
 - (II) the Scheduled Trading Day for all such Underlying Assets falling the Number of Roll Days specified in the applicable Final Terms immediately following that originally designated Observation Date; and
 - (III) the second Business Day prior to the relevant Early Termination Settlement Date or, if such day is not a Scheduled Trading Day for all such Underlying Assets, the immediately preceding Scheduled Trading Day for all such Underlying Assets.

If that Observation Date falls within (II) or (III) above, such Scheduled Trading Day shall be such Observation Date and if the relevant Scheduled Trading Day is a Disrupted Day for a relevant Underlying Asset (the **Affected Item**), (x) that Scheduled Trading Day shall be deemed that Observation Date in respect of such Early Termination Settlement Date for that Affected Item (notwithstanding the fact that such day is a Disrupted Day) and (y) the Calculation Agent shall determine the relevant level, price or value for such Affected Item for that Observation Date in accordance with sub-paragraph (i)(b)(C) of the definition of "Valuation Date" below.

- (B) where "Value What You Can" is specified as applying in the applicable Final Terms, the Observation Date in respect of such Early Termination Settlement Date for each relevant Underlying Asset in respect of which no Disrupted Day has occurred shall be the Scheduled Observation Date in respect of such Early Termination Settlement Date and the Observation Date in respect of such Early Termination Settlement Date for each relevant Underlying Asset, in respect of which a Disrupted Day has occurred (each an **Affected Item**) shall be the earliest of:
 - (I) the first succeeding Scheduled Trading Day for the Affected Item that is not a Disrupted Day for the Affected Item;

- (II) the Scheduled Trading Day for the Affected Item falling the Number of Roll Days specified in the applicable Final Terms immediately following that Scheduled Observation Date; and
- (III) the second Business Day prior to the relevant Early Termination Settlement Date or, if such day is not a Scheduled Trading Day for the Affected Item, the immediately preceding Scheduled Trading Day for the Affected Item.

If the Observation Date for an Affected Item falls within (II) or (III) above and the relevant Scheduled Trading Day is a Disrupted Day for the Affected Item, (i) that Scheduled Trading Day shall be deemed to be the Observation Date in respect of such Early Termination Settlement Date for the Affected Item (notwithstanding the fact that such day is a Disrupted Day for the Affected Item) and (ii) the Calculation Agent shall determine the relevant level, price or value for that Observation Date in accordance with sub-paragraph (i)(b)(C) of the definition of "Valuation Date" below.

- (c) where the Warrants relate to Debt Securities and/or Commodities and where only one Observation Date is specified for an Early Termination Settlement Date, then the provisions of the definition of "Valuation Date" will apply for purposes of determining the relevant level, price or value on that Observation Date with respect to that Early Termination Settlement Date as if such Observation Date were a Valuation Date on which a Market Disruption Event had occurred.

Observation Period means, in respect of an Early Termination Settlement Date, the period specified for such Early Termination Settlement Date in the applicable Final Terms.

Official Settlement Price means, in relation to a Contract, the official settlement price (howsoever described under the rules of the relevant Related Exchange or its clearing house) on maturity of such Contract published by the Related Exchange or its clearing house on the Expiry Date.

Related Exchange means:

- (i) in relation to an Index or a Share, each exchange or quotation system specified as such for such Index or Share in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Index or Share has temporarily relocated (PROVIDED THAT the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Index or such Share on such temporary substitute exchange or quotation system as on the original Related Exchange), PROVIDED THAT where "**All Exchanges**" is specified as the Related Exchange for an Index or a Share in the applicable Final Terms, "Related Exchange" shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Index or such Share, as the case may be; or
- (ii) in relation to a Depositary Receipt, each exchange or quotation system specified as such for such Depositary Receipt in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to

which trading in futures or options contracts relating to such Depositary Receipt has temporarily relocated (PROVIDED THAT the Calculation Agent has determined that there is comparable liquidity relative to the futures contracts or options contracts relating to such Depositary Receipt on such temporary substitute exchange or quotation system as on the original Related Exchange), PROVIDED THAT where "**All Exchanges**" is specified for such Depositary Receipt in the applicable Final Terms, "Related Exchange" shall mean each exchange or quotation system where trading has a material affect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Depositary Receipt; or

- (iii) in relation to an Underlying Share, the principal exchange or quotation system on which futures contracts or options contracts relating to such Underlying Share are principally traded, as determined by the Calculation Agent; or
- (iv) in relation to an ETF Share, each exchange or quotation system specified as such for such ETF Share in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such ETF Share has temporarily relocated (PROVIDED THAT the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such ETF Share on such temporary substitute exchange or quotation system as on the original Related Exchange), PROVIDED THAT where "**All Exchanges**" is specified as the Related Exchange for an ETF Share in the applicable Final Terms, "Related Exchange" shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such ETF Share.

Scheduled Closing Time means:

- (i) in relation to an Index or a Share and an Exchange or Related Exchange and a Scheduled Trading Day for such Index or Share, as the case may be, 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; or
- (ii) in relation to a Depositary Receipt and an Exchange or a Related Exchange and a Scheduled Trading Day for such Depositary Receipt, 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 the regular trading session hours; or
- (iii) in relation to a Depositary Receipt and the related Underlying Share and an Exchange or a Related Exchange for such Underlying Share and a Scheduled Trading Day for such Depositary Receipt, 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 the regular trading session hours; or
- (iv) in relation to an ETF Share and an Exchange or Related Exchange and a Scheduled Trading Day for such ETF Share, 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:

- (i) in relation to a Debt Security, a Currency or a Commodity, is as defined in the applicable Final Terms; or

(ii) means:

- (a) in relation to a Share or an Index (other than an Index which is specified in the applicable Final Terms to be a Designated Multi-Exchange Index), any day on which each Exchange and each Related Exchange for such Share or such Index, as the case may be, are scheduled to be open for trading for their respective regular trading sessions; or
- (b) in relation to an Index (where such Index is specified in the applicable Final Terms to be a Designated Multi-Exchange Index), any day on which (I) the Index Sponsor for such Index is scheduled to publish the level of such Index, (II) each Related Exchange for such Index is scheduled to be open for trading for its regular trading session and (III) no more than 20 per cent. of the Component Securities that comprise the level of such Index are scheduled to be unavailable for trading on the relevant Exchange(s) by virtue of such day not being a day upon which any such relevant Exchange is scheduled to be open for trading for its regular trading sessions (such unavailable percentage being the **X Percentage**).

For the purposes of determining the X Percentage, the relevant percentage contribution of each Component Security unavailable for trading shall be based on a comparison of (a) the portion of the level of that Index to that Component Security relative to (b) 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"; or

- (c) in relation to a Depositary Receipt, any day on which each relevant Exchange and each Related Exchange for such Depositary Receipt and, where "Full Lookthrough" is specified as applying in relation to such Depositary Receipt in the applicable Final Terms, each relevant Exchange and each Related Exchange for the related Underlying Share are scheduled to be open for their respective regular trading sessions; or
- (d) in relation to an ETF Share, any day on which each Exchange and each Related Exchange for such ETF Share are scheduled to be open for trading for their respective regular trading sessions; or
- (e) in relation to a Mutual Fund, any day on which such Mutual Fund (or its Fund Service Provider where it generally determines the value hereinafter mentioned) is scheduled, according to its Fund Documents (without giving effect to any gating, deferral, suspension or other provisions permitting such Mutual Fund to delay or to refuse redemption of Fund Interests): (a) to determine the net asset value of a Fund Interest for the purpose of calculating the redemption proceeds to be paid to an investor who has submitted a valid and timely notice for redemption of Fund Interests (such redemption to be effected on the basis of the net asset value determined as of such day) (such day a **Scheduled Redemption Valuation Date**); or (b) to determine the value of the related Fund Interest or, if the Mutual Fund only reports its aggregate net asset value, the date as of which such Mutual Fund is scheduled to determine its aggregate net asset value (such day a **Scheduled Mutual Fund Valuation Date**), as specified in the applicable Final Terms.
- (f) in relation to a Gilt, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London.

Scheduled Valuation Date means, in relation to Index Warrants or Share Warrants and an Actual Exercise Date, any original date that, but for the occurrence of an event causing a Disrupted Day, would have been the Valuation Date relating to such Actual Exercise Date.

Settlement Date means, in relation to an Actual Exercise Date:

(i) in relation to Cash Settled Warrants:

(i) where Averaging is not specified as applying in the applicable Final Terms, the date specified in the applicable Final Terms or, if no Settlement Date is so specified, the fifth Business Day following the Valuation Date in respect of such Actual Exercise Date or, where the Warrants are Index Warrants relating to a futures contract or an options contract, the Expiry Date PROVIDED THAT if the Warrants are Index Warrants relating to a Basket of Indices, Share Warrants relating to a Basket of Shares, Debt Warrants relating to a Basket of Debt Securities or Commodity Warrants relating to a Basket of Commodities and the occurrence of a Disrupted Day, in relation to an Index or a Share, or a Market Disruption Event, in relation to a Debt Security or a Commodity, has resulted in a Valuation Date for one or more Indices, Shares, Debt Securities or Commodities, as the case may be, being adjusted as set out in the definition of "Valuation Date" below, the Settlement Date shall be the fifth Business Day next following the last occurring Valuation Date in relation to any Index, Share, Debt Security or Commodity, as the case may be, or (ii) where Averaging is specified as applying in the applicable Final Terms, the fifth Business Day following the last occurring Averaging Date in respect of such Actual Exercise Date PROVIDED THAT where the Warrants are Index Warrants relating to a Basket of Indices, Share Warrants relating to a Basket of Shares, Debt Warrants relating to a Basket of Debt Securities or Commodity Warrants relating to a Basket of Commodities and the occurrence of a Disrupted Day, in respect of an Index or a Share, or a Market Disruption Event, in respect of a Debt Security or a Commodity, has resulted in an Averaging Date for one or more Indices, Shares, Debt Securities or Commodities, as the case may be, being adjusted as set out in the definition of "Averaging Date" above, the Settlement Date shall be the fifth Business Day next following the last occurring Averaging Date in relation to any Index, Share, Debt Security or Commodity, as the case may be, or such other date as is specified in the applicable Final Terms; and

(ii) in relation to Physical Delivery Warrants:

the date or dates specified as such in the applicable Final Terms.

Settlement Price means, in relation to each Warrant or, if Units are specified in the applicable Final Terms, each Unit, as the case may be and an Actual Exercise Date:

(i) in relation to Index Warrants, subject to Condition 15(A) and as referred to in "Valuation Date" below or "Averaging Date" above, as the case may be:

(a) (A) for the purposes of Condition 4(B)(i)(a)(I), Condition 4(B)(i)(a)(II), Condition 4(B)(i)(b)(I) and Condition 4(B)(i)(b)(II), in the case of Index Warrants relating to a Basket of Indices, an amount (which, if an Index Currency is specified in the applicable Final Terms, shall be deemed to be a monetary amount in the Index Currency) equal to the sum of the values calculated for each Index as the official closing level for each Index as determined by the Calculation Agent (or, if so specified in the applicable Final Terms, the level of each Index determined by the Calculation Agent as set out in the applicable Final Terms at the Valuation Time) on (X) if

Averaging is not specified as applying in the applicable Final Terms, the Valuation Date in respect of such Actual Exercise Date or (Y) if Averaging is specified as applying in the applicable Final Terms, an Averaging Date in respect of such Actual Exercise Date, multiplied by the relevant Multiplier or (B) for the purposes of Condition 4(B)(i)(a)(III) or Condition 4(B)(i)(b)(III), in the case of Index Warrants relating to a Basket of Indices and in relation to an Index and the Valuation Date or an Averaging Date, as the case may be, in respect of an Actual Exercise Date, an amount (which shall be deemed to be a monetary value on the same basis as the Exercise Price) equal to the official closing level for such Index as determined by the Calculation Agent (or, if so specified in the applicable Final Terms, the level of such Index determined by the Calculation Agent as set out in the applicable Final Terms at the Valuation Time) on (X) if Averaging is not specified as applying in the applicable Final Terms, such Valuation Date or (Y) if Averaging is specified as applying in the applicable Final Terms, such Averaging Date; and

- (b) in the case of Index Warrants relating to a single Index, an amount (which, if an Index Currency is specified in the applicable Final Terms, shall be deemed to be a monetary amount in the Index Currency) equal to the official closing level of the Index as determined by the Calculation Agent or, if so specified in the applicable Final Terms, the level of the Index determined by the Calculation Agent as set out in the applicable Final Terms at the Valuation Time on (A) if Averaging is not specified as applying in the applicable Final Terms, the Valuation Date in respect of such Actual Exercise Date or (B) if Averaging is specified as applying in the applicable Final Terms, an Averaging Date in respect of such Actual Exercise Date;
- (ii) in relation to Share Warrants, subject to Condition 15(B) and as referred to in "Valuation Date" below or "Averaging Date" above, as the case may be:
 - (a) (A) for the purposes of Condition 4(B)(i)(a)(I), Condition 4(B)(i)(a)(II), Condition 4(B)(i)(b)(I) and Condition 4(B)(i)(b)(II), in the case of Share Warrants relating to a Basket of Shares, an amount equal to the sum of the values calculated for each Share as the official closing price (or the price at the Valuation Time on the Valuation Date or an Averaging Date, as the case may be, in respect of such Actual Exercise Date if so specified in the applicable Final Terms) quoted on the relevant Exchange for such Share on (X) if Averaging is not specified as applying in the applicable Final Terms, the Valuation Date in respect of such Actual Exercise Date or (Y) if Averaging is specified as applying in the applicable Final Terms, an Averaging Date in respect of such Actual Exercise Date (or if, in the opinion of the Calculation Agent, any such official closing price (or the price at the Valuation Time on such Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) cannot be so determined and such Valuation Date or Averaging Date, as the case may be, is not a relevant Disrupted Day, an amount determined by the Calculation Agent 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 such Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) and the closing fair market selling price (or the fair market selling price at the Valuation Time on such Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) for the relevant Share whose official closing price (or the price at the Valuation Time on such Valuation Date or such Averaging Date, as the

case may be, if so specified in the applicable Final Terms) cannot be determined based, at the Calculation Agent's discretion, either on the arithmetic mean of the foregoing prices or middle market quotations provided to it by two or more financial institutions (as selected by the Calculation Agent) engaged in the trading of the relevant Share or on such other factors as the Calculation Agent shall decide), multiplied by the relevant Multiplier, each such value to be converted, if so specified in the applicable Final Terms, into the Settlement Currency at the Exchange Rate and the sum of such converted amounts to be the Settlement Price, all as determined by or on behalf of the Calculation Agent or (B) for the purposes of Condition 4(B)(i)(a)(III) or Condition 4(B)(i)(b)(III), in the case of Share Warrants relating to a Basket of Shares and in relation to a Share and the Valuation Date or an Averaging Date, as the case may be, in respect of an Actual Exercise Date, an amount equal to the official closing price (or the price at the Valuation Time on such Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) quoted on the relevant Exchange for such Share on (X) if Averaging is not specified as applying in the applicable Final Terms, such Valuation Date or (Y) if Averaging is specified as applying in the applicable Final Terms, such Averaging Date (or if, in the opinion of the Calculation Agent, any such closing price (or the price at the Valuation Time on such Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) cannot be so determined and such Valuation Date or Averaging Date, as the case may be, is not a relevant Disrupted Day, an amount determined by the Calculation Agent 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 such Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) and the closing fair market selling price (or the fair market selling price at the Valuation Time on such Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) for such Share based, at the Calculation Agent's discretion, either on the arithmetic mean of the foregoing prices or middle market quotations provided to it by two or more financial institutions (as selected by the Calculation Agent) engaged in the trading of such Share or on such other factors as the Calculation Agent shall decide), such value to be converted, if so specified in the applicable Final Terms, into the Settlement Currency at the Exchange Rate and such converted amount to be the Settlement Price for such Share, all as determined by or on behalf of the Calculation Agent; and

- (b) in the case of Share Warrants relating to a single Share, an amount equal to the official closing price (or the price at the Valuation Time on the Valuation Date or an Averaging Date, as the case may be, in respect of such Actual Exercise Date if so specified in the applicable Final Terms) quoted on the relevant Exchange for such Share) on (A) if Averaging is not specified as applying in the applicable Final Terms, the Valuation Date in respect of such Actual Exercise Date or (B) if Averaging is specified as applying in the applicable Final Terms, an Averaging Date in respect of such Actual Exercise Date (or if, in the opinion of the Calculation Agent, no such official closing price (or the price at the Valuation Time on such Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) can be so determined and such Valuation Date or Averaging Date, as the case may be, is not a Disrupted Day, an amount determined by the

Calculation Agent 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 such Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) and the closing fair market selling price (or the fair market selling price at the Valuation Time on such Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) for the Share based, at the Calculation Agent's discretion, either on the arithmetic mean of the foregoing prices or middle market quotations provided to it by two or more financial institutions (as selected by the Calculation Agent) engaged in the trading of the Share or on such other factors as the Calculation Agent shall decide), such amount to be converted, if so specified in the applicable Final Terms, into the Settlement Currency at the Exchange Rate and such converted amount to be the Settlement Price, all as determined by or on behalf of the Calculation Agent;

- (iii) in relation to Depositary Receipt Warrants, subject to Condition 15(C) and as referred to in "Valuation Date" below or "Averaging Date" above, as the case may be:
 - (a) in the case of Depositary Receipt Warrants relating to a Basket of Depositary Receipts, (A) for the purposes of Condition 4(B)(i)(a)(I), Condition 4(B)(i)(a)(II), Condition 4(B)(i)(b)(I) and Condition 4(B)(i)(b)(II), in the case of Depositary Receipt Warrants relating to a Basket of Depositary Receipts, an amount equal to the sum of the official closing prices of each Depositary Receipt as displayed on the Electronic Page for such Depositary Receipt at the Valuation Time on (X) if Averaging is not specified as applying in the applicable Final Terms, the Valuation Date in respect of such Actual Exercise Date or (Y) if Averaging is specified as applying in the applicable Final Terms, an Averaging Date in respect of such Actual Exercise Date (or if, in the opinion of the Calculation Agent any such official closing price cannot be so determined and such Valuation Date or Averaging Date, as the case may be, is not a Disrupted Day, the Calculation Agent shall determined the relevant official closing price by reference to such sources as it deems appropriate), multiplied by the relevant Multiplier, each such value to be converted, if so specified in the applicable Final Terms, into the Settlement Currency at the Exchange Rate and the sum of such converted amounts to be the Settlement Price, all as determined by or on behalf of the Calculation Agent or (B) for the purposes of Condition 4(B)(i)(a)(III) or Condition 4(B)(i)(b)(III), in the case of Depositary Receipt Warrants relating to a Basket of Depositary Receipts and in relation to a Depositary Receipt and the Valuation Date or an Averaging Date, as the case may be, in respect of an Actual Exercise Date, an amount equal to the official closing price of such Depositary Receipt as displayed on the Electronic Page for such Depositary Receipt at the Valuation Time on (X) if Averaging is not specified as applying in the applicable Final Terms, such Valuation Date or (Y) if Averaging is specified as applying in the applicable Final Terms, such Averaging Date (or if, in the opinion of the Calculation Agent such official closing price cannot be so determined and such Valuation Date or Averaging Date, as the case may be, is not a Disrupted Day, the Calculation Agent shall determined the relevant official closing price by reference to such sources as it deems appropriate), such value to be converted, if so specified in the applicable Final Terms, into the Settlement Currency at the Exchange Rate and such converted amount to be the Settlement Price for such Depositary Receipt, all as determined by or on behalf of the Calculation Agent; and

- (b) in the case of Depositary Receipt Warrants relating to a single Depositary Receipt, an amount equal to the official closing price of such Depositary Receipt as displayed on the Electronic Page for such Depositary Receipt at the Valuation Time on (A) if Averaging is not specified as applying in the applicable Final Terms, the Valuation Date in respect of such Actual Exercise Date or (B) if Averaging is specified as applying in the applicable Final Terms, an Averaging Date in respect of such Actual Exercise Date (or if, in the opinion of the Calculation Agent such official closing price cannot be so determined and such Valuation Date or Averaging Date, as the case may be, is not a Disrupted Day, the Calculation Agent shall determined the official closing price by reference to such sources as it deems appropriate), such amount to be converted, if so specified in the applicable Final Terms, into the Settlement Currency at the Exchange Rate and such converted amount to be the Settlement Price, all as determined by or on behalf of the Calculation Agent;
- (iv) in relation to ETF Warrants, subject to Condition 15(D) and as referred to in "Valuation Date" below or "Averaging Date" above, as the case may be:
 - (a) in the case of ETF Warrants relating to a Basket of ETF Shares, (A) for the purposes of Condition 4(B)(i)(a)(I), Condition 4(B)(i)(a)(II), Condition 4(B)(i)(b)(I) and Condition 4(B)(i)(b)(II), in the case of ETF Warrants relating to a Basket of ETF Shares, an amount equal to the sum of the official closing prices of each ETF Share as displayed on the Electronic Page for such ETF Share at the Valuation Time on (X) if Averaging is not specified as applying in the applicable Final Terms, the Valuation Date in respect of such Actual Exercise Date or (Y) if Averaging is specified as applying in the applicable Final Terms, an Averaging Date in respect of such Actual Exercise Date (or if, in the opinion of the Calculation Agent any such official closing price cannot be so determined and such Valuation Date or Averaging Date, as the case may be, is not a Disrupted Day, the Calculation Agent shall determined the relevant official closing price by reference to such sources as it deems appropriate), multiplied by the relevant Multiplier, each such value to be converted, if so specified in the applicable Final Terms, into the Settlement Currency at the Exchange Rate and the sum of such converted amounts to be the Settlement Price, all as determined by or on behalf of the Calculation Agent or (B) for the purposes of Condition 4(B)(i)(a)(III) or Condition 4(B)(i)(b)(III), in the case of ETF Warrants relating to a Basket of ETF Shares and in relation to an ETF Share and the Valuation Date or an Averaging Date, as the case may be, in respect of an Actual Exercise Date, an amount equal to the official closing price of such ETF Share as displayed on the Electronic Page for such ETF Share at the Valuation Time on (X) if Averaging is not specified as applying in the applicable Final Terms, such Valuation Date or (Y) if Averaging is specified as applying in the applicable Final Terms, such Averaging Date (or if, in the opinion of the Calculation Agent such official closing price cannot be so determined and such Valuation Date or Averaging Date, as the case may be, is not a Disrupted Day, the Calculation Agent shall determined the relevant official closing price by reference to such sources as it deems appropriate), such value to be converted, if so specified in the applicable Final Terms, into the Settlement Currency at the Exchange Rate and such converted amount to be the Settlement Price for such ETF Share, all as determined by or on behalf of the Calculation Agent; and

- (b) in the case of ETF Warrants relating to a single ETF Share, an amount equal to the official closing price of such ETF Share as displayed on the Electronic Page for such ETF Share at the Valuation Time on (A) if Averaging is not specified as applying in the applicable Final Terms, the Valuation Date in respect of such Actual Exercise Date or (B) if Averaging is specified as applying in the applicable Final Terms, an Averaging Date in respect of such Actual Exercise Date (or if, in the opinion of the Calculation Agent such official closing price cannot be so determined and such Valuation Date or Averaging Date, as the case may be, is not a Disrupted Day, the Calculation Agent shall determine the official closing price by reference to such sources as it deems appropriate), such amount to be converted, if so specified in the applicable Final Terms, into the Settlement Currency at the Exchange Rate and such converted amount to be the Settlement Price, all as determined by or on behalf of the Calculation Agent;
- (v) in relation to Mutual Fund Warrants, subject to Condition 15(E) and as referred to in "Valuation Date" below or "Averaging Date" above, as the case may be:
 - (a) (A) for the purposes of Condition 4(B)(i)(a)(I), Condition 4(B)(i)(a)(II), Condition 4(B)(i)(b)(I) and Condition 4(B)(i)(b)(II), in the case of Mutual Fund Warrants relating to a Basket of Fund Interests, an amount equal to the sum of the values calculated for each Fund Interest as the value for each such Fund Interest as determined by the Calculation Agent (X) if Averaging is not specified as applying in the applicable Final Terms, in respect of the Valuation Date in respect of such Actual Exercise Date or (Y) if Averaging is specified as applying in the applicable Final Terms, in respect of an Averaging Date, multiplied by the relevant Multiplier or (B) for the purposes of Condition 4(B)(i)(a)(III), Condition 4(B)(i)(b)(III), in the case of Mutual Fund Warrants relating to a Basket of Mutual Funds and in relation to a Fund Interest and the Valuation Date or an Averaging Date, as the case may be, in respect of an Actual Exercise Date, an amount equal to the value of such Fund Interest as determined by the Calculation Agent (X) if Averaging is not specified as applying in the applicable Final Terms, in respect of such Valuation Date or (Y) if Averaging is specified as applying in the applicable Final Terms, in respect of such Averaging Date; and
 - (b) in the case of Mutual Fund Warrants relating to a single Fund Interest, an amount equal to the value of such Fund Interest as determined by the Calculation Agent (X) if Averaging is not specified as applying in the applicable Final Terms, in respect of the Valuation Date in respect of such Actual Exercise Date or (Y) if Averaging is specified as applying in the applicable Final Terms, in respect of an Averaging Date in respect of such Actual Exercise Date.

In determining the value in respect of a Fund Interest, the Calculation Agent may have regard to any value or aggregate value reported by the Fund Service Provider that generally reports such value on behalf of the relevant Mutual Fund to its investors or a publishing service and displayed on the Electronic Page for such Fund Interest.

- (vi) in relation to Debt Warrants, subject to Condition 15(C) and as referred to in "Valuation Date" below or "Averaging Date" above, as the case may be:
 - (a) in the case of Debt Warrants relating to a Basket of Debt Securities, an amount equal to the sum of the values calculated for each Debt Security at the

bid price for such Debt Security as determined by or on behalf of the Calculation Agent by reference to the bid price for such Debt Security appearing on the Relevant Screen Page at the Valuation Time on (A) if Averaging is not specified as applying in the applicable Final Terms, the Valuation Date in respect of such Actual Exercise Date or (B) if Averaging is specified as applying in the applicable Final Terms, an Averaging Date in respect of such Averaging Date, or, if such price is not available, the arithmetic mean of the bid prices for such Debt Security at the Valuation Time on such Valuation Date or such Averaging Date, as the case may be, as received by it from two or more market-makers (as selected by the Calculation Agent) in such Debt Security, such bid prices to be expressed as a percentage of the nominal amount of such Debt Security, multiplied by the relevant Multiplier; and

- (b) in the case of Debt Warrants relating to a single Debt Security, an amount equal to the bid price for the Debt Security as determined by or on behalf of the Calculation Agent by reference to the bid price for such Debt Security appearing on the Relevant Screen Page at the Valuation Time on (A) if Averaging is not specified as applying in the applicable Final Terms, the Valuation Date in respect of such Actual Exercise Date or (B) if Averaging is specified as applying in the applicable Final Terms, an Averaging Date in respect of such Actual Exercise Date, or, if such price is not available, the arithmetic mean of the bid prices for such Debt Security at the Valuation Time on such Valuation Date or such Averaging Date, as the case may be, as received by it from two or more market-makers (as selected by the Calculation Agent) in such Debt Security, such bid prices to be expressed as a percentage of the nominal amount of the Debt Security;

(vii) in relation to Currency Warrants:

- (a) in the case of Currency Warrants relating to a Basket of Subject Currencies, an amount equal to the sum of the values calculated for each Subject Currency at the spot rate of exchange appearing on the Relevant Screen Page at the Valuation Time on (A), if Averaging is not specified as applying in the applicable Final Terms, the Valuation Date in respect of such Actual Exercise Date or (B), if Averaging is specified as applying in the applicable Final Terms, an Averaging Date in respect of such Actual Exercise Date, for the exchange of such Subject Currency into the Base Currency (expressed as the number of units (or part units) of such Base Currency for which one unit of the Subject Currency can be exchanged), or, if such rate is not available, the arithmetic average (rounded, if necessary, to four decimal places (with 0.00005 being rounded upwards)) as determined by or on behalf of the Calculation Agent of the bid and offer Subject Currency/Base Currency exchange rates (expressed as aforesaid) at the Valuation Time on such Valuation Date or such Averaging Date, as the case may be, of two or more leading dealers (as selected by the Calculation Agent) on a foreign exchange market (as selected by the Calculation Agent), multiplied by the relevant Multiplier; and
- (b) in the case of Currency Warrants relating to a single Subject Currency, an amount equal to the spot rate of exchange appearing on the Relevant Screen Page at the Valuation Time on (A), if Averaging is not specified as applying in the applicable Final Terms, the Valuation Date in respect of such Actual Exercise Date or (B), if Averaging is specified as applying in the applicable

Final Terms, an Averaging Date in respect of such Actual Exercise Date, for the exchange of such Subject Currency into the Base Currency (expressed as the number of units (or part units) of the Base Currency for which one unit of the Subject Currency can be exchanged) or, if such rate is not available, the arithmetic average (rounded, if necessary, to four decimal places (with 0.00005 being rounded upwards)) as determined by or on behalf of the Calculation Agent of the bid and offer Subject Currency/Base Currency exchange rates (expressed as aforesaid) at the Valuation Time on such Valuation Date or such Averaging Date, as the case may be, of two or more leading dealers (as selected by the Calculation Agent) on a foreign exchange market (as selected by the Calculation Agent);

- (viii) in relation to Commodity Warrants, the provisions relating to the calculation of the Settlement Price will be set out in the applicable Final Terms;
- (ix) in relation to Index Warrants relating to a Contract, the provisions relating to the calculation of the Settlement Price will be set out in the applicable Final Terms; and
- (x) in relation to Gilt Warrants and in respect of a Gilt, the market value for such Gilt at approximately the relevant Valuation Time on the Gilt Valuation Date in respect of such Actual Exercise Date, as determined by the Calculation Agent by reference to such sources as it deems appropriate.

Substitute Asset and **Substitute Assets** each have the meaning given in Condition 4(F).

Taxes means, with respect to any jurisdiction, all retrospective, present, future, contingent, pending or anticipated taxes, levies, imposts, duties, deductions, withholdings, assessments or other charges imposed by any governmental, national, state or local authority (including, for the avoidance of doubt, income, corporate, corporation, capital, gross receipts, windfall profits, severance, property, production, sales, use, license, excise, value added, franchise, employment, stamp, withholding, transfer, registration or similar taxes and national insurance, social security and other similar contributions), together with any interest, additions to tax or penalties applicable thereto and any interest in respect of such additions or penalties.

Underlying Assets means the Index, Indices, Share, Shares, Depositary Receipt, Depositary Receipts, ETF Share, ETF Shares, Fund Interest, Fund Interests, Debt Security, Debt Securities, Currency or Currencies, Gilt or Gilts or other asset or assets underlying the Warrants and each an **Underlying Asset**.

U.S. person has the meaning given in Regulation S under the Securities Act.

Valuation Date means, in relation to an Actual Exercise Date, the date specified in the applicable Final Terms for such Actual Exercise Date or, if such day is not a Scheduled Trading Day for all the relevant Underlying Assets:

- (i) where none of such Underlying Assets are Fund Interests, the immediately succeeding Scheduled Trading Day for all such Underlying Assets; or
- (ii) where one or more of such Underlying Assets are Fund Interests, (a) in respect of any such Underlying Assets which are not Fund Interests, the immediately succeeding Scheduled Trading Day for all such Underlying Assets and (b) in relation to each Fund Interest, the immediately preceding Scheduled Trading Day for such Fund Interest,

unless, in any such case, in the opinion of the Calculation Agent, in respect of Underlying Assets which are Indices, Shares, Depositary Receipts, ETF Shares or Fund Interests, such

day is a Disrupted Day for any of such Underlying Assets or, in respect of Underlying Assets which are Debt Securities or Commodities, a Market Disruption Event in relation to any such Underlying Asset has occurred on that day.

(i) If, in relation to Underlying Assets which are Indices, Shares, Depositary Receipts, ETF Shares or Fund Interests, such day is such a Disrupted Day, then:

(a) where the Warrants relate to a single Index, Share, Depositary Receipt, ETF Share or Fund Interest, the Valuation Date in respect of such Actual Exercise Date shall be the earliest of:

- (A) the first succeeding Scheduled Trading Day that is not a Disrupted Day;
- (B) the Scheduled Trading Day falling the Number of Roll Days specified in the applicable Final Terms immediately following that Scheduled Valuation Date; and
- (C) the second Business Day prior to the Settlement Date immediately succeeding the relevant Actual Exercise Date or, if such day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day.

If the relevant Valuation Date falls within (B) or (C) above and the relevant Scheduled Trading Day is a Disrupted Day, (A) that Scheduled Trading Day shall be deemed to be the Valuation Date in respect of such Actual Exercise Date (notwithstanding the fact that such day is a Disrupted Day) and (B) the Calculation Agent shall determine the relevant Settlement Price in the manner set out in the applicable Final Terms or, if not set out or if not practicable, determine the relevant Settlement Price:

- (x) in relation to an Index, by determining the level of such Index as of the Valuation Time on that Scheduled Trading Day in accordance with (subject to Condition 15(A)(2)) the formula for and method of calculating such Index last in effect prior to that Scheduled Valuation Date using the Exchange traded or quoted price as of the Valuation Time on that Scheduled Trading Day of each security/commodity comprised in such Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security/commodity on that Scheduled Trading Day, its good faith estimate of the value for the relevant security/commodity as of the Valuation Time on that Scheduled Trading Day); or
- (y) in relation to a Share, in accordance with its good faith estimate of the price of such Share as of the Valuation Time on that Scheduled Trading Day; or
- (z) in relation to a Depositary Receipt, an ETF Share and a Fund Interest, using its good faith estimate of the price or value of such Depositary Receipt, such ETF Share or such Fund Interest, as the case may be, at the Valuation Time on that Scheduled Trading Day; or

(b) where the Warrants relate to a Basket of Indices and/or Shares and/or Depositary Receipts and/or ETF Shares and/or Fund Interests,

- (A) where "Move in Block" is specified as applying in the applicable Final Terms, the Valuation Date in respect of such Actual Exercise Date for all the relevant Underlying Assets shall be the earliest of:
- (I) the first succeeding Scheduled Trading Day for all such Underlying Assets that is not a Disrupted Day for any of such Underlying Assets;
 - (II) the Scheduled Trading Day for all such Underlying Assets falling the Number of Roll Days specified in the applicable Final Terms immediately following that Scheduled Valuation Date; and
 - (III) the second Business Day prior to the Settlement Date immediately succeeding the relevant Actual Exercise Date or, if such day is not a Scheduled Trading Day for all such Underlying Assets, the immediately preceding Scheduled Trading Day for all such Underlying Assets.

If that Valuation Date falls within (II) or (III) above, such Scheduled Trading Day shall be such Valuation Date and if the relevant Scheduled Trading Day is a Disrupted Day for a relevant Underlying Asset (the **Affected Item**), (x) that Scheduled Trading Day shall be deemed that Valuation Date in respect of such Actual Exercise Date for that Affected Item (notwithstanding the fact that such day is a Disrupted Day) and (y) the Calculation Agent shall determine the relevant Settlement Price as set out in paragraph (C) below.

- (B) where "Value What You Can" is specified as applying in the applicable Final Terms, the Valuation Date in respect of such Actual Exercise Date for each relevant Underlying Asset in respect of which no Disrupted Day has occurred shall be the Scheduled Valuation Date in respect of such Actual Exercise Date and the Valuation Date in respect of such Actual Exercise Date for each relevant Underlying Asset in respect of which a Disrupted Day has occurred (each an **Affected Item**) shall be the earliest of:
- (I) the first succeeding Scheduled Trading Day for the Affected Item that is not a Disrupted Day for the Affected Item;
 - (II) the Scheduled Trading Day for the Affected Item falling the Number of Roll Days specified in the applicable Final Terms immediately following that Scheduled Valuation Date; and
 - (III) the second Business Day prior to the Settlement Date immediately succeeding the relevant Actual Exercise Date or, if such day is not a Scheduled Trading Day for the Affected Item, the immediately preceding Scheduled Trading Day for the Affected Item.

If the Valuation Date for an Affected Item falls within (II) or (III) above and the relevant Scheduled Trading Day is a Disrupted Day for the Affected Item, (i) that Scheduled Trading Day shall be deemed to be the Valuation Date in respect of such Actual Exercise Date for the Affected Item (notwithstanding the fact that such day is a Disrupted

Day for the Affected Item) and (ii) the Calculation Agent shall determine the relevant Settlement Price as set out in paragraph (C) below.

- (C) the Calculation Agent shall determine the relevant level or price for the purposes of paragraphs (A) and (B) above using, in relation to the Affected Item, the level, price or value of such Affected Item determined in the manner set out in the applicable Final Terms or, if not set out or if not practicable, using:
 - (I) in the case of an Index, the level of that Index as of the Valuation Time on that Scheduled Trading Day determined in accordance with the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day relating to the Affected Item using the Exchange traded or quoted price as of the Valuation Time on that 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 Scheduled Trading Day, its good faith estimate of the value for the relevant security/commodity as of the Valuation Time on that Scheduled Trading Day); or
 - (II) in the case of a Share, its good faith estimate of the price for the Affected Item as of the Valuation Time on that Scheduled Trading Day; or
 - (III) in the case of Depositary Receipt Warrants or ETF Warrants, using its good faith estimate of the price or value of the relevant Depositary Receipt or the ETF Share, as the case may be, at the Valuation Time on that Scheduled Trading Day; or
 - (IV) in the case of Mutual Fund Warrants, using its good faith estimate of the price or value of the relevant Fund Interest for that Scheduled Trading Day; or

and otherwise in accordance with the above provisions; and

- (ii) If, in relation to Warrants relating to Debt Securities or Commodities, there is a Market Disruption Event on that day, then:
 - (a) where the Warrants relate to a single Debt Security or Commodity, the Valuation Date in respect of such Actual Exercise Date shall be the first succeeding Scheduled Trading Day on which there is no Market Disruption Event, unless there is a Market Disruption Event occurring on each of the five Scheduled Trading Days immediately following the original date that (but for the Market Disruption Event) would have been the Valuation Date in respect of such Actual Exercise Date. In that case, (i) the fifth Scheduled Trading Day shall be deemed to be the Valuation Date in respect of such Actual Exercise Date (notwithstanding the Market Disruption Event) and (ii) the Calculation Agent shall determine the relevant Settlement Price in the manner set out in the applicable Final Terms or, if not set out or if not practicable, determine the relevant Settlement Price in accordance with its good faith

estimate of the relevant Settlement Price that would have prevailed but for the Market Disruption Event as of the Valuation Time on that fifth Scheduled Trading Day; or

- (b) where the Warrants relate to a Basket of Debt Securities and/or Commodities, the Valuation Date in respect of such Actual Exercise Date for each Debt Security or Commodity, as the case may be, not affected by a Market Disruption Event shall be the originally designated Valuation Date in respect of such Actual Exercise Date and the Valuation Date in respect of such Actual Exercise Date for each Debt Security or Commodity, as the case may be, affected (each an **Affected Item**) by a Market Disruption Event shall be the first succeeding Scheduled Trading Day for the Affected Item on which there is no Market Disruption Event relating to the Affected Item, unless there is a Market Disruption Event relating to the Affected Item occurring on each of the five Scheduled Trading Days for the Affected Item immediately following the original date which (but for the Market Disruption Event) would have been the Valuation Date in respect of such Actual Exercise Date. In that case, (i) that fifth Scheduled Trading Day shall be deemed to be the Valuation Date in respect of such Actual Exercise Date for the Affected Item (notwithstanding the Market Disruption Event) and (ii) the Calculation Agent shall determine the relevant Settlement Price using, in relation to the Affected Item, in the case of a Debt Security or Commodity, a price determined in the manner set out in the applicable Final Terms or, if not set out or if not practicable, using its good faith estimate of the price for the Affected Item that would have prevailed but for the Market Disruption Event as of the Valuation Time on that fifth Scheduled Trading Day,

and otherwise in accordance with the above provisions.

Valuation Time means:

- (i) (a) in relation to a Share or an Index (other than an Index which is specified in the applicable Final Terms to be a Designated Multi-Exchange Index), the Relevant Time specified in the applicable Final Terms for such Share or such Index, as the case may be, or, if no such Relevant Time is specified, the Scheduled Closing Time on the Exchange for such Share or such Index, as the case may be, on the relevant Scheduled Trading Day. 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 relation to an Index (where such Index is specified in the applicable Final Terms to be a Designated Multi-Exchange Index), the Relevant Time specified in the applicable Final Terms or, if no Relevant Time is specified, (a) for the purposes of determining whether a Market Disruption Event in respect of such Index 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 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 such Index is calculated and published by the relevant Index Sponsor. 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; and

- (ii) in relation to a Depositary Receipt, the Relevant Time specified in the applicable Final Terms or, if no Relevant Time is specified, the time at which the official closing price of such Depositary Receipt is scheduled to be published by or on behalf of the Exchange for such Depositary Receipt; and
- (iii) in relation to an ETF Share, the Relevant Time specified in the applicable Final Terms or, if no Relevant Time is specified, the time at which the official closing price of such ETF Share is scheduled to be published by or on behalf of the Exchange for such ETF Share; and
- (iv) in relation to a Debt Security, Currency or Commodity, the Relevant Time specified in the applicable Final Terms; and
- (v) in relation to a Gilt, the Relevant Time specified in the applicable Final Terms.

4. Exercise Rights and Early Termination

(A) Exercise Period

(i) American Style Warrants

American Style Warrants are exercisable on any Business Day during the Exercise Period but subject as provided in Condition 6.

Global Warrants held by a Common Depositary on behalf of Clearstream, Luxembourg and Euroclear

If Automatic Exercise is not specified as applying in the applicable Final Terms, in the case of Warrants represented by a Global Warrant held by a Common Depositary on behalf of Clearstream, Luxembourg and Euroclear, any American Style Warrant with respect to which no Exercise Notice (as defined below) has been delivered in the manner set out in Condition 5, at or prior to 10.00 a.m., Luxembourg or Brussels time, as the case may be, 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, in the case of Warrants represented by a Global Warrant held by a Common Depositary on behalf of Clearstream, Luxembourg and Euroclear, any such American Style Warrant with respect to which no Exercise Notice has been delivered in the manner set out in Condition 5, at or prior to 10.00 a.m., Luxembourg or Brussels time, as the case may be, on the Expiration Date and which, in the determination of the Calculation Agent, is "In-the-Money" shall be automatically exercised on the Expiration Date and the provisions of Condition 5(E) shall apply. Any such Warrant shall otherwise expire worthless.

In the case of Warrants represented by a Global Warrant held by a Common Depositary on behalf of Clearstream, Luxembourg and Euroclear, the Business Day during the Exercise Period on which an Exercise Notice is delivered prior to 10.00 a.m., Luxembourg or Brussels time (as appropriate), to Clearstream, Luxembourg or Euroclear, as the case may be, and the copy thereof so received by the Principal 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 10.00 a.m., Luxembourg or Brussels time, as the case may be, on the Expiration Date, the Expiration Date is referred to herein as the **Actual Exercise Date**. If any such Exercise Notice is received by Clearstream, Luxembourg or Euroclear, as the case may be, or if the copy thereof is received by the Principal Warrant Agent, in each case, after 10.00 a.m., Luxembourg or Brussels time (as appropriate), on any Business Day during the Exercise Period or on any day which is not a Business Day, 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 Warrant in respect of which no Exercise Notice has been delivered in the manner set out in Condition 5 at or prior to 10.00 a.m., Luxembourg or Brussels time (as appropriate), 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, be automatically exercised on the Expiration Date as provided above and the provisions of Condition 5(E) shall apply.

Rule 144A Global Warrants held by a Custodian on behalf of DTC

If Automatic Exercise is not specified as applying in the applicable Final Terms, in the case of Warrants represented by a Rule 144A Global Warrant held by a Custodian on behalf of DTC, any American Style Warrant with respect to which no Exercise Notice has been delivered in the manner set out in Condition 5, at or prior to 5.00 p.m., New York City time, on the New York Business Day immediately preceding the Expiration Date, shall become void.

If Automatic Exercise is specified as applying in the applicable Final Terms, in the case of Warrants represented by a Rule 144A Global Warrant held by a Custodian on behalf of DTC, any such American Style Warrant with respect to which no Exercise Notice has been delivered in the manner set out in Condition 5, at or prior to 5.00 p.m., New York City time, on the New York Business Day immediately preceding the Expiration Date and which, in the determination of the Calculation Agent, is "In-the-Money" shall be automatically exercised on the Expiration Date and the provisions of Condition 5(E) shall apply. Any such Warrant shall otherwise expire worthless.

In the case of Warrants represented by a Rule 144A Global Warrant held by a Custodian on behalf of DTC, (a) the Business Day during the Exercise Period immediately succeeding the New York Business Day on which an Exercise Notice is received prior to 5.00 p.m., New York City time, by the New York Warrant Agent and a copy thereof so received by the Principal Warrant Agent or (b), if Automatic Exercise is specified as applying in the applicable Final Terms and no Exercise Notice has been delivered at or prior to 5.00 p.m., New York City time, on the New York Business Day immediately preceding the Expiration Date, the Expiration Date is referred to herein as the **Actual Exercise Date**. If any such Exercise Notice is received by the New York Warrant Agent, or if the copy thereof is received by the Principal Warrant Agent, in each case, after 5.00 p.m. on any New York Business Day or on any day which is not a New York Business Day, such Exercise Notice will be deemed to have been delivered on the next New York Business Day and the New York Business Day immediately succeeding such next New York Business Day shall be deemed to be the Actual Exercise Date, PROVIDED THAT any such Warrant in respect of which no Exercise Notice has been delivered in the manner set out in Condition 5, at or prior to 5.00 p.m., New York City time, on the New York Business Day immediately preceding 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, be automatically exercised on the Expiration Date as provided above.

Private Placement Definitive Warrants

If Automatic Exercise is not specified as applying in the applicable Final Terms, in the case of Private Placement Definitive Warrants, any American Style Warrant with respect to which no Exercise Notice, together with the relevant Private Placement Definitive Warrant(s), has been delivered in the manner set out in Condition 5, at or prior to 5.00 p.m., New York City time, on the New York Business Day immediately preceding the Expiration Date, shall become void.

If Automatic Exercise is specified as applying in the applicable Final Terms, in the case of Private Placement Definitive Warrants, any such American Style Warrant with respect to which no Exercise Notice, together with the relevant Private Placement Definitive Warrant(s), has been delivered in the manner set out in Condition 5, at or prior to 5.00 p.m., New York City time, on the New York Business Day immediately preceding the Expiration Date and which, in the determination of the Calculation Agent, is "In-the-Money" shall be automatically exercised on the Expiration Date and the provisions of Condition 5(E) shall apply. Any such Warrant shall otherwise expire worthless.

In the case of Private Placement Definitive Warrants, (a) the Business Day during the Exercise Period immediately succeeding the New York Business Day on which an Exercise Notice, together with the relevant Private Placement Definitive Warrant(s), is received prior to 5.00 p.m., New York City time, by the Definitive Warrant Agent and a copy thereof so received by the Principal Warrant Agent or (b), if Automatic Exercise is specified as applying in the applicable Final Terms and no Exercise Notice, together with the relevant Private Placement Definitive Warrant(s), has been delivered at or prior to 5.00 p.m., New York City time, on the New York Business Day immediately preceding the Expiration Date, the Expiration Date is referred to herein as the **Actual Exercise Date**. If any such Exercise Notice, together with the relevant Private Placement Definitive Warrant(s), is received by the Definitive Warrant Agent, or if the copy thereof is received by the Principal Warrant Agent, in each case, after 5.00 p.m., New York City time, on any New York Business Day or on any day which is not a New York Business Day, such Exercise Notice will be deemed to have been delivered on the next New York Business Day and the New York Business Day immediately succeeding such next New York Business Day shall be deemed to be the Actual Exercise Date, PROVIDED THAT any such Warrant in respect of which no Exercise Notice, together with the relevant Private Placement Definitive Warrant(s), has been delivered in the manner set out in Condition 5, at or prior to 5.00 p.m., New York City time, on the New York Business Day immediately preceding 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, be automatically exercised on the Expiration Date as provided above.

Extension of Exercise Period

If "Extension of Exercise Period" is specified as applicable in the applicable Final Terms, the Exercise Period may be extended by the Issuer by giving notice to the Warrantholders in accordance with Condition 10.

(ii) European Style Warrants

European Style Warrants are only exercisable on the Exercise Date, but subject as provided in Condition 6.

Global Warrants held by a Common Depositary on behalf of Clearstream, Luxembourg and Euroclear

In the case of Warrants represented by a Global Warrant held by a Common Depositary on behalf of Clearstream, Luxembourg and Euroclear, 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 5, at or prior to 10.00 a.m., Luxembourg or Brussels time (as appropriate), on the Exercise Date (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 5, at or prior to 10.00 a.m., Luxembourg or Brussels time (as appropriate) on the Actual Exercise Date and which, in the

determination of the Calculation Agent, is "In-the-Money", shall be automatically exercised on the Actual Exercise Date and the provisions of Condition 5(E) shall apply. Any such Warrant shall otherwise expire worthless.

Rule 144A Global Warrants held by a Custodian on behalf of DTC

In the case of Warrants represented by a Rule 144A Global Warrant held by a Custodian on behalf of DTC, 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 5, at or prior to 5.00 p.m., New York City time, on the New York Business Day immediately preceding the Exercise Date (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 5, at or prior to 5.00 p.m., New York City time, on the New York Business Day immediately preceding the Actual Exercise Date and which, in the determination of the Calculation Agent, is "In-the-Money" shall be automatically exercised on the Actual Exercise Date and the provisions of Condition 5(E) shall apply. Any such Warrant shall otherwise expire worthless.

Private Placement Definitive Warrants

In the case of Private Placement Definitive Warrants, if Automatic Exercise is not specified as applying in the applicable Final Terms, any European Style Warrant with respect to which no Exercise Notice, together with the relevant Private Placement Definitive Warrant(s), has been delivered in the manner set out in Condition 5, at or prior to 5.00 p.m., New York City time, on the New York Business Day immediately preceding the Exercise Date (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, together with the relevant Private Placement Definitive Warrant(s), has been delivered in the manner set out in Condition 5, at or prior to 5.00 p.m., New York City time, on the New York Business Day immediately preceding the Actual Exercise Date and which, in the determination of the Calculation Agent, is "In-the-Money", shall be automatically exercised on the Actual Exercise Date and the provisions of Condition 5(E) shall apply. Any such Warrant shall otherwise expire worthless.

(iii) Multiple Exercise Warrants

Multiple Exercise Warrants are only exercisable on each Exercise Date, but subject as provided in Condition 6.

Global Warrants held by a Common Depositary on behalf of Clearstream, Luxembourg and Euroclear

In the case of a Multiple Exercise Warrant represented by a Global Warrant held by a Common Depositary on behalf of Clearstream, Luxembourg and Euroclear:

- (i) if Automatic Exercise is not specified as applying in the applicable Final Terms and no Exercise Notice has been delivered in the manner set out in Condition 5, at or prior to 10.00 a.m., Luxembourg or Brussels time (as appropriate) on an Exercise Date (each an **Actual Exercise Date**), the Issuer shall have no obligations in respect of such Warrant in relation to such Actual Exercise Date; and
- (ii) if Automatic Exercise is specified as applying in the applicable Final Terms and no Exercise Notice has been delivered in the manner set out in Condition 5, at or prior to 10.00 a.m., Luxembourg or Brussels time (as appropriate) on an Actual Exercise Date

and which, in the determination of the Calculation Agent, is "In-the-Money", such Warrant shall be automatically exercised on such Actual Exercise Date and the provisions of Condition 5(E) shall apply. Any such Warrant shall otherwise expire worthless.

Rule 144A Global Warrants held by a Custodian on behalf of DTC

In the case of a Multiple Exercise Warrant represented by a Rule 144A Global Warrant held by a Custodian on behalf of DTC:

- (i) if Automatic Exercise is not specified as applying in the applicable Final Terms and no Exercise Notice has been delivered in the manner set out in Condition 5, at or prior to 5.00 p.m., New York City time, on the New York Business Day immediately preceding an Exercise Date (each an **Actual Exercise Date**), the Issuer shall have no obligations in respect of such Warrant in relation to such Actual Exercise Date; and
- (ii) if Automatic Exercise is specified as applying in the applicable Final Terms and no Exercise Notice has been delivered in the manner set out in Condition 5, at or prior to 5.00 p.m., New York City time, on the New York Business Day immediately preceding an Actual Exercise Date and which, in the determination of the Calculation Agent, is "In-the-Money", such Warrant shall be automatically exercised on such Actual Exercise Date and the provisions of Condition 5(E) shall apply. Any such Warrant shall otherwise expire worthless.

Private Placement Definitive Warrants

In the case of Multiple Exercise Private Placement Definitive Warrants:

- (i) if Automatic Exercise is not specified as applying in the applicable Final Terms and no Exercise Notice, together with the relevant Private Placement Definitive Warrant(s), has been delivered in the manner set out in Condition 5, at or prior to 5.00 p.m., New York City time, on the New York Business Day immediately preceding an Exercise Date (an **Actual Exercise Date**), the Issuer shall have no obligations in respect of such Warrant in relation to such Actual Exercise Date; and
 - (ii) if Automatic Exercise is specified as applying in the applicable Final Terms and no Exercise Notice, together with the relevant Private Placement Definitive Warrant(s), has been delivered in the manner set out in Condition 5, at or prior to 5.00 p.m., New York City time, on the New York Business Day immediately preceding an Actual Exercise Date and which, in the determination of the Calculation Agent, is "In-the-Money", such Warrant shall be automatically exercised on such Actual Exercise Date and the provisions of Condition 5(E) shall apply. Any such Warrant shall otherwise expire worthless.
- (iv) Early Termination

If the applicable Final Terms specifies that Early Termination applies, the Warrants may be terminated early by the Issuer following the occurrence of an Early Termination Event, as further described in Condition 4(B)(iii) and in the applicable Final Terms.

Global Warrants held by a Common Depositary on behalf of Clearstream, Luxembourg and Euroclear

In the case of Warrants represented by a Global Warrant held by a Common Depositary on behalf of Clearstream, Luxembourg and Euroclear, in order to receive the Early Termination Amount on the Early Termination Settlement Date, Warrantholders must deliver a duly

completed Exercise Notice in accordance with the provisions of Condition 5 at or prior to 10.00 a.m., Luxembourg or Brussels time, as appropriate, on the Termination Cut-off Date specified in the applicable Final Terms.

If a duly completed Exercise Notice is received by Clearstream, Luxembourg or Euroclear or the copy thereof is received by the Principal Warrant Agent later than 10.00 a.m. Brussels or Luxembourg time, as appropriate, on the relevant Termination Cut-off Date, then (subject as provided in Condition 5(C)), following receipt of a duly completed Exercise Notice, any relevant Early Termination Amount will be delivered as soon as practicable after the relevant Early Termination Settlement Date, at the risk of such Warrantholder. 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 Warrant Agent, in each case, after 10.00 a.m., Luxembourg or Brussels time (as appropriate), on any Business Day, or on a day which is not a Business Day, such Exercise Notice shall be deemed to have been delivered on the next Business Day.

Rule 144A Global Warrants held by a Custodian on behalf of DTC

In the case of Warrants represented by a Rule 144A Global Warrant held by a Custodian on behalf of DTC, in order to receive the Early Termination Amount on the Early Termination Settlement Date, Warrantholders must deliver a duly completed Exercise Notice in accordance with the provisions of Condition 5, at or prior to 5.00 p.m., New York City time, on the New York Business Day immediately preceding the Termination Cut-off Date specified in the applicable Final Terms.

If a duly completed Exercise Notice is received by the New York Warrant Agent, or if the copy thereof is received by the Principal Warrant Agent later than 5.00 p.m., New York City time, on the New York Business Day immediately preceding the relevant Termination Cut-off Date, then (subject as provided in Condition 5(C)), following receipt of a duly completed Exercise Notice, any relevant Early Termination Amount will be delivered as soon as practicable after the relevant Early Termination Settlement Date, at the risk of such Warrantholder. If the Exercise Notice is received by the New York Warrant Agent, or if the copy thereof is received by the Principal Warrant Agent, in each case, after 5.00 p.m., New York City time, on any New York Business Day, or on a day which is not a New York Business Day, such Exercise Notice shall be deemed to have been delivered on the next New York Business Day.

Private Placement Definitive Warrants

In the case of Private Placement Definitive Warrants, in order to receive the Early Termination Amount on the Early Termination Settlement Date, Warrantholders must deliver a duly completed Exercise Notice, together with the relevant Private Placement Definitive Warrant(s) in accordance with the provisions of Condition 5, at or prior to 5.00 p.m., New York City time, on the New York Business Day immediately preceding the Termination Cut-off Date specified in the applicable Final Terms.

If a duly completed Exercise Notice, together with the relevant Private Placement Definitive Warrant(s), is received by the Definitive Warrant Agent, or if the copy thereof is received by the Principal Warrant Agent later than 5.00 p.m., New York City time, on the New York Business Day immediately preceding the relevant Termination Cut-off Date, then (subject as provided in Condition 5(C)), following receipt of a duly completed Exercise Notice, together with the relevant Private Placement Definitive Warrant(s), any relevant Early Termination Amount will be delivered as soon as practicable after the relevant Early Termination Settlement Date, at the risk of such Warrantholder. If the Exercise Notice, together with the relevant Private Placement Definitive Warrant(s), is received by the Definitive Warrant

Agent, or if the copy thereof is received by the Principal Warrant Agent, in each case, after 5.00 p.m., New York City time, on any New York Business Day, or on a day which is not a New York Business Day, such Exercise Notice, together with the relevant Private Placement Definitive Warrant(s), shall be deemed to have been delivered on the next New York Business Day.

(B) Settlement on exercise and early termination

(i) Cash Settlement on exercise

If the Warrants are Cash Settled Warrants, each such Warrant or, if Units are specified in the applicable Final Terms, each Unit entitles its holder in respect of an Actual Exercise Date, upon due exercise and subject, in the case of Warrants represented by a Regulation S Global Warrant, a Permanent Global Warrant or a Combined Global Warrant (in respect of interests held by persons who are not QIBs), to certification as to non-U.S. beneficial ownership, to receive from the Issuer on the relevant Settlement Date a Cash Settlement Amount calculated by the Calculation Agent (which shall not be less than zero) equal to:

(a) where Averaging is not specified as applying in the applicable Final Terms:

- (I) if such Warrants are Call Warrants and the applicable Final Terms does not specify otherwise,*

(Settlement Price less Exercise Price) multiplied by, in the case of Debt Warrants only, the Nominal Amount;
- (II) if such Warrants are Put Warrants and the applicable Final Terms does not specify otherwise,*

(Exercise Price less Settlement Price) multiplied by, in the case of Debt Warrants only, the Nominal Amount; or
- (III) the Cash Settlement Amount determined pursuant to or as specified in the applicable Final Terms; or*

(b) where Averaging is specified as applying in the applicable Final Terms:

- (I) if such Warrants are Call Warrants and the applicable Final Terms does not specify otherwise,*

(the arithmetic mean of the Settlement Prices for all the Averaging Dates - Exercise Price) multiplied by, in the case of Debt Warrants only, the Nominal Amount;
- (II) if such Warrants are Put Warrants and the applicable Final Terms does not specify otherwise,*

(Exercise Price less the arithmetic mean of the Settlement Prices for all the Averaging Dates) multiplied by, in the case of Debt Warrants only, the Nominal Amount; or
- (III) the Cash Settlement Amount determined pursuant to or 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 that Cash Settlement Amount.

(ii) Physical Settlement on exercise

If the Warrants are Physical Delivery Warrants, each such Warrant or, if Units are specified in the applicable Final Terms, each Unit, as the case may be, entitles its holder in respect of an Actual Exercise Date, upon due exercise and subject, in the case of Warrants represented by a Regulation S Global Warrant, a Permanent Global Warrant or a Combined Global Warrant (in respect of interests held by persons who are not QIBs), to certification as to non-U.S. beneficial ownership, to receive from the Issuer on the relevant Settlement Date the Entitlement subject to payment of the relevant Exercise Price (if applicable), any Exercise Expenses (as set out in Condition 4(C)(iv)) and any other sums payable. The method of delivery of the Entitlement is set out in the applicable Final Terms.

(iii) Early Termination

If an Early Termination Event occurs, each Warrant or, if Units are specified in the applicable Final Terms, each Unit, as the case may be, will entitle its holder, subject in the case of Warrants represented by a Regulation S Global Warrant, a Permanent Global Warrant or a Combined Global Warrant (in respect of interests held by persons who are not QIBs) to certification as to non-U.S. beneficial ownership, to receive from the Issuer on the immediately following Early Termination Settlement Date the relevant Early Termination Amount, less any Exercise Expenses (where the Early Termination Amount is a cash amount) or subject to payment of any Exercise Expenses (where the Early Termination Amount is the Entitlement). Upon payment or delivery, as the case may be, of the Early Termination Amount payable or deliverable, as the case may be, on such Early Termination Settlement Date, the Issuer will have no further obligations in respect of the Warrants.

Where the Early Termination Amount is a cash amount, the Warrants shall be deemed to be Cash Settled Warrants and where the Early Termination amount is the Entitlement, the Warrants shall be deemed to be Physical Delivery Warrants.

The Issuer will as soon as practicable notify the Principal Warrant Agent and the Warrantholders in accordance with Condition 10 of the occurrence of an Early Termination Event. Without limiting the obligation of the Issuer to give notice to the Warrantholders as set forth in the immediately preceding sentence, failure by the Issuer to notify the Warrantholders of the occurrence of an Early Termination Event shall not affect the validity of the occurrence and the effect of the Early Termination Event.

(iv) Cash Settlement and Physical Settlement on exercise or early termination

Where the Warrants are to be settled either (i) by way of cash payment AND by way of physical delivery or (ii) by way of cash payment or physical delivery, at the option of the Issuer or the Warrantholder, references herein to "Cash Settled Warrants" shall apply to the Warrants where settlement is to be by payment of a cash amount and references in the Conditions to "Physical Delivery Warrants" shall also apply to the Warrants where the Entitlement becomes deliverable and *vice versa*.

(C) *Settlement procedures*

(i) Cash Payments

Each cash amount payable in respect of the Warrants 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 upwards, with (a) Warrants exercised at the same time by the same Warrantholder in respect of the same Actual Exercise Date and (b) Warrants held by the same Warrantholder on

termination following the occurrence of an Early Termination Event being aggregated for the purpose of determining the aggregate cash amounts payable in respect of such Warrants or Units, as the case may be, and such Actual Exercise Date or Early Termination Settlement Date, as the case may be.

Subject as provided herein, on each date on which a cash amount falls to be paid in respect of any Warrant, the Issuer shall, on the relevant date, pay or cause to be paid the aggregate cash amounts due on such date to Clearstream, Luxembourg or Euroclear for the account of the relevant Warrantholder specified in the relevant Exercise Notice.

Any such payment shall be made in accordance with the rules of Clearstream, Luxembourg or Euroclear, as the case may be. The Issuer will be discharged by payment to, or to the order of, Clearstream, Luxembourg or Euroclear, as the case may be, in respect of the amount so paid. 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 the Warrants must look solely to Clearstream, Luxembourg or Euroclear, as the case may be, for his share of each such payment so made by the Issuer to, or to the order of Clearstream, Luxembourg or Euroclear, as the case may be.

All payments will be subject, in all cases, to any fiscal or other laws and regulations applicable thereto in the place of payment and subject to the provisions of Condition 11.

(ii) Physical Delivery

Subject as provided below, Physical Delivery Warrants or Units, as the case may be, which are either (i) exercised at the same time by the same Warrantholder or (ii) held by the same Warrantholder at the time of early termination following the occurrence of an Early Termination Event will be aggregated for the purpose of determining the aggregate Entitlements in respect of such Warrants or Units, as the case may be, and such Actual Exercise Date or Early Termination Event, as the case may be, PROVIDED THAT the aggregate Entitlements in respect of the same Warrantholder and the same Actual Exercise Date or Early Termination Event, as the case may be, will be rounded down to the nearest whole unit of the Relevant Asset or each of the Relevant Assets, as the case may be (or, if applicable, of the Substitute Asset or of each of the Substitute Assets, as the case may be), in such manner as the Calculation Agent shall determine.

If the applicable Final Terms specifies that aggregation of Entitlements does not apply, the Entitlement in respect of each Warrant will be rounded up or down (as specified in the applicable Final Terms) to the nearest whole unit of the Relevant Asset or each of the Relevant Assets, as the case may be (or, if applicable, of the Substitute Asset or of each of the Substitute Assets, as the case may be), in such manner as the Calculation Agent shall determine.

Therefore, fractions (the **Fractional Entitlement**) of the Relevant Asset or of each of the Relevant Assets, as the case may be (or, if applicable, of the Substitute Asset or of each of the Substitute Assets, as the case may be), will not be delivered and no cash or other adjustment will be made in respect thereof unless "Cash Adjustment" is specified as applicable in the applicable Final Terms. If "Cash Adjustment" is specified as applicable in the applicable Final Terms, the Issuer shall pay to the relevant Warrantholder a cash amount in the Settlement Currency (to be paid at the same time as delivery of the Entitlement) equal to the Value (as determined by the Calculation Agent) of such Fractional Entitlement, calculated as specified in the applicable Final Terms.

Subject as provided herein and subject to payment of the aggregate Exercise Prices (if applicable) and payment of any Exercise Expenses with regard to the relevant Warrants or

Units, as the case may be, the Issuer shall, on the relevant Settlement Date or Early Termination Settlement Date, as the case may be, deliver, or procure the delivery of, the Entitlement for each duly exercised or terminated Warrant or Unit, as the case may be, pursuant to the details specified in the applicable Exercise Notice. Subject as provided in this Condition 4(C) and Condition 4(D), the Entitlement shall be delivered in such manner as set out in the applicable Final Terms.

Following exercise of a Share Warrant which is a Physical Delivery Warrant or following the occurrence of an Early Termination Event in respect of a Share Warrant where the Early Termination Amount is the Entitlement, all dividends on the relevant Shares to be delivered will be payable to the party that would receive such dividend according to market practice for a sale of the Shares executed on the relevant Actual Exercise Date or on the date of the occurrence of the Early Termination Event, as the case may be, and to be delivered in the same manner as such relevant Shares. 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 5(A)(1)(viii).

All deliveries will be subject, in all cases, to any fiscal or other laws and regulations applicable thereto in the place of delivery and subject to the provisions of Condition 11.

(iii) Settlement Disruption

If, following the exercise of Physical Delivery Warrants in respect of an Actual Exercise Date or following the occurrence of an Early Termination Event where the Early Termination Amount is the Entitlement, in the opinion of the Calculation Agent, delivery of the relevant Entitlement 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 or Early Termination Settlement Date, as the case may be, then such Settlement Date or Early Termination Settlement Date, as the case may be, 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 to satisfy its obligations in respect of the relevant Warrant or Unit, as the case may be, and such Actual Exercise Date or Early Termination Event, as the case may be, by delivering the relevant Entitlement using such other commercially reasonable manner as it may select, and in such event, the relevant Settlement Date or Early Termination Settlement Date, as the case may be, shall be such day as the Issuer deems appropriate in connection with delivery of the Entitlement in respect of such Actual Exercise Date or Early Termination Event, as the case may be, 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 (or, if applicable, Substitute Assets) comprising the Entitlement, the relevant Settlement Date or Early Termination Settlement Date, as the case may be, for the Relevant Assets (or, if applicable, Substitute Assets) not affected by the Settlement Disruption Event will be that originally designated Settlement Date or Early Termination Settlement Date, as the case may be. In the event that a Settlement Disruption Event will result in the delivery on the relevant Settlement Date or Early Termination Settlement Date, as the case may be, of some but not all of the Relevant Assets (or, if applicable, Substitute Assets) comprising the Entitlement, the Calculation Agent shall, if applicable, determine the appropriate *pro rata* portion of the Exercise Price to be paid by the relevant Warrantholder in respect of that partial settlement.

In respect of Warrants other than Gilt Warrants, for so long as delivery of the Entitlement in respect of an Actual Exercise Date or Early Termination Event, as the case may be, 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 to satisfy its obligations in respect of the relevant Warrant or Unit, as the case may be, and such Actual Exercise Date or

Early Termination Event, as the case may be, by payment to the relevant Warrantholder of the Disruption Cash Settlement Price (as defined below) not later than the third Business Day following the date that notice of such election is given to the Warrantholders in accordance with Condition 10. Payment of the Disruption Cash Settlement Price will be made in such manner and subject to such conditions as shall be notified to the Warrantholders in accordance with Condition 10.

In respect of Gilt Warrants, for so long as delivery of the Entitlement in respect of an Actual Exercise Date or Early Termination Event, as the case may be, is not practicable by reason of a Settlement Disruption Event, then the Issuer may elect to substitute the Gilts comprising the Entitlement as provided in Condition 15(J).

The Calculation Agent shall give notice as soon as practicable to the Warrantholders in accordance with Condition 10 that a Settlement Disruption Event has occurred.

If the Entitlement is delivered later than the date on which delivery would otherwise have taken place as provided above, until delivery of the Entitlement is made to the Warrantholder, the Issuer or any person on behalf thereof shall continue to be the legal owner of the assets comprising the Entitlement. None of the Issuer, any Affiliate of the Issuer and any other person shall (i) be under any obligation to deliver or procure delivery to such Warrantholder or any subsequent transferee any letter, certificate, notice, circular or any other document or payment whatsoever received by that person in its capacity as the holder of such assets, (ii) be under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to such assets until the date of delivery or (iii) be under any liability to such Warrantholder or any subsequent transferee in respect of any loss or damage which such Warrantholder or subsequent transferee may sustain or suffer as a result, whether directly or indirectly, of that person being the legal owner of such assets until the date of delivery.

No Warrantholder shall be entitled to any payment in respect of the relevant Warrant or Unit, as the case may be, in the event of any delay in the delivery of the Entitlement due to the occurrence of a Settlement Disruption Event and no liability in respect thereof shall attach to the Issuer.

For the purposes hereof:

Disruption Cash Settlement Price in respect of any relevant Warrant or Unit, as the case may be, shall be the fair market value of the Entitlement (or, in the case of a Multiple Exercise Warrant, the Entitlement in relation to the relevant Actual Exercise Date) on a day selected by the Issuer (taking into account, where the Settlement Disruption Event affected some but not all of the Relevant Assets (or, if applicable, Substitute Assets) comprising the Entitlement and such non-affected Relevant Assets (or, if applicable, Substitute Assets) have been duly delivered as provided above, the value of such Relevant Assets (or, if applicable, Substitute Assets)), less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, but taking into account, if already paid and if applicable, the Exercise Price (or, where as provided above some Relevant Assets (or, if applicable, Substitute Assets) have been delivered, and a *pro rata* portion thereof has been paid, such *pro rata* portion), all as determined by the Calculation Agent; and

Settlement Disruption Event means, in the opinion of the Calculation Agent, an event beyond the control of the Issuer as a result of which the Issuer cannot make delivery of the Relevant Asset(s) (or, if applicable, Substitute Asset(s)) using the method specified in the applicable Final Terms.

- (iv) Any Exercise Expenses in respect of Physical Delivery Warrants shall be borne by the relevant Warrantholder and shall either be:
- (a) paid to the Issuer by such Warrantholder prior to the delivery of the Entitlement (and, for the avoidance of doubt, the Issuer shall not be required to deliver any Entitlement to such Warrantholder until it has received such payment); or
 - (b) be deducted by the Issuer from any cash amount owing to such Warrantholder and paid by the Issuer on behalf of the Warrantholder or paid by the Issuer on behalf of such Warrantholder by converting such amount of the Entitlement as necessary to pay the Exercise Expenses,

as specified by the Warrantholder in the relevant Exercise Notice.

If any Exercise Expenses are not paid by a Warrantholder pursuant to the above, the relevant Warrantholder shall be deemed to authorise the Issuer to convert and the Issuer may convert such amount of the Entitlement into cash sufficient to cover the Exercise Expenses in respect of the relevant Warrant from which the Issuer shall deduct such Exercise Expenses. The Issuer's obligation in respect of each Warrant will be satisfied in relation to the relevant Settlement Date or Early Termination Settlement Date, as the case may be, by delivery of the remaining Entitlement in respect of such Warrant and, if applicable, payment of a cash amount in respect of any Fractional Entitlement.

(D) Failure to Deliver due to Illiquidity

If, in relation to Physical Delivery Warrants which are Index Warrants or Share Warrants, "Failure to Deliver" is specified as applying in the applicable Final Terms and, following the exercise of such Warrants on an Actual Exercise Date or the termination of such Warrants following an Early Termination Event, it is impossible or impracticable, in the opinion of the Calculation Agent, to deliver, when due, some or all of the Relevant Assets or Substitute Assets, as the case may be, (the **Affected Relevant Assets**) comprising the Entitlement relating to such Actual Exercise Date or Early Termination Event, as the case may be, where such failure to deliver is due to illiquidity in the market for the Relevant Assets or Substitute Assets, as the case may be, (a **Failure to Deliver**), then:

- (a) subject as provided elsewhere in these Conditions, any Relevant Assets or Substitute Assets, as the case may be, which are not Affected Relevant Assets, will be delivered on the originally designated Settlement Date or Early Termination Settlement Date, as the case may be, in accordance with Condition 4(B)(ii) or Condition 4(B)(iii), as the case may be, and, if applicable, 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 to satisfy its obligations in respect of the relevant Warrant or Unit, as the case may be, and such Actual Exercise Date or Early Termination Event, as the case may be, by payment to the relevant Warrantholder of the Failure to Deliver Settlement Price (as defined below) on the fifth Business Day following the date that notice of such election is given to the Warrantholders in accordance with Condition 10. Payment of the Failure to Deliver Settlement Price will be made in such manner and subject to such conditions as shall be notified to the Warrantholders in accordance with Condition 10. The Calculation Agent shall give notice as soon as practicable to the Warrantholders in accordance with Condition 10 that the provisions of this Condition 4(D) apply. If the Issuer does not so elect, the provisions of Condition 4(C)(ii) shall apply.

For the purposes hereof:

Failure to Deliver Settlement Price in respect of any relevant Warrant or Unit, as the case may be, shall be the fair market value of the Affected Relevant Assets (or, in the case of a Multiple Exercise Warrant, the Affected Relevant Assets in relation to the relevant Actual Exercise Date) on a day selected by the Issuer, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, but taking into account, if already paid and if applicable, the Exercise Price(s) in respect of the Affected Relevant Assets, all as determined by the Calculation Agent.

(E) *Variation of Settlement*

In relation only to any issue of Warrants represented by a Permanent Global Warrant, if the applicable Final Terms specify that the Issuer has an option to vary settlement in respect of the Warrants, following any valid exercise of Warrants in accordance with these Conditions, the Issuer may in respect of each such Warrant or, if Units are specified in the applicable Final Terms, each Unit and any Actual Exercise Date, elect in relation to such Actual Exercise Date not to pay the relevant Warrantheolders the Cash Settlement Amount or not to deliver or procure delivery of the Entitlement in respect of such Actual Exercise Date to the relevant Warrantheolders, as the case may be, but, *in lieu* thereof, to deliver or procure delivery of the relevant Entitlement or make payment of the relevant Cash Settlement Amount on the relevant Settlement Date to the relevant Warrantheolders, as the case may be. Notification of any such election will be given to Warrantheolders no later than 10.00 a.m. (London time) on the second Business Day following the relevant Actual Exercise Date.

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

In relation to Warrants other than Gilt Warrants, if the Warrants are Private Placement Definitive Warrants or Warrants represented by a Rule 144A Global Warrant, a Regulation S Global Warrant or a Combined Global Warrant, following a valid exercise of such Warrants on an Actual Exercise Date or an early termination of such Warrants following an Early Termination Event in accordance with these Conditions, the Issuer may, in respect of such Warrants, if the Calculation Agent determines that the Entitlement (or part thereof) comprises securities which are not freely tradeable, elect in relation to such Actual Exercise Date or Early Termination Event, as the case may be, either (i) to substitute for the Entitlement (or part thereof) an equivalent value (as determined by the Calculation Agent) of such other securities which the Calculation Agent determines are freely tradeable (the **Substitute Asset** or the **Substitute Assets**, as the case may be) or (ii) not to deliver or procure the delivery of the Entitlement (or part thereof) or the Substitute Asset or Substitute Assets, as the case may be, relating to such Actual Exercise Date or Early Termination Event, as the case may be, to the relevant Warrantheolders, but *in lieu* thereof to make payment to the relevant Warrantheolders on the relevant Settlement Date or Early Termination Settlement Date, as the case may be, of an amount equal to the fair market value of such Entitlement (or part thereof) as determined by the Calculation Agent at such time and by reference to such sources as it deems appropriate (the **Alternate Cash Amount**). Notification of any such election will be given to Warrantheolders no later than 10:00 a.m. (New York time) on the second Business Day following the relevant Actual Exercise Date or Early Termination Settlement Date, as the case may be.

For purposes hereof, a **freely tradeable share** shall mean (i) in relation to the United States, a security which is registered under the Securities Act or not restricted under the Securities Act and which is not purchased from the issuer of such security and not purchased from an affiliate of the issuer of such security or which otherwise meets the requirements of a freely tradeable security for purposes of the Securities Act, in each case, as determined by the

Calculation Agent or (ii) in relation to any other jurisdiction, a security not subject to any legal restrictions on transfer in such jurisdictions.

(G) 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. In relation to Multiple Exercise Warrants, the expressions "exercise", "due exercise" and related expressions shall be construed to apply to such Warrants in relation to each Actual Exercise Date.

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

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 PROVIDED THAT, in relation to Share Warrants, Depositary Receipt Warrants, ETF Warrants or Mutual Fund Warrants where the applicable Final Terms specifies that Payments of Dividends is applicable, payments calculated by reference to an amount of any dividends, distributions or other payments paid by the relevant Share Company or Basket Company, Depositary or Basket Depositary, Fund or Basket Fund or Mutual Fund or Basket Mutual Fund, as the case may be, in respect of Shares, Depositary Receipts, ETF Shares or Fund Interests, as the case may be, comprising the Underlying Asset(s) may be paid by the Issuer to the Warrantholders, as further described in the applicable Final Terms.

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

5. Exercise and termination procedure

(A) Exercise Notice

In respect of Warrants represented by a Regulation S Global Warrant, a Permanent Global Warrant, a Rule 144A Global Warrant or a Combined Global Warrant held by a Common Depositary on behalf of Clearstream, Luxembourg and Euroclear, (i) subject as provided in Condition 5(E), such Warrants may only be exercised by and/or (ii) a Warrantholder holding such Warrants may only receive any Early Termination Amounts in respect of such Warrants following, the delivery, or the sending by tested telex (confirmed in writing), of a duly completed exercise notice (an **Exercise Notice**) in the form set out in the Warrant Agreement (copies of which form may be obtained from Clearstream, Luxembourg, Euroclear and the Warrant Agents during normal office hours) to Clearstream, Luxembourg or Euroclear, as the case may be, with a copy to the Principal Warrant Agent in accordance with the provisions set out in Condition 4 and this Condition.

In respect of Warrants represented by a Rule 144A Global Warrant held by a Custodian on behalf of DTC, (i) subject as provided in Condition 5(E), such Warrants may only be exercised by and/or (ii) a Warrantholder holding such Warrants may only receive any Early Termination Amounts in respect of such Warrants following, the delivery through computerised exercise instruction through DTC (via its **Deposit and Withdrawal at Custodian**, or **DWAC**, function) of a duly completed Exercise Notice in the form set out in the Warrant Agreement (copies of which form may be obtained from the Warrant Agents) to

the New York Warrant Agent with a copy to the Principal Warrant Agent, in accordance with the provisions set out in Condition 4 and this Condition.

In respect of Private Placement Definitive Warrants, (i) subject as provided in Condition 5(E), such Warrants may only be exercised by and/or (ii) a Warrantholder holding such Warrants may only receive any Early Termination Amounts in respect of such Warrants following, the delivery of a duly completed Exercise Notice in the form set out in the Warrant Agreement (copies of which form may be obtained from the Warrant Agents) together with the relevant Private Placement Definitive Warrants to the Definitive Warrant Agent with a copy of the Exercise Notice to the Principal Warrant Agent, in accordance with the provisions set out in Condition 4 and this Condition.

(1) The Exercise Notice shall:

- (i) specify the Series number of the Warrants and the number of Warrants the subject of the Exercise Notice and, if Units are specified in the applicable Final Terms, the number of Units the subject of the Exercise Notice;
- (ii) (A) in the case of Warrants represented by a Regulation S Global Warrant, a Permanent Global Warrant, a Rule 144A Global Warrant or a Combined Global Warrant held by a Common Depositary on behalf of Clearstream, Luxembourg and Euroclear, specify the number of the Warrantholder's account at Clearstream, Luxembourg or Euroclear, as the case may be, to be debited (in the case of Multiple Exercise Warrants, on the final Settlement Date only) with the Warrants or Units, as the case may be, the subject of the Exercise Notice or (B) in the case of Warrants represented by a Rule 144A Global Warrant held by a Custodian on behalf of DTC, specify the designated account at DTC to be debited (in the case of Multiple Exercise Warrants, on the final Settlement Date only) with the Warrants or Units, as the case may be, the subject of the Exercise Notice;
- (iii) (A) in the case of Warrants represented by a Regulation S Global Warrant, a Permanent Global Warrant, a Rule 144A Global Warrant or a Combined Global Warrant held by a Common Depositary on behalf of Clearstream, Luxembourg and Euroclear, irrevocably instruct Clearstream, Luxembourg or Euroclear, as the case may be, to debit on or before the Settlement Date (in the case of Multiple Exercise Warrants, on the final Settlement Date only) or, the Early Termination Settlement Date, as the case may be, the Warrantholder's account with the Warrants or Units, as the case may be, the subject of the Exercise Notice or (B) in the case of Warrants represented by a Rule 144A Global Warrant held by a Custodian on behalf of DTC, in respect of an Actual Exercise Date only, irrevocably instruct the New York Warrant Agent to exercise the Warrants or Units, as the case may be, debited (in the case of Multiple Exercise Warrants, on the final Settlement Date only) to the account of the Warrantholder and credited to the account of the New York Warrant Agent by means of DTC's DWAC function;
- (iv) in the case of Cash Settled Warrants, (A) in the case of Warrants represented by a Regulation S Global Warrant, a Permanent Global Warrant, a Rule 144A Global Warrant or a Combined Global Warrant held by a Common Depositary on behalf of Clearstream, Luxembourg and Euroclear, specify the number of the Warrantholder's account at Clearstream, Luxembourg or Euroclear, as the case may be, to be credited with the relevant Cash Settlement Amount or Early Termination Amount, as the case may be, (if any) for each Warrant or Unit, as the case may be, the subject of the Exercise Notice, (B) in the case of Warrants represented by a Rule 144A Global Warrant held by a Custodian on behalf of DTC, specify the details of the account to

be credited with the relevant Cash Settlement Amount or Early Termination Amount, as the case may be, (if any) for each Warrant or Unit, as the case may be, the subject of the Exercise Notice, or (C) in the case of Private Placement Definitive Warrants, specify the details of the account to be credited with the relevant Cash Settlement Amount or Early Termination Amount, as the case may be, (if any) for each Warrant or Unit, as the case may be, the subject of the Exercise Notice;

- (v) in the case of Cash Settled Warrants, include an undertaking to pay all Exercise Expenses and (A) in the case of Warrants represented by a Regulation S Global Warrant, a Permanent Global Warrant, a Rule 144A Global Warrant or a Combined Global Warrant held by a Common Depositary on behalf of Clearstream, Luxembourg and Euroclear, an authority to Clearstream, Luxembourg or Euroclear, as the case may be, to deduct an amount in respect thereof from any Cash Settlement Amount or Early Termination Amount, as the case may be, due to such Warrantholder in respect of such Actual Exercise Date or Early Termination Event, as the case may be, and/or to debit a specified account of the Warrantholder at Clearstream, Luxembourg or Euroclear, as the case may be, in respect thereof and to pay such Exercise Expenses, (B) in the case of Warrants represented by a Rule 144A Global Warrant held by a Custodian on behalf of DTC, an authority to the New York Warrant Agent to deduct an amount in respect thereof from any Cash Settlement Amount or Early Termination Amount, as the case may be, due to such Warrantholder in respect of such Actual Exercise Date or Early Termination Event, as the case may be, and to pay such Exercise Expenses and/or to debit a specified account of the Warrantholder in respect thereof and to pay such Exercise Expenses, or (C) in the case of Private Placement Definitive Warrants, an authority to the Definitive Warrant Agent to deduct an amount in respect thereof from any Cash Settlement Amount or Early Termination Amount, as the case may be, due to such Warrantholder in respect of such Actual Exercise Date or Early Termination Event, as the case may be, and/or to debit a specified account of the Warrantholder in respect thereof and to pay such Exercise Expenses;
- (vi) in the case of Physical Delivery Warrants, (A) in the case of Warrants represented by a Regulation S Global Warrant or a Permanent Global Warrant, a Rule 144A Global Warrant or a Combined Global Warrant held by a Common Depositary on behalf of Clearstream, Luxembourg and Euroclear, irrevocably instruct Clearstream, Luxembourg or Euroclear, as the case may be, to debit on the relevant Actual Exercise Date or prior to the Early Termination Settlement Date, as the case may be, a specified account of the Warrantholder with Clearstream, Luxembourg or Euroclear, as the case may be, with the aggregate Exercise Prices (if applicable) in respect of such Warrants or Units, as the case may be, in respect of such Actual Exercise Date or the Early Termination Settlement Date, as the case may be, (together with any other amounts payable), (B) in the case of Warrants represented by a Rule 144A Global Warrant held by a Custodian on behalf of DTC, contain an undertaking to pay the Issuer the aggregate Exercise Prices (if applicable) in respect of such Warrants or Units, as the case may be, in respect of such Actual Exercise Date or the Early Termination Settlement Date, as the case may be, (together with any other amounts payable), to the account of the New York Warrant Agent on the relevant Actual Exercise Date or prior to the Early Termination Settlement Date, as the case may be, or (C) in the case of Private Placement Definitive Warrants, contain an undertaking to pay the Issuer the aggregate Exercise Prices (if applicable) in respect of such Warrants, or Units, as the case may be, in respect of such Actual Exercise Date or the Early Termination Settlement Date, as the case may be, (together with any other amount payable), to the account of the Definitive Warrant Agent on the

relevant Actual Exercise Date or prior to the Early Termination Settlement Date, as the case may be;

- (vii) in the case of Physical Delivery Warrants, include an undertaking to pay all Exercise Expenses and a confirmation that the delivery of any Entitlement is subject, *inter alia*, as provided in Condition 4(C)(iv), and either (I) (A) in the case of Warrants represented by a Regulation S Global Warrant, a Permanent Global Warrant, a Rule 144A Global Warrant or a Combined Global Warrant held by a Common Depositary on behalf of Clearstream, Luxembourg and Euroclear, an authority to Clearstream, Luxembourg or Euroclear to debit a specified account of the Warrantholder at Clearstream, Luxembourg or Euroclear, as the case may be, in respect thereof and to pay such Exercise Expenses, (B) in the case of Warrants represented by a Rule 144A Global Warrant held by a Custodian on behalf of DTC, an authority to the New York Warrant Agent to debit a specified account of the Warrantholder in respect thereof and to pay such Exercise Expenses, or (C) in the case of Private Placement Definitive Warrants, an authority to the Definitive Warrant Agent to debit a specified account of the Warrantholder in respect thereof and to pay such Exercise Expenses or (II) an authority to the Issuer either to deduct from any cash amount owing to the Warrantholder an amount sufficient to pay such Exercise Expenses and to pay on behalf of the Warrantholder such Exercise Expenses or to convert such amount of the Entitlement due to be delivered to such Warrantholder as is necessary to pay such Exercise Expenses and to pay on behalf of the Warrantholder such Exercise Expenses, as referred to in Condition 4(C)(iv) above;
- (viii) in the case of Physical Delivery Warrants, include such details as are required by the applicable Final Terms for delivery of the relevant Entitlement which may include account details and/or the name and address of any person(s) into whose name evidence of such Entitlement is to be registered and/or any bank, broker or agent to whom documents evidencing such Entitlement are to be delivered and (A) in the case of Warrants represented by a Regulation S Global Warrant, a Permanent Global Warrant, a Rule 144A Global Warrant or a Combined Global Warrant held by a Common Depositary on behalf of Clearstream, Luxembourg and Euroclear, specify the name and the number of the Warrantholder's account with Clearstream, Luxembourg or Euroclear, as the case may be, to be credited with any cash payable by the Issuer, either in respect of any cash amount constituting such Entitlement or the Fractional Entitlement (if applicable) or any dividends relating to such Entitlement 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 or as a result of the Issuer electing to pay the Alternate Cash Amount in respect of such Actual Exercise Date or Early Termination Event, as the case may be, (B) in the case of Warrants represented by a Rule 144A Global Warrant held by a Custodian on behalf of DTC, specify the details of the account to be credited with any cash payable by the Issuer, either in respect of any cash amount constituting such Entitlement or the Fractional Entitlement (if applicable) or any dividends relating to such Entitlement 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 or as a result of the Issuer electing to pay the Alternate Cash Amount in respect of such Actual Exercise Date or Early Termination Event, as the case may be, or (C) in the case of Private Placement Definitive Warrants, specify the details of the account to be credited with any cash payable by the Issuer, either in respect of any cash amount constituting such Entitlement or the Fractional Entitlement (if

applicable) or any dividends relating to such Entitlement 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 or as a result of the Issuer electing to pay the Alternate Cash Amount in respect of such Actual Exercise Date or Early Termination Event, as the case may be;

- (ix) in the case of Physical Delivery Warrants which are Currency Warrants only, specify the number of the Warrantholder's account at Clearstream, Luxembourg or Euroclear, as the case may be, to be credited with the amount due upon exercise or termination of the Warrants or Units, as the case may be, in respect of such Actual Exercise Date or Early Termination Event, as the case may be;
- (x) certify, in the case of Warrants represented by a Regulation S Global Warrant, a Permanent Global Warrant or a Combined Global Warrant (in respect of interests held by persons other than QIBs) that the beneficial owner of each Warrant or Unit, as the case may be, the subject of the Exercise Notice is not a U.S. person (as defined in the Exercise Notice) and, where appropriate, undertake to provide such various forms of certification in respect of selling restrictions under the securities, commodities and other laws of the United States of America as indicated and set out in the applicable Final Terms; and
- (xi) authorise the production of such certification in any applicable administrative or legal proceedings,

all as provided in the Warrant Agreement.

- (2) If Condition 4(E) applies, the form of Exercise Notice required to be delivered will be different from that set out above. Copies of such Exercise Notice may be obtained from Clearstream, Luxembourg, Euroclear and the Warrant Agents during normal office hours.

(B) Verification of the Warrantholder

In the case of Warrants represented by a Regulation S Global Warrant, a Permanent Global Warrant, a Rule 144A Global Warrant or a Combined Global Warrant held by a Common Depositary on behalf of Clearstream, Luxembourg and Euroclear, upon receipt of an Exercise Notice, Clearstream, Luxembourg or Euroclear, as the case may be, shall verify that the person specified therein as the accountholder is the Warrantholder of the Warrants referred to 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 Warrant Agent the Series number and the number of Warrants the subject of the Exercise Notice and the account details, if applicable, for the payment of any cash amounts payable in respect of the Warrants or, as the case may be, the details for the delivery of the Entitlement in respect of each Warrant or Unit, as the case may be, the subject of the Exercise Notice. Upon receipt of such confirmation, the Principal Warrant Agent will inform the Issuer thereof. Clearstream, Luxembourg or Euroclear, as the case may be, will on or before the Settlement Date (or in the case of Multiple Exercise Warrants, the final Settlement Date) or the Early Termination Date, as the case may be, debit the account of the relevant Warrantholder with the Warrants the subject of the Exercise Notice.

If the Warrants are American Style Warrants, upon exercise of less than all the Warrants constituted by the Regulation S Global Warrant, the Permanent Global Warrant, a Rule 144A Global Warrant or the Combined Global Warrant held by a Common Depositary on behalf of Clearstream, Luxembourg and Euroclear, as the case may be, the Common Depositary will,

on the instructions of, and on behalf, of the Principal Warrant Agent, note such exercise on the Schedule to such Regulation S Global Warrant, such Permanent Global Warrant, such Rule 144A Global Warrant or such Combined Global Warrant held by a Common Depositary on behalf of Clearstream, Luxembourg and Euroclear, as the case may be, and the number of Warrants so constituted shall be reduced by the cancellation *pro tanto* of the Warrants so exercised.

In the case of Warrants represented by a Rule 144A Global Warrant held by a Custodian on behalf of DTC, upon receipt of an Exercise Notice, the New York Warrant Agent shall verify that the person specified therein as the accountholder is the Warrantholder of the Warrants referred to therein according to the records of DTC. Subject thereto, the New York Warrant Agent shall notify the Issuer of the number of Warrants the subject of the Exercise Notice and the account details, if applicable, for the payment of any cash amounts payable in respect of the Warrants or, as the case may be, the details for delivery of the relevant Entitlement in relation to each Warrant the subject of the Exercise Notice.

If the Warrants are American Style Warrants, upon exercise of less than all the Warrants constituted by the Rule 144A Global Warrant held by a Custodian on behalf of DTC, the New York Warrant Agent will note such exercise on the Schedule to such Rule 144A Global Warrant and the number of Warrants so constituted shall be reduced by the cancellation *pro tanto* of the Warrants so exercised.

In the case of Private Placement Definitive Warrants, upon receipt of an Exercise Notice, the Definitive Warrant Agent shall verify that the person specified therein as the accountholder is the Warrantholder of the Warrants referred to therein according to the Register. Subject thereto, the Definitive Warrant Agent shall notify the Issuer of the number of Warrants the subject of the Exercise Notice and the account details, if applicable, for the payment of any cash amounts payable in respect of the Warrants or, as the case may be, the details for delivery of the relevant Entitlement of each Warrant the subject of the Exercise Notice.

(C) *Determinations*

Any determination as to whether an Exercise Notice is duly completed and in proper form shall be made by, in the case of Warrants represented by a Regulation S Global Warrant, a Permanent Global Warrant, a Rule 144A Global Warrant or a Combined Global Warrant held by a Common Depositary on behalf of Clearstream, Luxembourg and Euroclear, Clearstream, Luxembourg or Euroclear, as the case may be, or, in the case of Private Placement Definitive Warrants, the Definitive Warrant Agent or, in the case of Warrants represented by a Rule 144A Global Warrant held by a Custodian on behalf of DTC, the New York Warrant Agent, in each case, in consultation with the Principal Warrant Agent, and shall be conclusive and binding on the Issuer, the 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 Warrant Agent immediately after being delivered or sent to Clearstream, Luxembourg or Euroclear, the New York Warrant Agent or the Definitive Warrant Agent, as the case may be, 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, the New York Warrant Agent or the Definitive Warrant Agent, as the case may be, in consultation with the Principal Warrant Agent, it shall be deemed to be a new Exercise Notice submitted at the time such correction was delivered to Clearstream, Luxembourg, Euroclear, the New York Warrant Agent or the Definitive Warrant Agent, as the case may be, and copied to the Principal Warrant Agent.

In respect of an Actual Exercise Date, if Automatic Exercise is not specified as applying in the applicable Final Terms, any Warrant (other than a Multiple Exercise 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 4(A)(i), in the case of American Style Warrants, or Condition 4(A)(ii), in the case of European Style Warrants, shall become void. In the case of a Multiple Exercise Warrant and an Actual Exercise Date, if Automatic Exercise is not specified as applying in the applicable Final Terms and no Exercise Notice has been duly completed in the manner set out above by the cut-off time specified in Condition 4(A)(iii), the Issuer shall have no obligation in respect of such Warrant in relation to such Actual Exercise Date.

If an Early Termination Event occurs, if (a) any Warrantholder fails to deliver an Exercise Notice (together with (in the case of Private Placement Definitive Warrants) the relevant Private Placement Definitive Warrant(s)), in the manner set out herein or fails to send a copy to the Principal Warrant Agent as set out herein on or prior to the day that is 180 calendar days after the Termination Cut-off Date or (b) either an Exercise Notice is received by Clearstream, Luxembourg or Euroclear (in the case of Warrants represented by a Global Warrant held by a Common Depositary on behalf of Clearstream, Luxembourg and Euroclear), the New York Warrant Agent (in the case of Warrants represented by a Rule 144A Global Warrant held by a Custodian on behalf of DTC) or the Definitive Warrant Agent (in the case of Private Placement Definitive Warrants) or the copy thereof is received by the Principal Warrant Agent, in each case, on any day falling after the day that is 180 calendar days after the relevant Termination Cut-off Date, the Issuer shall be discharged from its obligations in respect of such Warrant in relation to such Early Termination Event and the relevant Early Termination Amount and shall have no further obligation or liability whatsoever in respect thereof.

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 Warrant Agents, Clearstream, Luxembourg, Euroclear and DTC 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 in respect of an Actual Exercise Date shall constitute an irrevocable election by the relevant Warrantholder to exercise the Warrants specified on such Actual Exercise Date.

After the delivery of an Exercise Notice (other than in relation to a Multiple Exercise Warrant), the relevant Warrantholder may not transfer the Warrants the subject of such Exercise Notice.

After the delivery of an Exercise Notice in respect of a Multiple Exercise Warrant in relation to an Actual Exercise Date (other than the final Actual Exercise Date) such exercising Warrantholder may not transfer such Warrant until after the Settlement Date in respect of such Actual Exercise Date. After delivery of an Exercise Notice in respect of a Multiple Exercise Warrant in relation to the final Actual Exercise Date, such exercising Warrantholder may not transfer such Warrants.

(E) *Automatic Exercise*

This paragraph only applies if Automatic Exercise is specified as applying in the applicable Final Terms and Warrants are automatically exercised as provided in Condition 4(A)(i), Condition 4(A)(ii) or Condition 4(A)(iii).

In order to receive the relevant Cash Settlement Amount, if the Warrants are Cash Settled Warrants, or the relevant Entitlement, if the Warrants are Physical Delivery Warrants, in respect of a Warrant, or if Units are specified in the applicable Final Terms, a Unit, as the case may be, and an Actual Exercise Date the relevant Warrantholder must: (A) in the case of Warrants represented by a Global Warrant held by a Common Depositary on behalf of Clearstream, Luxembourg and Euroclear, deliver or send by tested telex (confirmed in writing) a duly completed Exercise Notice to Clearstream, Luxembourg or Euroclear, as the case may be, with a copy to the Principal Warrant Agent on any Business Day until not later than 10.00 a.m., Brussels or Luxembourg time (as appropriate), 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, or (iii) such Actual Exercise Date in the case of Multiple Exercise Warrants or (B) (i) in the case of Warrants represented by a Rule 144A Global Warrant held by a Custodian on behalf of DTC, deliver through computerised exercise instruction through DTC (via its "DWAC" function) a duly completed Exercise Notice to the New York Warrant Agent with a copy to the Principal Warrant Agent or (ii) in the case of Private Placement Definitive Warrants, deliver a duly completed Exercise Notice together with the relevant Private Placement Definitive Warrants to the Definitive Warrant Agent with a copy to the Principal Warrant Agent, on any New York Business Day until not later than 5.00 p.m., New York City time, on the New York Business Day immediately preceding the Cut-off Date (as defined above). The Exercise Notice shall include the applicable information set out in the Exercise Notice referred to in Condition 5(A)(1) or Condition 5(A)(2), as applicable. 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 Euroclear, Clearstream, Luxembourg, the New York Warrant Agent or the Definitive Warrant Agent, as the case may be, and a copy thereof delivered to the Principal Warrant Agent is referred to in this Condition 4(E) as the **Exercise Notice Delivery Date**, PROVIDED THAT (i) in the case of Warrants represented by a Global Warrant held by a Common Depositary on behalf of Clearstream, Luxembourg and Euroclear, 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 Warrant Agent, in each case, after 10:00 a.m., Luxembourg or Brussels time (as appropriate), on any Business Day or on a day which is not a 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 and (ii) in the case of Warrants represented by a Rule 144A Global Warrant held by a Custodian on behalf of DTC, if the Exercise Notice is received by the New York Warrant Agent or the copy thereof is received by the Principal Warrant Agent, in each case, after 5.00 p.m., New York City time, on any New York Business Day or on any day which is not a New York Business Day, such Exercise Notice shall be deemed to have been delivered on the next New York Business Day, and the New York Business Day immediately succeeding such next New York Business Day shall be deemed to be the Exercise Notice Delivery Date and (iii) in the case of Private Placement Definitive Warrants, if the Exercise Notice is received by the Definitive Warrant Agent or the copy thereof received by the Principal Warrant Agent after 5.00 p.m., New York City time, on any New York Business Day or on any which is not a New York Business Day, such Exercise Notice shall be deemed to have been delivered on the next New York Business Day, and the New York Business Day immediately succeeding such next New York 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 Unit, as the case may be, in accordance with these Conditions, the relevant Settlement Date for such Warrants or Units, as the case may be, shall be (i) in the case of Cash Settled Warrants, the fifth Business Day following the Exercise Notice Delivery Date and (ii) in the case of Physical Delivery Warrants and subject to Condition 4(C)(ii), the fifth Settlement Business Day following the Exercise Notice Delivery Date. In the event that, in relation to an Actual Exercise Date, a Warrantholder does not so deliver an Exercise Notice in accordance with this Condition 5(E) prior to (i) in the case of Warrants represented by a Global Warrant held by a Common Depositary on behalf of Clearstream, Luxembourg and Euroclear, 10.00 a.m., Luxembourg or Brussels time (as appropriate), on the Cut-off Date or (ii) in the case of Warrants represented by a Rule 144A Global Warrant held by a Custodian on behalf of DTC or Private Placement Definitive Warrants, 5.00 p.m., New York City time, on the New York Business Day immediately preceding the Cut-off Date, the Issuer's obligations in respect of such Warrants in relation to such Actual Exercise Date shall be discharged and no further liability in respect thereof shall attach to the Issuer.

(F) Exercise Risk

Exercise and termination of the Warrants is subject to all applicable laws, regulations and practices in force on the relevant Exercise Date or the date on which the Early Termination Event occurs, as the case may be, and neither the Issuer nor the 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 Warrant Agents shall under any circumstances be liable for any acts or defaults of Clearstream, Luxembourg, or Euroclear, or DTC in relation to the performance of its duties in relation to the Warrants.

6. Minimum and Maximum Number of Warrants Exercisable

(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 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 by 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 discretion of the Issuer.

(B) European Style Warrants and Multiple Exercise Warrants

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

The number of Warrants exercisable by any Warrantholder on any 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 provision shall, unless the Issuer otherwise decides, be void and of no effect.

7. Illegality in relation to the Warrants

In relation to Warrants other than Gilt Warrants, if the Issuer determines that the performance of its obligations under the Warrants has become illegal in whole or in part for any reason, the Issuer may cancel the Warrants by giving notice to Warrantholders in accordance with Condition 10.

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 Warrants, then the Issuer will, if and to the extent permitted by applicable law, pay to each Warrantholder in respect of each Warrant or, if Units are specified in the applicable Final Terms, each Unit, as the case may be, held by such holder, an amount equal to the fair market value of a Warrant or Unit, as the case may be, notwithstanding such illegality, on a day selected by the Issuer, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent. Payment will be made in such manner and subject to such conditions as shall be notified to the Warrantholders in accordance with Condition 10.

8. Purchases

Any of the Issuer or its subsidiaries or Affiliates may, but is not obliged to, at any time purchase Warrants at any price in the open market or by tender or private treaty. Any Warrants so purchased may be held or resold or surrendered for cancellation, however, Warrants so purchased may only be resold pursuant to an exemption from the registration requirements of the Securities Act provided by Rule 144A, Regulation S or otherwise thereunder.

9. Agents, Determinations and Modifications

(A) Warrant Agents

The specified offices of the 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 Warrant Agent and to appoint further or additional Warrant Agents, PROVIDED THAT:

- (i) no termination of appointment of the Principal Warrant Agent shall become effective until a replacement Principal Warrant Agent with a specified office outside the United Kingdom shall have been appointed;

- (ii) so long as any of the Warrants are listed on a stock exchange, there shall be a Warrant Agent having a specified office in each location required by the rules and regulations of the relevant listing authority or stock exchange;
- (iii) so long as any of the Warrants are Private Placement Definitive Warrants there shall be a Definitive Warrant Agent; and
- (iv) so long as any of the Warrants are represented by a Rule 144A Global Warrant held by a Custodian on behalf of DTC, there shall be a New York Warrant Agent.

Notice of any termination of appointment and of any changes in the specified office of any Warrant Agent will be given to Warrantholders in accordance with Condition 10. In acting under the Warrant Agreement, each 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 Warrantholders and any determinations and calculations made in respect of the Warrants by any Warrant Agent shall (save in the case of manifest error) be final, conclusive and binding on the Issuer and the Warrantholders.

(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 the termination of appointment will be given to Warrantholders in accordance with Condition 10. In relation to each issue of Warrants, 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 Warrantholders. All discretions exercised and calculations and determinations made in respect of the Warrants by the Calculation Agent shall (save in the case of manifest error) be final, conclusive and binding on the Issuer and the Warrantholders. The Calculation Agent shall have no responsibility to any person for any errors or omissions in (a) calculation by the Calculation Agent of any amount due in respect of the Warrants or (b) any determination made by the Calculation Agent.

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.

(C) Determinations

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

(D) Modifications

The Issuer may modify these Conditions and/or the Warrant Agreement without the consent of the Warrantholders 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 Warrantholders (without considering the individual circumstances of any holders of Warrants 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
- (iii) in respect of Warrants 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 Warrants to be listed on such stock exchange, market or quotation system.

Notice of any such modification will be given to the Warrantholders in accordance with Condition 10 but failure to give, or non-receipt of, such notice will not affect the validity of any such modification.

10. Notices

All notices to Warrantholders shall be valid if delivered (i) (a) in the case of Warrants represented by a Regulation S Global Warrant, a Permanent Global Warrant, a Rule 144A Global Warrant or a Combined Global Warrant held by a Common Depositary on behalf of Clearstream, Luxembourg and Euroclear, to Clearstream, Luxembourg and Euroclear, (b) in the case of Private Placement Definitive Warrants, to the Definitive Warrant Agent or (c) in the case of Warrants represented by a Rule 144A Global Warrant held by a Custodian on behalf of DTC, to DTC, in each case for communication by them to the Warrantholders and any such notices shall be conclusively presumed to have been received by the Warrantholders and (ii) if and so long as the Warrants are listed on a stock exchange, in accordance with the rules and regulations of the relevant stock exchange or other relevant authority. If the Warrants are listed on the Official List of the Luxembourg Stock Exchange, and so long as the rules of the Luxembourg Stock Exchange so require, notices shall either be published on the website of the Luxembourg Stock Exchange (www.bourse.lu) or shall be published in a daily newspaper with general circulation in Luxembourg which is expected to be the *Luxemburger Wort*. Any such notice shall be deemed to have been given on the date of such delivery or, if earlier, the date of such publication or, if published more than once, on the date of the first such publication.

11. Expenses and Taxation

- (A) *A Warrantholder must pay all Exercise Expenses relating to such Warrants as provided above.*
- (B) The Issuer shall not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, exercise, termination or enforcement of any Warrant 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.

12. Further Issues

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

13. Substitution of the Issuer

The Issuer, or any previous substituted company may, at any time, without the consent of the Warrantholders, substitute for itself as principal obligor under the Warrants any company

which is, on the date of such substitution and in the opinion of the Issuer, of at least the equivalent standing and creditworthiness to the Issuer (the **Substitute**) subject to:

- (a) all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Warrants represent legal, valid and binding obligations of the Substitute having been taken, fulfilled and done and are in full force and effect;
- (b) the Substitute becoming party to the Warrant Agreement, with any appropriate consequential amendments, as if it had been an original party to it;
- (c) the Substitute and the Issuer having obtained legal opinions from independent legal advisers of recognised standing in the country of incorporation of the Substitute and England that the obligations of the Substitute under the Warrants are legal, valid and binding obligations and that all consents and approvals as aforesaid have been obtained and, that the Substitute and the Warrants comply with all applicable requirements of the Securities Act;
- (d) each stock exchange on which the Warrants are listed confirming that, following the proposed substitution of the Substitute, the Warrants will continue to be listed on such stock exchange;
- (e) if appropriate, the Substitute appointing a process agent as its agent in England to receive service of process on its behalf in relation to any legal action or proceedings arising out of or in connection with the Warrants; and
- (f) the Issuer giving at least 30 days' prior notice of the date of such substitution to the Warrantholders in accordance with Condition 10.

Upon such substitution, any reference in these Conditions to the Issuer shall be deemed to be a reference to the Substitute.

For so long as any Warrants are listed on the Official List of the Luxembourg Stock Exchange, the Issuer and/or the Substitute shall notify the Luxembourg Stock Exchange of any such substitution and shall comply with the requirements of the Luxembourg Stock Exchange in respect of such substitution (including any requirement to publish a supplement).

14. Governing Law and Jurisdiction

The Warrants, the Global Warrant and the Warrant Agreement and any non-contractual obligations arising out of or in connection with any of them are governed by and shall be construed in accordance with English law.

In relation to any legal action or proceedings arising out of or in connection with the Warrants and the Global Warrant (**Proceedings**), the Issuer irrevocably submits to the jurisdiction of the courts of England and hereby waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. These submissions are for the benefit of each of the Warrantholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

The Issuer hereby appoints Citigroup Global Markets Limited whose registered office is currently at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB as its agent in England to receive service of process in any Proceedings in England based on the Warrants and the Global Warrant. If for any reason such process agent ceases to act as such or no

longer has an address in England, the Issuer agrees to appoint a substitute process agent and to notify the Warrantholders of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.

15. Terms for Index Warrants, Share Warrants, Depositary Receipt Warrants, ETF Warrants, Mutual Fund Warrants, Debt Warrants, Commodity Warrants and Gilt Warrants

(A) Index Warrants (including Index Warrants relating to a Contract)

For the purposes of this Condition 15(A):

Adjustment Event means, in relation to an Index, any Additional Disruption Event(s) specified for such Index in the applicable Final Terms.

Indices and **Index** mean, subject to adjustment in accordance with this Condition 15(A), the indices or index specified in the applicable Final Terms and related expressions shall be construed accordingly; and

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

(1) Market Disruption and Disrupted Days

Market Disruption Event shall mean, in relation to Warrants relating to a single Index or Basket of Indices,

(x) in respect of an Index other than a Designated Multi-Exchange Index:

(a) the occurrence or existence at any time during the one hour period that ends at the relevant Valuation Time:

(i) of any suspension of or limitation imposed on trading whether 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, either:

(A) on any relevant Exchange(s) relating to securities/commodities that comprise 20 per cent. or more of the level of the relevant Index; or

(B) in futures or options contracts relating to the relevant Index on any relevant Related Exchange; or

(ii) 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 (A) to effect transactions in, or obtain market values for, on any relevant Exchange(s), securities/commodities that comprise 20 per cent. or more of the level of the relevant Index, or (B) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Index on any relevant Related Exchange; 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 (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; or

- (y) in respect of an Index which is a Designated Multi-Exchange Index and a Component Security included in such Index either:

- (a) the occurrence or existence, in respect of any Component Security, of:
 - (i) a Trading Disruption in respect of such Component Security, which the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Exchange in respect of such Component Security;
 - (ii) an Exchange Disruption in respect of such Component Security, which the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Exchange in respect of such Component Security; OR
 - (iii) an Early Closure in respect of such Component Security, which the Calculation Agent determines is material; AND

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, expressed as a percentage of the level of the Index, and (B) the X 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 such Index, of: (a) a Trading Disruption at any time during the one hour period that ends at the Valuation Time in respect of any Related Exchange, (b) an Exchange Disruption at any time during the one hour period that ends at the Valuation Time in respect of any Related Exchange or (c) an Early Closure, in each case in respect of such futures or options contracts and which the Calculation Agent determines is material.

As used above:

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: (i) the actual closing time for the regular trading session on such Exchange or Related Exchange, as the case may be, on such Exchange Business Day; and (ii) the submission deadline for orders to be entered into the relevant Exchange or Related Exchange system for execution at the relevant Valuation Time on such Exchange Business Day.

Exchange Disruption means any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for: (i) any Component Security on the Exchange in respect of such Component Security; or (ii) futures or options contracts relating to the Index on any Related Exchange.

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: (i) relating to any Component Security on the Exchange in respect of such Component Security; or (ii) in futures or options contracts relating to the relevant Index on any Related Exchange.

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 (a) except where the Index is a Designated Multi-Exchange Index, immediately before the occurrence of such Market Disruption Event or (b) where that Index is a Designated Multi-Exchange Index, using the official opening weightings as published by the Index Sponsor as part of the market "opening data".

For the avoidance of doubt, a limitation on the hours and number of days of trading resulting from a change in the regular business hours of any Exchange or Related Exchange will not constitute a Market Disruption Event.

If the Calculation Agent determines that it is not material that any day in respect of which the Calculation Agent is required to determine the level of an Index (a **Relevant Day**) is:

- (i) not a Scheduled Trading Day in respect of an Index because one or more Related Exchanges relating to such Index is/are not scheduled to be open; or
- (ii) a Disrupted Day for an Index solely because any Related Exchange relating to such Index fails to open,

the Calculation Agent shall have the discretion to determine such day to be the Relevant Day (notwithstanding the fact that such day is not a Scheduled Trading Day in respect of an Index because one or more Related Exchanges is not scheduled to be open or is a Disrupted Day solely because any Related Exchange fails to open).

In determining what is "material", the Calculation Agent shall have regard to such circumstances as it deems appropriate, which may include (but are not limited to) the Issuer's hedging arrangements in respect of the Warrants.

The Calculation Agent shall give notice as soon as practicable to the Warrantholders in accordance with Condition 10 of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day, would have been a Relevant Day. Without limiting the obligation of the Calculation Agent to give notice to the Warrantholders as set forth in the preceding sentence, failure by the Calculation Agent to notify the Warrantholders of the occurrence of a Disrupted Day shall not affect the validity of the occurrence and effect of such Disrupted Day.

(2) Adjustments to an Index

(a) Successor Index

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

(b) Modification and Cessation of Calculation of an Index

If (I) on or prior to any Relevant Day, the relevant Index Sponsor or, if applicable, the Successor Index Sponsor announces that it will make a material change in the formula for or the method of calculating an 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, capitalisation, contracts or commodities and other routine events) (an **Index Modification**), or permanently cancels a relevant Index and no Successor Index exists (an **Index Cancellation**), or (II) on any Relevant Day the Index Sponsor or, if applicable, the Successor Index Sponsor or any person or entity on its behalf 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, unless otherwise specified in the applicable Final Terms, take action described in (i) or (ii) below:

- (i) require the Calculation Agent to determine if such Index Adjustment Event has a material effect on the Warrants and, if so, to either (A) in relation to any Relevant Day, calculate the relevant level using, *in lieu* of a published level for that Index, the level for that Index as at the relevant time on that Relevant Day, as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to that change, failure or cancellation but using only those securities/commodities that comprised that Index immediately prior to that Index Adjustment Event (other than those securities/commodities that have since ceased to be listed on any relevant Exchange) or (B) if "Index Substitution" is specified as applying in the applicable Final Terms, the substitution of the relevant Index by a replacement index (the **Substitute Index**) selected by the Calculation Agent that satisfies the criteria (if any) specified in the applicable Final Terms (the **Share Substitution Criteria**). If "Index Substitution" is specified as applying in the applicable Final Terms and the Calculation Agent selects a Substitute Index in substitution for the relevant Index, the Issuer shall make such adjustments to the terms of the Warrants as it deems appropriate; or
- (ii) cancel the Warrants by giving notice to the Warrantholders in accordance with Condition 10. If the Warrants are so cancelled the Issuer will pay an amount to each Warrantholder in respect of each Warrant or, if Units are specified in the applicable Final Terms, each Unit, as the case may be, held by him which amount shall be the fair market value of a Warrant or a Unit, as the case may be, on a day selected by the Issuer, taking into account the Index Adjustment Event, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements but taking into account, if

already paid by or on behalf of the relevant Warrantholder and if applicable, the Exercise Price(s), all as determined by the Calculation Agent. Payments will be made in such manner and subject to such conditions as shall be notified to the Warrantholders in accordance with Condition 10.

(3) Adjustment Events

Additional Disruption Event means any of Change in Law, Hedging Disruption, Increased Cost of Hedging, Increased Cost of Stock Borrow and/or Loss of Stock Borrow, in each case, if specified in the applicable Final Terms and any additional or alternative Additional Disruption Events specified in the applicable Final Terms.

Change in Law means that, on or after the Trade Date (as specified in the applicable Final Terms) (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines that (X) it has become illegal to hold, acquire or dispose of any relevant Hedging Positions or (Y) the Issuer will incur a materially increased cost in performing its obligations in relation to the Warrants (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).

Hedging Disruption means that the Issuer and/or any of its Affiliates is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity or other price risk of the Issuer issuing and performing its obligations with respect to the Warrants, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

Hedging Positions means any one or more of (i) positions or contracts in securities, options, futures, derivatives or foreign exchange, (ii) stock loan transactions or (iii) other instruments or arrangements (howsoever described) purchased, sold, entered into or maintained by the Issuer and/or any of its Affiliates in order to hedge, individually or on a portfolio basis, the Warrants.

Hedging Shares means the number of securities/commodities comprised in an Index that the Issuer deems necessary to hedge the equity or other price risk of entering into and performing its obligations with respect to the Warrants.

Increased Cost of Hedging means that the Issuer and/or any of its Affiliates would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity or other price risk of the Issuer issuing and performing its obligations with respect to the Warrants, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), PROVIDED THAT any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates shall not be deemed an Increased Cost of Hedging.

Increased Cost of Stock Borrow means that the Issuer and/or any of its Affiliates would incur a rate to borrow any security/commodity comprised in an Index that is greater than the Initial Stock Loan Rate.

Initial Stock Loan Rate means, in respect of a security/commodity comprised in an Index, the initial stock loan rate specified in relation to such security/commodity in the applicable Final Terms or, if no such rate is so specified, the rate which the Issuer and/or any of its Affiliates would have incurred to borrow such security/commodity, as the case may be, as of the Trade Date, as determined by the Issuer.

Loss of Stock Borrow means that the Issuer and/or any of its Affiliates is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) any securities/commodities comprised in an Index in an amount equal to the Hedging Shares at a rate equal to or less than the Maximum Stock Loan Rate.

Maximum Stock Loan Rate means, in respect of a security/commodity comprised in an Index, the Maximum Stock Loan Rate specified for such security/commodity in the applicable Final Terms or, if no such rate is so specified, 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 security/commodity, as the case may be, in an amount equal to the Hedging Shares, as of the Trade Date, as determined by the Issuer.

(4) Consequences of Adjustment Events

If an Adjustment Event occurs in relation to an Index, the Issuer in its sole and absolute discretion may, unless otherwise specified in the applicable Final Terms, take the action described in (a) or (b) below:

- (a) require the Calculation Agent to (i) make such adjustment(s), if any, to the terms of the Warrants as the Calculation Agent determines necessary or appropriate to account for the Adjustment Event and such adjustment may include, (A) if "Index Substitution" is specified as applying in the applicable Final Terms, the substitution of the relevant Index (the **Substituted Index**) by an index (the **New Index**) selected by the Calculation Agent that satisfies the criteria (if any) specified in the applicable Final Terms (the **Index Substitution Criteria**) or (B) the issue of additional Warrants, if so specified in the applicable Final Terms, and (ii) determine the effective date(s) of the adjustment(s) to the Warrants. If "Index Substitution" is specified as applying in the applicable Final Terms, and the Calculation Agent selects a New Index in substitution for the Substituted Index, the Issuer shall make such other adjustments to the terms of the Warrants as it deems appropriate. The Calculation Agent may (but need not) determine necessary or appropriate adjustment(s) by reference to the adjustment(s) in respect of such Adjustment Event made by any Related Exchange to options contracts or futures contracts on the relevant Index traded on such Related Exchange. The Calculation Agent shall make all adjustments arising from an Adjustment Event in such a way as to ensure that the direct economic link between the value of the Index and the value of the Warrants is preserved; or
- (b) cancel the Warrants by giving notice to Warrantholders in accordance with Condition 10. If the Warrants are so cancelled, the Issuer will pay to each Warrantholder in respect of each Warrant or, if Units are specified in the applicable Final Terms, each Unit, as the case may be, held by him an amount equal to the fair market value of a Warrant or a Unit, as the case may be, on a day selected by the Issuer, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements but taking into account, if already paid by or on behalf of the relevant Warrantholder and if applicable, any Exercise Price(s), all as determined by the Calculation Agent. Payments will be made in such manner and subject to such conditions as shall be notified to the Warrantholders in accordance with Condition 10.

If an Increased Cost of Hedging is specified as applying in the applicable Final Terms and it occurs, the Issuer may, in addition to (a) and (b) above, require the Calculation Agent to make such adjustments to the terms of the Warrants as the Calculation Agent determines necessary or appropriate to pass onto Warrantholders the increased cost of hedging, which adjustment may include, but is not limited to, reducing any of the amounts which would otherwise be payable under the Warrants.

The Calculation Agent shall as soon as reasonably practicable notify the Issuer of the existence of an Adjustment Event.

(5) Corrections

If the level of an Index published on any day and which is utilised for any calculation or determination made in respect of the Warrants is subsequently corrected and the correction (the **Corrected Index Level**) is published by or on behalf of the Index Sponsor or (if applicable) the Successor Index Sponsor within five Business Days after the original publication and at least two Business Days prior to the relevant Settlement Date or Early Termination Settlement Date, as the case may be, then such Corrected Index Level shall be deemed to be the level for such Index for such day and the Calculation Agent shall use such Corrected Index Level in determining any amounts payable or deliverable in respect of the Warrants.

(6) Notifications

The Calculation Agent shall give notice as soon as practicable to the Warrantholders in accordance with Condition 10 of any determination made by it pursuant to paragraph (b) or (3) above and the action proposed to be taken in relation thereto.

(B) Share Warrants

For the purposes of this Condition 15(B):

Adjustment Event means, in relation to a Share, an Hedging Illegality, De-listing, Merger Event, Nationalisation, Insolvency, Tender Offer or Potential Adjustment Event or any Additional Disruption Event(s) specified for such Share in the applicable Final Terms.

Basket Company means, where the Warrants are Warrants linked to a Basket of Shares, a company whose shares are included in the Basket of Shares and **Basket Companies** means all such companies, as specified in the applicable Final Terms.

Extraordinary Dividend means, in respect of a Share, a dividend or a portion thereof which is determined by the Calculation Agent to be an extraordinary dividend relating to such Share.

Reference Index means, in relation to a Substituted Share (as defined below), the index (a) of which the Substituted Share is a component, or of which it has been a component of at any time during the six months immediately preceding the relevant substitution, and (b) over which futures contracts are actively traded, as determined by the Calculation Agent. If more than one index satisfies the above criteria or if no index satisfies the above criteria, the Calculation Agent shall determine the Reference Index for the Substituted Share by reference to such criteria as it deems appropriate.

Shares and **Share** mean, subject to adjustment in accordance with this Condition 15(B), in the case of an issue of Warrants relating to a Basket of Shares, each share and, in the case of an issue of Warrants relating to a single Share, such share specified in the applicable Final Terms and related expressions shall be construed accordingly.

Share Company means, in the case of an issue of Warrants relating to a single share, the company that has issued such share, as specified in the applicable Final Terms.

(1) Market Disruption Event and Disrupted Days

Market Disruption Event means, in relation to Warrants relating to a single Share or a Basket of Shares, in respect of a Share:

- (a) the occurrence or existence at any time during the one hour period that ends at the Valuation Time for such Share:
 - (i) 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 any Related Exchange or otherwise:
 - (A) relating to the Share on the relevant Exchange; or
 - (B) in futures or options contracts relating to the Share on any relevant Related Exchange; or
 - (ii) of any event (other than as described in (b) below) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (A) to effect transactions in, or obtain market values for, the Share on the relevant Exchange or (B) to effect transactions in, or obtain market values for, futures or options contracts on or relating to the Share on any relevant Related Exchange; or
- (b) the closure on any Exchange Business Day of the relevant Exchange 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 the earlier of (A) the actual closing time for the regular trading session on such Exchange(s) or such Related Exchange(s) on such Exchange Business Day and (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.

If the Calculation Agent determines that it is not material that any day in respect of which the Calculation Agent is required to determine the price of a Share (a **Relevant Day**) is:

- (i) not a Scheduled Trading Day for a Share because one or more Related Exchanges relating to such Share is/are not scheduled to be open; or
- (ii) a Disrupted Day for a Share solely because any Related Exchange relating to such Share fails to open,

the Calculation Agent shall have the discretion to determine such day to be the Relevant Day (notwithstanding the fact that such day is not a Scheduled Trading Day in respect of a Share because one or more Related Exchanges is not scheduled to be open or is a Disrupted Day solely because any Related Exchange fails to open).

In determining what is "material", the Calculation Agent shall have regard to such circumstances as it deems appropriate, which may include (but are not limited to) the Issuer's hedging arrangements in respect of the Warrants.

The Issuer shall give notice as soon as practicable to the Warrantholders in accordance with Condition 10 of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day, would have been a Relevant Day. Without limiting the obligation of the Calculation Agent to give notice to the Warrantholders as set forth in the preceding sentence, failure by the Calculation Agent to notify the Warrantholders of the occurrence of a Disrupted Day shall not affect the validity of the occurrence and effect of such Disrupted Day.

(2) Potential Adjustment Events, Merger Event, Tender Offer, De-listing, Nationalisation, Insolvency, Hedging Illegality and Additional Disruption Events

(a) Potential Adjustment Event means any of the following:

- (i) a subdivision, consolidation or reclassification of relevant Shares (unless resulting in a Merger Event) or a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue;
- (ii) a distribution, issue or dividend to existing holders of the relevant Shares of (A) such Shares or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Basket Company or Share Company, as the case may be, equally or proportionately with such payments to holders of such Shares or (C) share capital or other securities of another share issuer acquired or owned (directly or indirectly) by the Basket Company or Share Company, as the case may be, 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 in other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- (iii) an Extraordinary Dividend;
- (iv) a call by a Basket Company or Share Company, as the case may be, in respect of relevant Shares that are not fully paid;
- (v) a repurchase by a Basket Company or any of its subsidiaries or a Share Company or any of its subsidiaries, as the case may be, of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- (vi) in respect of a Basket Company or Share Company, as the case may be, 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 Basket Company or Share Company, as the case may be, pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides, upon the occurrence of certain events, for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value, as determined by the Calculation Agent, PROVIDED THAT any adjustment effected as a result of such an event may, in the discretion of the Calculation Agent, be readjusted upon any redemption of such rights; or
- (vii) any other event having, in the opinion of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the relevant Shares.

(b) 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 in the applicable Final Terms and any additional or alternative Additional Disruption Events specified in the applicable Final Terms.

Change in Law means that, on or after the Trade Date (as specified in the applicable Final Terms) (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines that (X) it has become illegal to hold, acquire or dispose of any relevant Hedging Positions or (Y) the Issuer will incur a materially increased cost in performing its obligations in relation to the Warrants (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).

De-listing means, in respect of any relevant Shares, the Exchange announces that pursuant to the rules of such Exchange, such Shares cease (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 are not (or will not be) 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.

Hedging Disruption means that the Issuer and/or any of its Affiliates is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) the Issuer deems necessary to hedge the equity or other price risk of the Issuer issuing and performing its obligations with respect to the Warrants, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

Hedging Illegality means a determination by the Calculation Agent that any arrangements made to hedge the Issuer's position under the Warrants has or will become unlawful, illegal, or otherwise prohibited in whole or in part as a result of compliance with or the interpretation of any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power.

Hedging Positions means any one or more of (i) positions or contracts in securities, options, futures, derivatives or foreign exchange, (ii) stock loan transactions or (iii) other instruments or arrangements (howsoever described) purchased, sold, entered into or maintained by the Issuer and/or any of its Affiliates in order to hedge, individually or on a portfolio basis, the Warrants.

Hedging Shares means the number of Shares that the Issuer deems necessary to hedge the equity or other price risk of entering into and performing its obligations with respect to the Warrants.

Increased Cost of Hedging means that the Issuer and/or any of its Affiliates would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any

transaction(s) or asset(s) the Issuer deems necessary to hedge the equity or other price risk of the Issuer issuing and performing its obligations with respect to the Warrants, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), PROVIDED THAT any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates shall not be deemed an Increased Cost of Hedging.

Increased Cost of Stock Borrow means that the Issuer and/or any of its Affiliates would incur a rate to borrow any Share that is greater than the Initial Stock Loan Rate.

Initial Stock Loan Rate means, in respect of a Share, the initial stock loan rate specified in relation to such Share in the applicable Final Terms or, if no such rate is so specified, the rate which the Issuer and/or any of its Affiliates would have incurred to borrow such Share, as of the Trade Date, as determined by the Issuer.

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

Insolvency Filing means that a Share Company or Basket Company, as the case may be, 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 Share Company or Basket Company, as the case may be, shall not be deemed an Insolvency Filing.

Loss of Stock Borrow means that the Issuer and/or any of its Affiliate is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) any Share in an amount equal to the Hedging Shares at a rate equal to or less than the Maximum Stock Loan Rate.

Maximum Stock Loan Rate means, in respect of a Share, the maximum stock loan rate specified in relation to such Share in the applicable Final Terms or, if no such rate is so specified, 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 Share in an amount equal to the Hedging Shares, as of the Trade Date, as determined by the Issuer.

Merger Date means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

Merger Event means, in respect of any relevant Shares, any (i) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person, or (ii)

consolidation, amalgamation, merger or binding share exchange of a Basket Company or Share Company, as the case may be, with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Basket Company or Share Company, as the case may be, is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding) or (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares of the Basket Company or Share Company, as the case may be, that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Basket Company or its subsidiaries or the Share Company or its subsidiaries, as the case may be, with or into another entity in which the Basket Company or Share Company, as the case may be, is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Shares immediately following such event, in each case if the Merger Date is on or before (a) in the case of Cash Settled Warrants, the last occurring Relevant Day or (b) in the case of Physical Delivery Warrants, the relevant Settlement Date.

Nationalisation means that all the Shares or all or substantially all the assets of a Basket Company or Share Company, as the case may be, are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

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 a Basket Company or Share Company, as the case may be, 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.

(3) Consequences of Adjustment Events

If an Adjustment Event occurs in relation to a Share, the Issuer may, unless otherwise specified in the applicable Final Terms, take the action described in (i) or (ii) below:

- (i) require the Calculation Agent to (i) make such adjustment(s), if any, to the terms of the Warrants as the Calculation Agent determines necessary or appropriate to account for the Adjustment Event and such adjustment may include, (a) if "Share Substitution" is specified as applying in the applicable Final Terms, the substitution of the Share the subject of the Adjustment Event (the **Substituted Share**) by a share (the **New Share**) selected by the Calculation Agent that satisfies the criteria (if any) specified in the applicable Final Terms (the **Share Substitution Criteria**) or (b) the issue of additional Warrants, if so specified in the applicable Final Terms, and (ii) determine the effective date(s) of the adjustment(s) to the Warrants. If "Share Substitution" is specified as applying in the applicable Final Terms, and the Calculation Agent selects a New Share in substitution for the Substituted Share, the Issuer shall make such other adjustments to the terms of the Warrants as it deems appropriate. The Calculation Agent may (but need not) determine necessary or appropriate adjustment(s) by reference to the adjustment(s) in respect of such

Adjustment Event made by any Related Exchange to options contracts or futures contracts on the relevant Shares traded on such Related Exchange. The Calculation Agent shall make all adjustments arising from an Adjustment Event in such a way as to ensure that the direct economic link between the value of the Shares and the value of the Warrants is preserved; or

- (ii) cancel the Warrants by giving notice to Warrantholders in accordance with Condition 10. If the Warrants are so cancelled, the Issuer will pay to each Warrantholder in respect of each Warrant or, if Units are specified in the applicable Final Terms, each Unit, as the case may be, held by him an amount equal to the fair market value of a Warrant or a Unit, as the case may be, on a day selected by the Issuer, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements but taking into account, if already paid by or on behalf of the relevant Warrantholder and if applicable, any Exercise Price(s), all as determined by the Calculation Agent. Payments will be made in such manner and subject to such conditions as shall be notified to the Warrantholders in accordance with Condition 10.

If an Increased Cost of Hedging is specified as applying in the applicable Final Terms and it occurs, the Issuer may, in addition to (i) and (ii) above, require the Calculation Agent to make such adjustments to the terms of the Warrants as the Calculation Agent determines necessary or appropriate to pass onto Warrantholders the increased cost of hedging which adjustment may include, but is not limited to, reducing any of the amounts which would otherwise be payable under the Warrants.

The Calculation Agent shall as soon as reasonably practicable notify the Issuer of the existence of an Adjustment Event.

(4) Corrections

If the price of a Share published on any day and which is utilised for any calculation or determination made in respect of the Warrants is subsequently corrected and the correction (the **Corrected Share Price**) is published on the relevant Exchange within five Business Days after the original publication and at least two Business Days prior to the relevant Settlement Date or Early Termination Settlement Date, as the case may be, then such Corrected Share Price shall be deemed to be the price for such Share for such day and the Calculation Agent shall use such Corrected Share Price in determining any amounts payable or deliverable in respect of the Warrants.

(5) Notifications

Upon the occurrence of an Adjustment Event, the Issuer shall give notice as soon as practicable to the Warrantholders in accordance with Condition 10 stating the occurrence of the Adjustment Event giving details thereof and the action proposed to be taken in relation thereto.

(C) Depositary Receipt Warrants

Adjustment Event means, in relation to a Depositary Receipt, a De-listing, Hedging Illegality, Insolvency, Merger Event, Nationalisation, Tender Offer or Potential Adjustment Event or, where "Full Lookthrough" is specified as applying in relation to such Depositary Receipt in the applicable Final Terms, an Underlying Share Event.

Basket Depositary means, where the Warrants are Warrants linked to a Basket of Depositary Receipts, an issuer whose Depositary Receipts are included in the Basket of Depositary Receipts and **Basket Depositaries** means all such issuers.

Extraordinary Dividend means, in respect of a Depositary Receipt or an Underlying Share, as the case may be, a dividend or a portion thereof which is determined by the Calculation Agent to be an extraordinary dividend relating to such Depositary Receipt or Underlying Share, as the case may be.

Deposit Agreement means, in relation to a Depositary Receipt, the agreement(s) or other instrument(s) constituting such Depositary Receipt, as from time to time amended or supplemented.

Depositary means, in the case of an issue of Warrants relating to a single Depositary Receipt, the issuer of such Depositary Receipt.

Depositary Receipt means, subject to adjustment in accordance with this Condition 15(C), in the case of Warrants relating to a Basket of Depositary Receipts, each depositary receipt specified in the applicable Final Terms and, in the case of an issue of Warrants relating to a single Depositary Receipt, such depositary receipt specified in the applicable Final Terms and related expressions shall be construed accordingly.

Underlying Share means, in relation to a Depositary Receipt, the shares or other securities in respect of which such Depositary Receipt is issued.

Underlying Share Company means, in relation to an Underlying Share, the issuer of such Underlying Share, as specified in the applicable Final Terms.

(1) Market Disruption Event and Disrupted Days

Market Disruption Event means, in relation to Warrants relating to a single Depositary Receipt or a Basket of Depositary Receipts:

- (i) if "Full Lookthrough" is specified as applying in relation to a Depositary Receipt in the applicable Final Terms, in respect of such Depositary Receipt or a related Underlying Share, as the case may be:
 - (a) the occurrence or existence at any time during the one hour period that ends at the Valuation Time for such Depositary Receipt or Underlying Share, as the case may be:
 - (A) 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 any Related Exchange or otherwise:
 - (I) relating to the Depositary Receipt or the Underlying Share, as the case may be, on the relevant Exchange; or
 - (II) in futures or options contracts relating to the Depositary Receipt or the Underlying Share, as the case may be, on any relevant Related Exchange; or
 - (B) of any event (other than as described in (b) below) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (A) to effect transactions in, or obtain market values for, the Depositary Receipt or the Underlying Share, as the case may be, on the relevant Exchange or (B) to effect transactions in, or obtain market values for, futures or options

contracts on or relating to the Depositary Receipt or the Underlying Share, as the case may be, on any relevant Related Exchange; or

- (b) the closure on any Exchange Business Day of the relevant Exchange 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 the earlier of (A) the actual closing time for the regular trading session on such Exchange(s) or such Related Exchange(s) on such Exchange Business Day and (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.

- (ii) if "Partial Lookthrough" is specified as applying in relation to a Depositary Receipt in the applicable Final Terms, in respect of such Depositary Receipt:

- (a) the occurrence or existence at any time during the one hour period that ends at the Valuation Time for such Depositary Receipt:

- (A) 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 any Related Exchange or otherwise:

- (I) relating to the Depositary Receipt on the relevant Exchange; or

- (II) in futures or options contracts relating to the Depositary Receipt on any relevant Related Exchange; or

- (B) of any event (other than as described in (b) below) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (A) to effect transactions in, or obtain market values for, the Depositary Receipt on the relevant Exchange or (B) to effect transactions in, or obtain market values for, futures or options contracts on or relating to the Depositary Receipt on any relevant Related Exchange; or

- (b) the closure on any Exchange Business Day of the relevant Exchange 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 the earlier of (A) the actual closing time for the regular trading session on such Exchange(s) or such Related Exchange(s) on such Exchange Business Day and (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.

If the Calculation Agent determines that it is not material that any day in respect of which the Calculation Agent is required to determine the price of a Depositary Receipt (a **Relevant Day**) is:

- (i) not a Scheduled Trading Day for a Depositary Receipt because one or more Related Exchanges relating to such Depositary Receipt and/or, where "Full Lookthrough" is

specified as applying in relation to such Depositary Receipt, the related Underlying Share, as the case may be, is/are not scheduled to be open; or

- (ii) a Disrupted Day for a Depositary Receipt solely because any Related Exchange relating to such Depositary Receipt and/or, where "Full Lookthrough" is specified as applying in relation to such Depositary Receipt, the related Underlying Share, as the case may be, fails to open,

the Calculation Agent shall have the discretion to determine such day to be the Relevant Day (notwithstanding the fact that such day is not a Scheduled Trading Day in respect of a Depositary Receipt because one or more Related Exchanges is not scheduled to be open or is a Disrupted Day solely because any Related Exchange fails to open).

In determining what is "material", the Calculation Agent shall have regard to such circumstances as it deems appropriate, which may include (but are not limited to) the Issuer's hedging arrangements in respect of the Warrants.

The Issuer shall give notice as soon as practicable to the Warrantholders in accordance with Condition 10 of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day, would have been a Relevant Day. Without limiting the obligation of the Calculation Agent to give notice to the Warrantholders as set forth in the preceding sentence, failure by the Calculation Agent to notify the Warrantholders of the occurrence of a Disrupted Day shall not affect the validity of the occurrence and effect of such Disrupted Day.

(2) Potential Adjustment Event and De-listing, Hedging Illegality, Insolvency, Merger Event, Nationalisation, Tender Offer and Underlying Share Event

(a) **Potential Adjustment Event** means any of the following:

- (i) a subdivision, consolidation or reclassification of relevant Depositary Receipts and/or Underlying Shares (unless resulting in a Merger Event) or a free distribution or dividend of any such Depositary Receipts and/or Underlying Shares to existing holders by way of bonus, capitalisation or similar issue;
- (ii) a distribution, issue or dividend to existing holders of the relevant Depositary Receipts and/or Underlying Shares of (A) such Depositary Receipts and/or such Underlying Shares or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Basket Depositary or the Depositary or the Underlying Share Company, as the case may be, in each case equally or proportionately with such payments to holders of such Depositary Receipts or Underlying Shares, as the case may be, or (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Basket Depositary or the Depositary or the Underlying Share Company, as the case may be, 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 in other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- (iii) an Extraordinary Dividend;
- (iv) a call by (A) a Basket Depositary or a Depositary, as the case may be, in respect of relevant Depositary Receipts that are not fully paid, and/or (B) an Underlying Share Company, in respect of relevant Underlying Shares that are not fully paid;

- (v) a repurchase by (A) a Basket Depositary or any of its subsidiaries or a Depositary or any of its subsidiaries, as the case may be, of relevant Depositary Receipts, and/or (B) an Underlying Share Company or any of its subsidiaries of relevant Underlying Shares, in each case, whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
 - (vi) in respect of a Basket Depositary, a Depositary or an Underlying Share Company, as the case may be, an event which results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of such Basket Depositary, Depositary or Underlying Share Company, as the case may be, pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events, for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value, as determined by the Calculation Agent, PROVIDED THAT any adjustment effected as a result of such an event may, in the sole and absolute discretion of the Calculation Agent, be readjusted upon any redemption of such rights;
 - (vii) any other event having, in the opinion of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the relevant Depositary Receipts and/or the relevant Underlying Shares;
 - (viii) the making of any amendment or supplement to the terms of a relevant Deposit Agreement; or
 - (ix) a distribution in respect of an Underlying Share of property other than cash, shares or rights relating to such Underlying Share to the holder of such Underlying Share.
- (b) **De-listing** means, in respect of any relevant Depositary Receipts and/or Underlying Shares, as the case may be, the relevant Exchange announces that, pursuant to the rules of such Exchange, such Depositary Receipts and/or Underlying Shares cease (or will cease) to be listed, traded or publicly quoted on such Exchange for any reason (other than a Merger Event or Tender Offer) and are not (or will not be) immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as such Exchange (or, where such 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 PROVIDED THAT if "Partial Lookthrough" is specified as applying in relation to a Depositary Receipt in the applicable Final Terms, then a De-listing shall not occur in respect of an Underlying Share if such Underlying Share is immediately re-listed, re-traded or re-quoted on an exchange or quotation system regardless of the location of such exchange or quotation system.

Hedging Illegality means a determination by the Calculation Agent that any arrangements made to hedge the Issuer's position under the Warrants has or will become unlawful, illegal, or otherwise prohibited in whole or in part as a result of compliance with or the interpretation of any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power.

Insolvency means, in relation to a Basket Depositary, a Depositary or an Underlying Share Company, as the case may be:

- (i) that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding up of or any analogous proceeding affecting such Basket Depositary, Depositary or Underlying Share Company, as the case may be, (A) all the Depositary Receipts of that Basket Depositary or Depositary, as the case may be, or all the Underlying Shares of that Underlying Share Company, are required to be transferred to a trustee, liquidator or other similar official or (B) holders of the Depositary Receipts of that Basket Depositary or Depositary, as the case may be, or holders of the Underlying Shares of that Underlying Share Company, become legally prohibited from transferring them or
- (ii) such Basket Depositary, Depositary or Underlying Share Company, as the case may be, 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 consents to, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official (or it consents to such petition) PROVIDED THAT proceedings instituted or petitions presented by creditors and not consented to by such Basket Depositary, Depositary or Underlying Share Company, as the case may be, shall not be deemed an Insolvency Filing.

Merger Date means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

Merger Event means, in respect of any relevant Depositary Receipts and/or Underlying Shares, any: (i) reclassification or change of such Depositary Receipts or Underlying Shares, as the case may be, that results in a transfer of or an irrevocable commitment to transfer all such Depositary Receipts or Underlying Shares, as the case may be, outstanding to another entity or person, or (ii) consolidation, amalgamation, merger or binding share exchange of a Basket Depositary, a Depositary or an Underlying Share Company, as the case may be, with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Basket Depositary, Depositary or Underlying Share Company, as the case may be, is the continuing entity and which does not result in a reclassification or change of all such Depositary Receipts or Underlying Shares, as the case may be, outstanding), or (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Depositary Receipts of the Basket Depositary or the Depositary, as the case may be, or 100 per cent. of the outstanding Underlying Shares of the Underlying Share Company, that results in a transfer of or an irrevocable commitment to transfer all such Depositary Receipts or such Underlying Shares, as the case may be, (other than such Depositary Receipts or such Underlying Shares, as the case may be, owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Basket Depositary or its subsidiaries or the Depositary or its subsidiaries or the Underlying Share Company or its subsidiaries, as the case may be, with or into another entity in which the Basket Depositary, the Depositary or the Underlying Share Company, as the case may be, is the continuing entity and which does not result in a reclassification or change of all such Depositary Receipts and/or Underlying Shares,

as the case may be, outstanding but results in the outstanding Depositary Receipts or Underlying Shares, as the case may be, (other than Depositary Receipts and/or Underlying Shares, as the case may be, owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Depositary Receipts or Underlying Shares, as the case may be, immediately following such event, in each case if the Merger Date is on or before (A) in the case of Cash Settled Warrants, the last occurring Relevant Date or (B) in the case of Physical Delivery Warrants, the relevant Settlement Date.

Nationalisation means that all the Depositary Receipts and/or all the Underlying Shares or all or substantially all the assets of a Basket Depositary, Depositary or the Underlying Share Company, as the case may be, are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

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 a Basket Depositary, Depositary or Underlying Share Company, as the case may be, as determined by the Calculation Agent, based on the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

Underlying Share Event means, in respect of a Depositary Receipt, either (i) written instructions are at any time given by the related Underlying Share Company to the relevant Basket Depositary or Depositary, as the case may be, to withdraw or surrender the Underlying Shares or (ii) the relevant Deposit Agreement is at any time terminated.

(3) Consequences of Adjustment Events

If an Adjustment Event occurs in relation to a Depositary Receipt and/or an Underlying Share, as the case may be, the Issuer in its sole and absolute discretion may, unless otherwise specified in the applicable Final Terms, take the action described in (a) or (b) below:

- (a) require the Calculation Agent to (i) make such adjustment(s), if any, to the terms of the Warrants as the Calculation Agent determines necessary or appropriate to account for the Adjustment Event and such adjustment may include, (A) if "Depositary Receipt Substitution" is specified as applying in the applicable Final Terms, the substitution of the relevant Depositary Receipt (the **Substituted Depositary Receipt**) by a depositary receipt (the **New Depositary Receipt**) selected by the Calculation Agent that satisfies the criteria (if any) specified in the applicable Final Terms (the **Depositary Receipt Substitution Criteria**) or (B) the issue of additional Warrants, if so specified in the applicable Final Terms, and (ii) determine the effective date(s) of the adjustment(s) to the Warrants. If "Depositary Receipt Substitution" is specified as applying in the applicable Final Terms, and the Calculation Agent selects a New Depositary Receipt in substitution for the Substituted Depositary Receipt, the Issuer shall make such other adjustments to the terms of the Warrants as it deems appropriate. The Calculation Agent may (but need not) determine necessary or appropriate adjustment(s) by reference to the adjustment(s) in respect of such Adjustment Event made by the relevant Basket Depositary or Depositary, as the case may be, to the relevant Deposit Agreement. The Calculation Agent shall make all adjustments arising from an Adjustment Event in such a way as to ensure that the

direct economic link between the value of the Depositary Receipts and the value of the Warrants is preserved; or

- (b) cancel the Warrants by giving notice to Warrantholders in accordance with Condition 10. If the Warrants are so cancelled, the Issuer will pay to each Warrantholder in respect of each Warrant or, if Units are specified in the applicable Final Terms, each Unit, as the case may be, held by him an amount equal to the fair market value of a Warrant or a Unit, as the case may be, on a day selected by the Issuer, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements but taking into account, if already paid by or on behalf of the relevant Warrantholder and if applicable, any Exercise Price(s), all as determined by the Calculation Agent. Payments will be made in such manner and subject to such conditions as shall be notified to the Warrantholders in accordance with Condition 10.

The Calculation Agent shall as soon as reasonably practicable notify the Issuer of the existence of an Adjustment Event.

(4) Corrections

If the price of a Depositary Receipt published on any day and which is utilised for any calculation or determination made in respect of the Warrants is subsequently corrected and the correction (the **Corrected Depositary Receipt Price**) is published by or on behalf of the relevant Exchange within five Business Days after the original publication and at least two Business Days prior to the relevant Settlement Date or Early Termination Settlement Date, as the case may be, then such Corrected Depositary Receipt Price shall be deemed to be the price for such Depositary Receipt for such day and the Calculation Agent shall use such Corrected Depositary Receipt Price in determining any amounts payable or deliverable in respect of the Warrants.

(5) Notifications

Upon the occurrence of an Adjustment Event, the Issuer shall give notice as soon as practicable to the Warrantholders in accordance with Condition 10 stating the occurrence of the Adjustment Event giving details thereof and the action proposed to be taken in relation thereto.

(D) ETF Warrants

Adjustment Event means, in relation to an ETF Share, an Adviser Resignation Event, Cross-contamination, De-listing, Failure by Fund Service Provider, Fund Administrator Cessation, Fund Modification, Hedging Illegality, Insolvency, Merger Event, Nationalisation, Regulatory Action, Strategy Breach, Tender Offer or Potential Adjustment Event.

Basket Fund means an issuer whose exchange traded fund shares are included in the Basket of ETF Shares and **Basket Funds** means all such companies.

ETF Shares and **ETF Share** mean, subject to adjustment in accordance with this Condition 15(C), in the case of an issue of Warrants relating to a Basket of ETF Shares, each exchange traded fund share and, in the case of an issue of Warrants relating to a single ETF Share, such exchange traded fund share specified in the applicable Final Terms and related expressions shall be construed accordingly.

Extraordinary Dividend means, in respect of an ETF Share, a dividend, distribution or portion thereof which is determined by the Calculation Agent to be an extraordinary dividend relating to such ETF Share.

Fund means, in the case of an issue of Warrants relating to a single exchange traded fund share, the issuer of such ETF Share.

Fund Administrator means, in respect of a Fund or a Basket Fund, as the case may be, and the related ETF Share, the fund administrator, manager, trustee or similar person with the primary administrative responsibilities for such Fund or Basket Fund, as the case may be, in respect of such ETF Share according to the Fund Documents of such Basket Fund or Fund, as the case may be, and such ETF Share.

Fund Adviser means, in respect of a Fund or Basket Fund, as the case may be, and the related ETF Share, any person appointed in the role of discretionary investment manager or non-discretionary investment adviser (including a non-discretionary investment adviser to a discretionary investment manager or to another non-discretionary investment adviser) to such Fund or Basket Fund, as the case may be, in respect of such ETF Share, or any successor acceptable to the Calculation Agent.

Fund Documents means, in respect of a Fund or Basket Fund, as the case may be, and the related ETF Share, the constitutive and governing documents of such Fund or Basket Fund, as applicable, in respect of such ETF Share and the subscription agreements and other agreements, in each case, relating to such ETF Share and as amended from time to time.

Fund Service Provider means, in respect of a Fund or Basket Fund, as the case may be, and the related ETF Share, any person who is appointed to provide services, directly or indirectly, for such Fund or Basket Fund, as the case may be, in respect of such ETF Share whether or not specified in the Fund Documents, or any successor acceptable to the Calculation Agent, including without limitation any Fund Adviser, Fund Administrator, operator, management company, depositary, custodian, sub-custodian, prime broker, administrator, trustee, registrar and transfer agent or domiciliary agent.

(1) Market Disruption Event and Disrupted Days

Market Disruption Event means, in relation to Warrants relating to a single ETF Share or a Basket of ETF Shares, in respect of an ETF Share:

- (i) the occurrence or existence at any time during the one hour period that ends at the Valuation Time for such ETF Share:
 - (a) 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 any Related Exchange or otherwise:
 - (A) relating to the ETF Share on the relevant Exchange; or
 - (B) in futures or options contracts relating to the ETF Share on any relevant Related Exchange; or
 - (b) of any event (other than as described in (ii) below) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (A) to effect transactions in, or obtain market values for, the ETF Share on the relevant Exchange or (B) to effect transactions in, or obtain market values for, futures or options contracts on or relating to the ETF Share on any relevant Related Exchange; or
- (ii) the closure on any Exchange Business Day of the relevant Exchange 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 the earlier of (A) the actual closing time for the regular trading session on such Exchange(s) or such Related Exchange(s) on such Exchange Business Day and (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.

If the Calculation Agent determines that it is not material that any day in respect of which the Calculation Agent is required to determine the price of an ETF Share (a **Relevant Day**) is:

- (i) not a Scheduled Trading Day for an ETF Share because one or more Related Exchanges relating to such ETF Share is/are not scheduled to be open; or
- (ii) a Disrupted Day for an ETF Share solely because any Related Exchange relating to such ETF Share fails to open,

the Calculation Agent shall have the discretion to determine such day to be the Relevant Day (notwithstanding the fact that such day is not a Scheduled Trading Day in respect of an ETF Share because one or more Related Exchanges is not scheduled to be open or is a Disrupted Day solely because any Related Exchange fails to open).

In determining what is "material", the Calculation Agent shall have regard to such circumstances as it deems appropriate, which may include (but are not limited to) the Issuer's hedging arrangements in respect of the Warrants.

The Issuer shall give notice as soon as practicable to the Warrantholders in accordance with Condition 10 of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day, would have been a Relevant Day. Without limiting the obligation of the Calculation Agent to give notice to the Warrantholders as set forth in the preceding sentence, failure by the Calculation Agent to notify the Warrantholders of the occurrence of a Disrupted Day shall not affect the validity of the occurrence and effect of such Disrupted Day.

(2) Potential Adjustment Event, Adviser Resignation Event, Cross-contamination, De-listing, Failure by Fund Service Provider, Fund Administrator Cessation, Fund Modification, Hedging Illegality, Insolvency, Merger Event, Nationalisation, Regulatory Action, Strategy Breach and Tender Offer

(a) **Potential Adjustment Event** means any of the following:

- (i) a subdivision, consolidation or reclassification of relevant ETF Shares (unless resulting in a Merger Event) or a free distribution or dividend of any such ETF Shares to existing holders by way of bonus, capitalisation or similar issue;
- (ii) a distribution, issue or dividend to existing holders of the relevant ETF Shares of (A) such ETF Shares or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Basket Fund or the Fund, as the case may be, equally or proportionately with such payments to holders of such ETF Shares or (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Basket Fund or the Fund, as the case may be, 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 in other consideration) at less than the prevailing market price as determined by the Calculation Agent;

- (iii) an Extraordinary Dividend;
 - (iv) a call by a Basket Fund or the Fund, as the case may be, in respect of relevant ETF Shares which are not fully paid;
 - (v) a repurchase by a Basket Fund or any of its subsidiaries or the Fund or any of its subsidiaries, as the case may be, of relevant ETF Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise other than in respect of a redemption of such ETF Shares initiated by an investor in such ETF Shares that is consistent with the relevant Fund Documents;
 - (vi) in respect of a Basket Fund or the Fund, as the case may be, an event which results in any shareholder right being distributed or becoming separated from shares of common stock or other shares of the capital stock of such Basket Fund or the Fund, as the case may be, pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value, as determined by the Calculation Agent, PROVIDED THAT any adjustment effected as a result of such an event may, in the discretion of the Calculation Agent, be readjusted upon any redemption of such rights; or
 - (vii) any other event which may have, in the opinion of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the relevant ETF Shares.
- (b) **Adviser Resignation Event** means, in relation to a Basket Fund or Fund, as the case may be, and the related ETF Share, the resignation, termination of the appointment or replacement of its Fund Adviser in respect of such ETF Share.

Cross-contamination means, in relation to a Basket Fund or Fund, as the case may be, the occurrence of a cross-contamination or other failure to segregate effectively assets between different classes, series or sub-funds of such Basket Fund or Fund, as the case may be.

De-listing means, in relation to any relevant ETF Shares, the relevant Exchange announces that pursuant to the rules of such Exchange, such ETF Shares cease (or will cease) to be listed, traded or publicly quoted on such Exchange for any reason (other than a Merger Event or a Tender Offer) and are not (or will not be) 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 located 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.

Failure by Fund Service Provider means, in relation to a Basket Fund or the Fund, as the case may be, and the related ETF Share, a failure by a Fund Service Provider of such Basket Fund or the Fund, as the case may be, in respect of such ETF Share to perform any of its obligations in respect of such Basket Fund or the Fund, as the case may be, and such ETF Share and any such Fund Service Provider is not immediately replaced by another Fund Service Provider acceptable to the Calculation Agent.

Fund Administrator Cessation means, in relation to a Basket Fund or Fund, as the case may be, and the related ETF Share, that any Fund Administrator for such Basket

Fund or Fund, as the case may be, in respect of such ETF Share ceases to provide the services as outlined in the relevant Fund Documents prevailing on the Issue Date and any such Fund Administrator is not immediately replaced by another Fund Administrator acceptable to the Calculation Agent.

Fund Modification means, in relation to a Basket Fund or Fund, as the case may be, and the related ETF Share, any change or modification of the Fund Documents of such Basket Fund or Fund, as the case may be, in respect of such ETF Share which could reasonably be expected to affect (i) the value of such ETF Share or (ii) the rights or remedies of any holder of such ETF Share as compared with those rights or remedies prevailing on the Issue Date.

Hedging Illegality means a determination by the Calculation Agent that any arrangements made to hedge the Issuer's position under the Warrants has or will become unlawful, illegal, or otherwise prohibited in whole or in part as a result of compliance with or the interpretation of any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power.

Insolvency means:

- (a) that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding up of or any analogous proceeding affecting a Basket Fund or Fund, as the case may be, (i) all the ETF Shares of that Basket Fund or Fund, as the case may be, are required to be transferred to a trustee, liquidator or other similar official; or (ii) holders of the ETF Shares of that Basket Fund or the Fund, as the case may be, become legally prohibited from transferring them; or
- (b) either a Basket Fund or Fund, as the case may be, or any of its Fund Service Providers (i) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation (other than pursuant to a consolidation, amalgamation or merger), (ii) makes a general assignment or arrangement with or for the benefit of its creditors, (iii) (A) 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 office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or (B) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditor's rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in (A) above and either (x) results in a judgment of insolvency or an order for its winding-up or liquidation or (y) is not dismissed, stayed or restrained in each case within fifteen days of the institution or presentation thereof; (iv) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for all or substantially all its assets; (v) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced, or sued on or against all or substantially all its assets and such secured party maintains

possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within fifteen days thereafter; or (vi) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in (iv) or (v) above.

Merger Date means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

Merger Event means, in respect of any relevant ETF Shares, any: (i) reclassification or change of such ETF Shares which results in a transfer of or an irrevocable commitment to transfer such ETF Shares outstanding to another entity or person; or (ii) consolidation, amalgamation, merger or binding share exchange of a Basket Fund or Fund, as the case may be, with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Basket Fund or Fund, as the case may be, is the continuing entity and which does not result in a reclassification or change of all such ETF Shares outstanding); or (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding ETF Shares of the Basket Fund or Fund, as the case may be, that results in a transfer of or an irrevocable commitment to transfer all such ETF Shares (other than such ETF Shares owned or controlled by such other entity or person); or (iv) consolidation, amalgamation, merger or binding share exchange of the Basket Fund or its subsidiaries or the Fund or its subsidiaries, as the case may be, with or into another entity in which the Basket Fund or the Fund, as the case may be, is the continuing entity and which does not result in the reclassification or change of all such ETF Shares outstanding but results in the outstanding ETF Shares (other than ETF Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding ETF Shares immediately following such event, in each case if the Merger Date is on or before (a) in the case of Cash Settled Warrants, the last occurring Relevant Day or (b) in the case of Physical Delivery Warrants, the relevant Settlement Date.

Nationalisation means that all the ETF Shares or all or substantially all the assets of a Basket Fund or Fund, as the case may be, are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

Regulatory Action means, in relation to a Basket Fund or Fund, as the case may be, (i) the cancellation, suspension or revocation of the registration or approval of such Basket Fund or Fund, as the case may be, or any ETF Share of such Basket Fund or Fund, as the case may be, by any governmental, legal or regulatory entity with authority over such Basket Fund or Fund, as the case may be, or such ETF Share, (ii) any change in the legal, tax, accounting or regulatory treatment of such ETF Share, such Basket Fund or Fund, as the case may be, or its Fund Adviser which is reasonably likely, in the determination of the Calculation Agent, to have an adverse impact on the value of such ETF Share or on any investor in such ETF Share or (iii) such Basket Fund or Fund, as the case may be, or any of its Fund Administrator or its Fund Adviser becomes subject to any investigation, proceeding or litigation by any relevant governmental, legal or regulatory authority involving the alleged violation of applicable law for any activity relating to or resulting from the operation of such Basket Fund or Fund, Fund Administrator or Fund Adviser.

Strategy Breach means, in relation to a Basket Fund or Fund, as the case may be, any breach or violation of any strategy or investment guidelines stated in the Fund Documents of such Basket Fund or Fund, as the case may be, which is reasonably likely, in the determination of the Calculation Agent, to affect: (i) the value of the ETF Shares of such Basket Fund or Fund, as the case may be, or (ii) the rights and remedies of any holder of the ETF Shares of such Basket Fund or Fund, as the case may be, as compared with those rights and remedies prevailing on the Issue Date.

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 a Basket Fund or Fund, as the case may be, as determined by the Calculation Agent, based on the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

(3) Consequences of Adjustment Events

If an Adjustment Event occurs in relation to an ETF Share, the Issuer in its sole and absolute discretion may, unless otherwise specified in the applicable Final Terms, take the action described in (a) or (b) below:

- (a) require the Calculation Agent to (i) make such adjustment(s), if any, to the terms of the Warrants as the Calculation Agent determines necessary or appropriate to account for the Adjustment Event and such adjustment may include, (A) if "ETF Share Substitution" is specified as applying in the applicable Final Terms, the substitution of the Share the subject of the Adjustment Event (the **Substituted ETF Share**) by a share (the **New ETF Share**) selected by the Calculation Agent that satisfies the criteria (if any) specified in the applicable Final Terms (the **ETF Share Substitution Criteria**) or (B) the issue of additional Warrants, if so specified in the applicable Final Terms, and (ii) determine the effective date(s) of the adjustment(s) to the Warrants. If "ETF Share Substitution" is specified as applying in the applicable Final Terms, and the Calculation Agent selects a New ETF Share in substitution for the Substituted ETF Share, the Issuer shall make such other adjustments to the terms of the Warrants as it deems appropriate. The Calculation Agent may (but need not) determine necessary or appropriate adjustment(s) by reference to the adjustment(s) in respect of such Adjustment Event made by any Related Exchange to options contracts or futures contracts on the relevant ETF Shares traded on such Related Exchange. The Calculation Agent shall make all adjustments arising from an Adjustment Event in such a way as to ensure that the direct economic link between the value of the ETF Shares and the value of the Warrants is preserved; or
- (b) cancel the Warrants by giving notice to Warrantholders in accordance with Condition 10. If the Warrants are so cancelled, the Issuer will pay to each Warrantholder in respect of each Warrant or, if Units are specified in the applicable Final Terms, each Unit, as the case may be, held by him an amount equal to the fair market value of a Warrant or a Unit, as the case may be, on a day selected by the Issuer, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements but taking into account, if already paid by or on behalf of the relevant Warrantholder and if applicable, any Exercise Price(s), all as determined by the Calculation Agent. Payments will be made in such manner and subject to such conditions as shall be notified to the Warrantholders in accordance with Condition 10.

The Calculation Agent shall as soon as reasonably practicable notify the Issuer of the existence of an Adjustment Event.

(4) Corrections

If the price of a Share published on any day and which is utilised for any calculation or determination made in respect of the Warrants is subsequently corrected and the correction (the **Corrected ETF Share Price**) is published by or on behalf of the relevant Exchange within five Business Days after the original publication and at least two Business Days prior to the relevant Settlement Date or Early Termination Settlement Date, as the case may be, then such Corrected ETF Share Price shall be deemed to be the price for such ETF Share for such day and the Calculation Agent shall use such Corrected ETF Share Price in determining any amounts payable or deliverable in respect of the Warrants.

(5) Notifications

Upon the occurrence of an Adjustment Event, the Issuer shall give notice as soon as practicable to the Warrantholders in accordance with Condition 10 stating the occurrence of the Adjustment Event giving details thereof and the action proposed to be taken in relation thereto.

(E) Mutual Fund Warrants

For the purposes of this Condition 15(E):

Adjustment Event means, in relation to a Basket Mutual Fund or a Mutual Fund, as the case may be, an Adviser Resignation Event, Cross-contamination, Failure by Fund Service Provider, Fund Administrator Cessation, Fund Modification, Hedging Illegality, Insolvency, Nationalisation, Regulatory Action, Reporting Disruption, Strategy Breach or Potential Adjustment Event.

Basket Mutual Fund means a mutual fund whose fund interests are included in the Basket of Fund Interests and **Basket Mutual Funds** means all such mutual funds.

Extraordinary Dividend means, in respect of a Fund Interest, a dividend, distribution or portion thereof which is determined by the Calculation Agent to be an extraordinary dividend relating to such Fund Interest.

Fund Administrator means, in relation to a Basket Mutual Fund or a Mutual Fund, as the case may be, and the related Fund Interest, the fund administrator, manager, trustee or similar person with the primary administrative responsibilities for such Basket Mutual Fund or Mutual Fund, as the case may be, in respect of such Fund Interest according to the Fund Documents of such Basket Mutual Fund or Mutual Fund, as the case may be, and such Fund Interest.

Fund Adviser means, in relation to a Basket Mutual Fund or Mutual Fund, as the case may be, and the related Fund Interest, any person appointed in the role of discretionary investment manager or non-discretionary investment adviser (including a non-discretionary investment adviser to a discretionary investment manager or to another non-discretionary investment adviser) to such Basket Mutual Fund or Mutual Fund, as the case may be, in respect of such Fund Interest or any successor acceptable to the Calculation Agent.

Fund Documents means, in relation to a Basket Mutual Fund or Mutual Fund, as the case may be, and the related Fund Interest, the constitutive and governing documents of such Basket Mutual Fund or Mutual Fund, as the case may be, in respect of such Fund Interest and

the subscription agreements and other agreements, in each case, relating to such Fund Interests and as amended from time to time.

Fund Interest means, subject to adjustment in accordance with this Condition 15(E), in the case of an issue of Warrants relating to a Basket of Mutual Funds, each mutual fund share or unit and, in the case of an issue of Warrants relating to a single Mutual Fund, such mutual fund share or unit specified in the applicable Final Terms and related expressions shall be construed accordingly.

Fund Service Provider means, in relation to a Basket Mutual Fund or Mutual Fund, as the case may be, and the related Fund Interest, any person who is appointed to provide services, directly or indirectly, for such Basket Mutual Fund or Mutual Fund, as the case may be, in respect of such Fund Interest whether or not specified in the relevant Fund Documents, or any successor acceptable to the Calculation Agent, including without limitation any Fund Adviser, Fund Administrator, operator, management company, depositary, custodian, sub-custodian, prime broker, administrator, trustee, registrar and transfer agent or domiciliary agent.

Hypothetical Investor means, in relation to a Basket Mutual Fund or Mutual Fund, as the case may be, a hypothetical investor in Fund Interests of such Basket Mutual Fund or Mutual Fund, as the case may be, deemed (a) to have the benefits and obligations, as provided in the Fund Documents of such Basket Mutual Fund or Mutual Fund, as the case may be, of an investor holding, as of the Issue Date, an interest in such Basket Mutual Fund or Mutual Fund, as the case may be, equal to the relevant number (determined by the Calculation Agent) of such Fund Interests; (b) in the case of any deemed investment in such Fund Interests of such Basket Mutual Fund or Mutual Fund, as the case may be, to have submitted a duly completed and timely notice requesting a subscription for the relevant number of such Fund Interests; and (c) in the case of any deemed redemption of an investment in such Fund Interests of such Basket Mutual Fund or Mutual Fund, as the case may be, to have submitted a duly completed and timely notice requesting a redemption of the relevant number of such Fund Interests.

Mutual Fund means, in the case of Warrants relating to a single Fund Interest, the mutual fund that has issued such Fund Interest.

Mutual Fund Valuation Date means, in respect of a Fund Interest, a date as of which the related Basket Mutual Fund or Mutual Fund, as the case may be, (or its Fund Service Provider that generally determines such value) determines the value of such Fund Interest or, if the related Basket Mutual Fund or Mutual Fund, as the case may be, only reports its aggregate net asset value, a date as of which such Basket Mutual Fund or Mutual Fund, as the case may be, determines its aggregate net asset value.

Redemption Notice Date means, in relation to a Fund Interest and a Valuation Date or Averaging Date, as the case may be, the last date on which a Hypothetical Investor in such Fund Interests would be permitted (under the Fund Documents of the related Basket Mutual Fund or Mutual Fund, as the case may be) to submit a redemption notice which would be timely for a redemption of such Fund Interests on the Scheduled Trading Day occurring on such Valuation Date or Averaging Date, as the case may be.

Redemption Valuation Date means, in relation to a Basket Mutual Fund or Mutual Fund, as the case may be, and any Valuation Date or Averaging Date, as the case may be, the date as of which such Basket Mutual Fund or Mutual Fund, as the case may be, (or its Fund Service Provider which generally determines the value hereinafter mentioned) would determine the net asset value of such Basket Mutual Fund or Mutual Fund, as the case may be, for the purpose of calculating the redemption proceeds to be paid to a Hypothetical Investor who has

submitted a valid and timely redemption notice on or before the Redemption Notice Date for a redemption in respect thereof of relevant Fund Interests.

(1) Potential Adjustment Event, Adviser Resignation Event, Cross-contamination, Failure by Fund Service Provider, Fund Administrator Cessation, Fund Modification, Illegality, Insolvency, Nationalisation, Regulatory Action, Reporting Disruption and Strategy Breach

(a) **Potential Adjustment Event** means, in relation to a Basket Mutual Fund or Mutual Fund, as the case may be:

- (i) a subdivision, consolidation or reclassification of Fund Interests in respect of such Basket Mutual Fund or Mutual Fund, as the case may be, or a free distribution or dividend of any such Fund Interest to existing holders by way of bonus, capitalisation or similar issue; or
- (ii) a distribution, issue or dividend to existing holders of Fund Interests in respect of such Basket Mutual Fund or Mutual Fund, as the case may be, of (A) an additional amount of such Fund Interests or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of such Basket Mutual Fund or Mutual Fund, as the case may be, equally or proportionately with such payments to holders of such Fund Interests or (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by such Basket Mutual Fund or Mutual Fund, as the case may be, 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 (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent; or
- (iii) an Extraordinary Dividend; or
- (iv) a repurchase by such Basket Mutual Fund or Mutual Fund, as the case may be, of relevant Fund Interests whether the consideration for such repurchase is cash, securities or otherwise, other than in respect of a redemption of Fund Interests initiated by an investor in such Fund Interests that is consistent with the relevant Fund Documents; or
- (v) any other event which may have, in the opinion of the Calculation Agent, a diluting or concentrative effect on the theoretical value of such Fund Interests.

(b) **Adviser Resignation Event** means, in relation to a Basket Mutual Fund or Mutual Fund, as the case may be, and the related Fund Interest, the resignation, termination or replacement of its Fund Adviser in respect of such Fund Interest.

Cross-contamination means, in relation to a Basket Mutual Fund or Mutual Fund, as the case may be, the occurrence of a cross-contamination or other failure to segregate effectively assets between different classes, series or sub-funds of such Basket Mutual Fund or Mutual Fund, as the case may be.

Failure by Fund Service Provider means, in relation to a Basket Mutual Fund or Mutual Fund, as the case may be, and the related Fund Interest, a failure by a Fund Service Provider of such Basket Mutual Fund or Mutual Fund, as the case may be, in respect of such Fund Interest to perform any of its obligations in respect of such Basket Mutual Fund or Mutual Fund, as the case may be, and such Fund Interest and

such Fund Service Provider is not immediately replaced by another Fund Service Provider acceptable to the Calculation Agent.

Fund Administrator Cessation means, in relation to a Basket Mutual Fund or Mutual Fund, as the case may be, and the related Fund Interest, that any Fund Administrator for such Basket Mutual Fund or Mutual Fund, as the case may be, in respect of such Fund Interest, ceases to provide the services as outlined in the relevant Fund Documents prevailing on the Issue Date and any such Fund Administrator is not immediately replaced by another Fund Administrator acceptable to the Calculation Agent.

Fund Modification means, in relation to a Basket Mutual Fund or Mutual Fund, as the case may be, and the related Fund Interest, any change or modification of the Fund Documents of such Basket Mutual Fund or Mutual Fund, as the case may be, in respect of such Fund Interest which could reasonably be expected to affect (i) the value of such Fund Interests; or (ii) the rights or remedies of any holder of any Fund Interest as compared with those rights or remedies prevailing on the Issue Date.

Hedging Illegality means a determination by the Calculation Agent that any arrangements made to hedge the Issuer's position under the Warrants has or will become unlawful, illegal, or otherwise prohibited in whole or in part as a result of compliance with or the interpretation of any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power.

Insolvency means:

- (i) that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding up of or any analogous proceeding affecting a Basket Mutual Fund or Mutual Fund, as the case may be, (A) all Fund Interests of such Basket Mutual Fund or Mutual Fund, as the case may be, are required to be transferred to a trustee, liquidator or other similar official; or (B) holders of Fund Interests of such Basket Mutual Fund or Mutual Fund, as the case may be, become legally prohibited from transferring or redeeming such Fund Interests; or
- (ii) either a Basket Mutual Fund or Mutual Fund, as the case may be, or any of its Fund Service Providers (A) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation (other than pursuant to a consolidation, amalgamation or merger); (B) makes a general assignment or arrangement with or for the benefit of its creditors; (C) (1) 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, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official; or (2) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditor's rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in (1) above and either (x) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation; or (y) is not

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

Nationalisation means that all the Fund Interests or all or substantially all the assets of a Basket Mutual Fund or Mutual Fund, as the case may be, are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

Regulatory Action means, in relation to a Basket Mutual Fund or Mutual Fund, as the case may be, (i) the cancellation, suspension or revocation of the registration or approval of such Basket Mutual Fund or Mutual Fund, as the case may be, or any Fund Interest of such Basket Mutual Fund or Mutual Fund, as the case may be, by any governmental, legal or regulatory entity with authority over such Basket Mutual Fund or Mutual Fund, as the case may be, or such Fund Interest; (ii) any change in the legal, tax, accounting or regulatory treatment of such Fund Interest, such Basket Mutual Fund or Mutual Fund, as the case may be, or its Fund Adviser which is reasonably likely, in the determination of the Calculation Agent, to have an adverse impact on the value of such Fund Interest or on any investor in such Fund Interest; or (iii) such Basket Mutual Fund or Mutual Fund, as the case may be, or any of its Fund Administrator or its Fund Adviser becomes subject to any investigation, proceeding or litigation by any relevant governmental, legal or regulatory authority involving the alleged violation of applicable law for any activity relating to or resulting from the operation of such Basket Mutual Fund or Mutual Fund, as the case may be, Fund Administrator or Fund Adviser.

Reporting Disruption means, in relation to a Basket Mutual Fund or Mutual Fund, as the case may be, (x) the occurrence of any event affecting such Basket Mutual Fund or Mutual Fund, as the case may be, which would make it impossible or impracticable to determine the value of a Fund Interest of such Basket Mutual Fund or Mutual Fund, as the case may be, and such event continues for at least two consecutive Scheduled Trading Days; (y) any failure of such Basket Mutual Fund or Mutual Fund, as the case may be, to deliver or cause to be delivered, (A) information that such Basket Mutual Fund or Mutual Fund, as the case may be, has agreed to deliver, or cause to be delivered to the Calculation Agent, including, but not limited to, information to determine the occurrence of a Disrupted Day or Adjustment Event and the annual audited financial report and semi-annual financial report, if any, in relation to the related Fund Interests, or (B) information that has been previously delivered to the Calculation Agent, in accordance with the normal practice of such Basket Mutual Fund or Mutual Fund, as the case may be, or its authorized representative and that the Calculation Agent deems necessary to monitor the compliance of such Basket Mutual Fund or Mutual Fund, as the case may be, with any investment guidelines, asset allocation methodologies or any other similar policies relating to the relevant Fund Interests.

Strategy Breach means, in relation to a Basket Mutual Fund or Mutual Fund, as the case may be, any breach or violation of any strategy or investment guidelines stated in the Fund Documents of such Basket Mutual Fund or Mutual Fund, as the case may be, which is reasonably likely, in the determination of the Calculation Agent, to affect (i) the value of Fund Interests of such Basket Mutual Fund or Mutual Fund, as the case may be, or (ii) the rights or remedies of any holder of any Fund Interest as compared with those rights or remedies prevailing on the Issue Date.

(2) Consequences of Adjustment Events

If an Adjustment Event occurs in relation to a Basket Mutual Fund or Mutual Fund, as the case may be, the Issuer in its sole and absolute discretion may, unless otherwise specified in the applicable Final Terms, take the action described in (i) or (ii) below:

- (i) require the Calculation Agent to (a) make such adjustment(s), if any, to the terms of the Warrants as the Calculation Agent determines necessary or appropriate to account for the Adjustment Event and such adjustment may include, (I) if "Fund Interest Substitution" is specified as applying in the applicable Final Terms, the substitution of the Fund Interest the subject of the Adjustment Event (the **Substituted Fund Interest**) by a fund interest (the **New Fund Interest**) selected by the Calculation Agent in accordance with the criteria (if any) specified in the applicable Final Terms (the **Mutual Fund Substitution Criteria**) or (II) the issue of additional Warrants, if so specified in the applicable Final Terms, and (b) determine the effective date(s) of the adjustment(s) to the Warrants. If "Fund Interest Substitution" is specified as applying in the applicable Final Terms, and the Calculation Agent selects a New Fund Interest in substitution for the Substituted Fund Interest, the Issuer shall make such other adjustments to the terms of the Warrants as it deems appropriate. The Calculation Agent shall make all adjustments arising from an Adjustment Event in such a way as to ensure that the direct economic link between the value of the relevant Fund Interests and the value of the Warrants is preserved; or
- (ii) cancel the Warrants by giving notice to Warrantholders in accordance with Condition 10. If the Warrants are so cancelled, the Issuer will pay to each Warrantholder in respect of each Warrant or, if Units are specified in the applicable Final Terms, each Unit, as the case may be, held by him an amount equal to the fair market value of a Warrant or a Unit, as the case may be, on a day selected by the Issuer, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements but taking into account, if already paid by or on behalf of the relevant Warrantholder and if applicable, any Exercise Price(s), all as determined by the Calculation Agent. Payments will be made in such manner and subject to such conditions as shall be notified to the Warrantholders in accordance with Condition 10.

The Calculation Agent shall as soon as reasonably practicable notify the Issuer of the existence of an Adjustment Event.

(3) Corrections

If any price or value published by or on half of a Basket Mutual Fund or Mutual Fund, as the case may be, in respect of a Fund Interest on any day and which is utilised for any calculation or determination made in respect of the Warrants is subsequently corrected and the correction (the **Corrected Fund Interest Price**) is published by or on behalf of such Basket Mutual Fund or Mutual Fund, as the case may be, within five Business Days after the original publication and at least two Business Days prior to the relevant Settlement Date or Early Termination Settlement Date, as the case may be, then such Corrected Fund Interest Price

shall be deemed to be the price or value for such Fund Interest for such day and the Calculation Agent shall use such Corrected Fund Interest Price in determining any amounts payable or deliverable in respect of the Warrants.

(4) Notifications

Upon the occurrence of an Adjustment Event, the Issuer shall give notice as soon as practicable to the Warrantholders in accordance with Condition 10 stating the occurrence of the Adjustment Event giving details thereof and the action proposed to be taken in relation thereto.

(F) Debt Warrants

Market Disruption

Market Disruption Event shall mean the suspension of or limitation imposed on trading either (i) on any exchange on which the Debt Securities or any of them (in the case of a Basket of Debt Securities) are traded or (ii) on any exchange on which options contracts or futures contracts with respect to the Debt Securities or any of them (in the case of a Basket of Debt Securities) are traded if, in the determination of the Calculation Agent, such suspension or limitation is material.

The Issuer shall give notice as soon as practicable to the Warrantholders in accordance with Condition 10 that a Market Disruption Event has occurred.

(G) Commodity Warrants

Market Disruption

Market Disruption Event shall mean the suspension of or limitation imposed on trading either (i) on any exchange on which the Commodity or any of the Commodities (in the case of a Basket of Commodities) are traded or (ii) on any exchange on which options contracts or futures contracts with respect to the Commodity or any of the Commodities (in the case of a Basket of Commodities) are traded if, in the determination of the Calculation Agent, such suspension or limitation is material.

The Issuer shall give notice as soon as practicable to the Warrantholders in accordance with Condition 10 that a Market Disruption Event has occurred.

(H) Index Warrants relating to a Contract

(a) Adjustment to a Contract

In the event that the terms of the Contract are changed or modified by the Related Exchange, the Calculation Agent shall, if necessary, make the appropriate adjustments to the provisions for determining the Settlement Price and/or any of the other terms of these Conditions and/or the applicable Final Terms as the Calculation Agent determines appropriate to account for such change.

(b) Adjustment of the Official Settlement Price

Subject to paragraph (a) above, the Calculation Agent shall ignore, for the purposes of determining the Settlement Price, adjustments made by the Related Exchange to the method of calculation of the Official Settlement Price.

(c) Non-Commencement or Discontinuance of a Contract

Subject to paragraph (b) above, if there is no Official Settlement Price as a result of the fact that trading in the Contract never commences or is permanently discontinued at any time on or prior to the Expiry Date, the Official Settlement Price shall be deemed to be (i) in the case of an Index Warrant relating to a Contract other than where the relevant Index is specified in the applicable Final Terms to be a Designated Multi-Exchange Index, an amount (which shall be deemed to be a monetary value on the same basis as the Exercise Price) equal to the official closing level of the relevant Index on the relevant Exchange as determined by the Calculation Agent and (ii) in the case of an Index Warrant relating to a Contract where the relevant Index is specified in the applicable Final Terms to be a Designated Multi-Exchange Index, an amount (which shall be deemed to be a monetary value on the same basis as the Exercise Price) equal to the official closing level of the Index as calculated and published by the Index Sponsor, in each case on the Expiry Date which for these purposes shall be the date that, but for the non-commencement or permanent discontinuance of the Contract, would have been the Expiry Date, or if such date is not a Scheduled Trading Day, the immediately succeeding Scheduled Trading Day unless such day is a Disrupted Day, in which case the Calculation Agent shall determine the level of the Index for that date in accordance with sub-paragraph (i)(a) of the definition of "Valuation Date" in Condition 3.

(d) Corrections of the Official Settlement Price

If the Official Settlement Price published by the Related Exchange or its clearing house on the Expiry Date and which is utilised for any calculation or determination made in respect of the Warrants is subsequently corrected and the correction (the **Corrected Official Settlement Price**) is published by the Related Exchange or its clearing house within two Business Days after the original publication and at least two Business Days prior in any Settlement Date, then such Corrected Official Settlement Price shall be deemed to be the Official Settlement Price for the Contract for the Expiry Date and the Calculation Agent shall use such Corrected Official Settlement Price in determining the Cash Settlement Amount.

(e) Notice

The Calculation Agent shall give notice as soon as practicable to the Warrantholders in accordance with Condition 10 of any adjustment or determination made by it pursuant to paragraphs (a), (b), (c) and/or (d) above.

(I) *Realisation Disruption*

If "Realisation Disruption" is specified as applicable in the applicable Final Terms, upon the occurrence and/or continuation of any Realisation Disruption Event on or before the date on which the Issuer's obligations in respect of the Warrants have been discharged, the Issuer may either (A) direct the Calculation Agent to make, in good faith and in a commercially reasonable manner, such consequential adjustments to any of the terms of the Warrants (including any payment or delivery obligations) as it determines appropriate in order to reflect the economic effect of the particular Realisation Disruption Event or (B) cancel the Warrants by giving notice to the Warrantholders in accordance with Condition 10. If the Warrants are so cancelled, the Issuer will pay to each Warrantholder in respect of each Warrant or, if Units are specified in the applicable Final Terms, each Unit, as the case may be, held by him, an amount equal to the fair market value of a Warrant or Unit, as the case may be, on a day selected by the Issuer, less the cost to the Issuer and/or any of its Affiliates of unwinding (i) positions or contracts in securities, options, futures, derivatives or foreign exchange, (ii) stock

loan transactions or (iii) other instruments or arrangements to hedge its obligations under the Warrants (the transactions described in (i), (ii) and (iii) being the **Relevant Instruments**), all as determined by the Calculation Agent. Payments will be made in such manner as shall be notified to the Warrantheolders in accordance with Condition 10. Such adjustments by the Calculation Agent may include (but are not limited to) (a) payments under the Warrants in the currency (the **Local Currency**) in which the Relevant Instruments are denominated or payable rather than the Settlement Currency, (b) deduction of an amount equal to the applicable tax, charge or deduction from the relevant payment otherwise due under the relevant Warrants, (c) non-payment of the relevant payment otherwise due under the relevant Warrants until the relevant restrictions (including but not limited to all exchange and/or conversion and/or cross-border transfer restrictions) are lifted and/or (d) determination of the relevant exchange rate by the Calculation Agent taking into consideration all available information that it deems relevant and/or (e) (where legally permissible) in lieu of paying any cash amounts in respect of the Warrants, physical delivery of any Underlying Asset(s), delivered in such manner as shall be notified to the Warrantheolders by the Issuer PROVIDED THAT such Underlying Asset(s) may be subject to transfer restrictions and additional certifications may be required from the Warrantheolders. Any such adjustments will be effective as of the date determined by the Calculation Agent.

Upon the occurrence of an Realisation Disruption Event, the Issuer shall give notice as soon as practicable to the Warrantheolders in accordance with Condition 10 stating the occurrence of the Realisation Disruption Event, giving details thereof and the action proposed to be taken in relation thereto.

For the purposes hereof, a **Realisation Disruption Event** shall be deemed to have occurred if the Calculation Agent determines in good faith and in a commercially reasonable manner that:

- (i) either any restrictions or any taxes, charges or other deductions have been imposed by any applicable governmental, taxation, judicial or regulatory body on any dealing by the Issuer and/or any of its Affiliates in any Relevant Instruments held by the Issuer and/or any of its Affiliates such that the Issuer and/or any of its Affiliates:
 - (A) is or would be materially restricted from continuing to purchase, sell or otherwise deal in any Relevant Instruments (or to enter into, continue or otherwise complete such transactions) and/or is or would be materially restricted from exercising its rights, or performing its obligations in respect of any Relevant Instruments,
 - (B) is materially restricted from performing the Issuer's obligations under the Warrants and/or any relevant hedging arrangements in connection therewith, or
 - (C) will (or is likely to) incur a materially increased cost in performing its obligations under the Warrants and/or any relevant hedging arrangements in connection therewith, or
- (ii) an event has occurred or circumstances exist (including without limitation either any restrictions or any charges or deductions imposed by any applicable governmental, judicial or regulatory body):
 - (A) that materially restricts the Issuer and/or any of its Affiliates' ability to (i) exchange or convert the Local Currency for the Settlement Currency or the Settlement Currency for the Local Currency through the customary legal channels and/or (ii) deliver the Settlement Currency or the Local Currency or to transfer the proceeds of the Relevant Instruments (or any transaction

relating to a Relevant Instrument) to accounts outside the jurisdiction of the Local Currency (the **Local Jurisdiction**) or to a party that is a non-resident of the Local Jurisdiction,

- (B) such that the Issuer and/or any of its Affiliates is or would be materially restricted from transferring amounts payable in respect of the Warrants between the Local Jurisdiction and the jurisdiction of the Issuer and/or any of its Affiliates, and/or
- (C) such that the Calculation Agent's ability to determine a rate at which the Local Currency can be exchanged for the Settlement Currency, for any reason becomes restricted, or such determination is otherwise impracticable or such rate is subject to material charges or deductions.

(J) Gilt Warrants

For the purposes of this Condition 15(J):

Gilt and Gilts mean, subject to adjustment in accordance with this Condition 15(J), each gilt specified in the applicable Final Terms and related expressions shall be construed accordingly.

(1) Substitution

In the event that "Gilt Substitution" is specified as applying in the applicable Final Terms, the Calculation Agent may substitute for the relevant Gilt (the **Substituted Gilt**) such other "gilt-edged securities" (within the meaning of the Taxation of Chargeable Gains Act 1992) (the **New Gilt**) as it considers appropriate in its commercially reasonable discretion. If the Calculation Agent selects a New Gilt in substitution for the Substituted Gilt, the Issuer may make such other adjustments to the terms of the Warrants as it deems appropriate to reflect such substitution.

The Calculation Agent shall as soon as reasonably practicable notify the Issuer of any Gilt Substitution.

(2) Corrections

If the price of a Gilt published on any day and which is utilised for any calculation or determination made in respect of the Warrants is subsequently corrected and the correction (the **Corrected Gilt Price**) is published within five Business Days after the original publication and at least two Business Days prior to the relevant Settlement Date or Early Termination Settlement Date, as the case may be, then such Corrected Gilt Price shall be deemed to be the price for such Gilt for such day and the Calculation Agent shall use such Corrected Gilt Price in determining any amounts payable or deliverable in respect of the Warrants.

(3) Notifications

Upon the occurrence of a Gilt Substitution, the Issuer shall give notice as soon as practicable to the Warrantholders in accordance with Condition 10 stating the occurrence of the Gilt Substitution giving details thereof and the action proposed to be taken in relation thereto.

16. Adjustments for European Monetary Union

The Issuer may, without the consent of the Warrantholders, on giving notice to the Warrantholders in accordance with Condition 10:

- (i) elect that, with effect from the Adjustment Date specified in the notice, certain terms of the Warrants shall be redenominated in euro;

The election will have effect as follows:

- (A) where the Settlement Currency of the Warrants is the National Currency Unit of a country which is participating in the third stage of European Economic and Monetary Union, such Settlement Currency shall be deemed to be an amount of euro converted from the original Settlement Currency into euro at the Established Rate, subject to such provisions (if any) as to rounding as the Issuer may decide, after consultation with the Calculation Agent, and as may be specified in the notice, and after the Adjustment Date, all payments in respect of the Warrants will be made solely in euro as though references in the Warrants to the Settlement Currency were to euro;
 - (B) where the Exchange Rate and/or any other terms of these Conditions are expressed in or, in the case of the Exchange Rate, contemplate the exchange from or into, the currency (the **Original Currency**) of a country which is participating in the third stage of European Economic and Monetary Union, such Exchange Rate and/or any other terms of these Conditions shall be deemed to be expressed in or, in the case of the Exchange Rate, converted from or, as the case may be, into euro at the Established Rate; and
 - (C) such other changes shall be made to these Conditions as the Issuer may decide, after consultation with the Calculation Agent, to conform them to conventions then applicable to instruments expressed in euro; and/or
- (ii) require that the Calculation Agent make such adjustments to the Multiplier and/or the Settlement Price and/or the Exercise Price and/or any other terms of these Conditions and/or the applicable Final Terms as the Calculation Agent may determine to be appropriate to account for the effect of the third stage of European Economic and Monetary Union on the Multiplier and/or the Settlement Price and/or the Exercise Price and/or such other terms of these Conditions and/or the applicable Final Terms.

Notwithstanding the foregoing, none of the Issuer, the Calculation Agent and the Warrant Agents shall be liable to any Warrantholder or other person for any commissions, costs, losses or expenses in relation to or resulting from the transfer of euro or any currency conversion or rounding effected in connection therewith;

In this Condition, the following expressions have the following meanings:

Adjustment Date means a date specified by the Issuer in the notice given to the Warrantholders pursuant to this Condition which falls on or after the date on which the country of the Original Currency first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty;

Established Rate means the rate for the conversion of the Original Currency (including compliance with rules relating to rounding in accordance with applicable European Community regulations) into euro established by the Council of the European Union pursuant to Article 140 of the Treaty;

euro means the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty;

National Currency Unit means the unit of the currency of a country, as such unit is defined on the day before the date on which the country of the Original Currency first participates in the third stage of European Economic and Monetary Union; and

Treaty means the treaty on the functioning of the European Union, as amended.

17. Listing of Warrants

In respect of Warrants which are to be listed on a stock exchange, market or quotation system, the Issuer shall use all reasonable endeavours to have such Warrants approved for listing on the relevant stock exchange, market or quotation system and to maintain such listing so long as any of such Warrants are outstanding, PROVIDED THAT:

- (a) if it is impracticable or unduly burdensome, in the opinion of the Issuer acting in good faith, to maintain such listing, or
- (b) if the maintenance of the listing of the Warrants has, in the opinion of the Issuer, become unduly onerous for any reason whatsoever, including, but not limited to, (i) the need for the Issuer to meet the requirements of (x) Directive 2003/71/EC of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading or (y) of Directive 2004/109/EC of the European Parliament and of the Council on the harmonisation of transparency requirements with regard to information about issuers whose securities are admitted to trading on a regulated market (which test, for the avoidance of doubt but without limitation, would be satisfied if the Issuer would be required to publish financial information according to accounting principles or standards that are materially different from United States generally accepted accounting principles) or (ii) the need for the Issuer to comply with any continuing obligation of the relevant stock exchange, market or quotation system,

then the Issuer may apply to the relevant stock exchange, market or quotation system to de-list such Warrants from such stock exchange, market or quotation system in accordance with the rules of the relevant stock exchange, market or quotation system PROVIDED THAT it shall use all reasonable endeavours to obtain and maintain as soon as reasonably practicable after such de-listing an alternative admission to listing, trading and/or quotation of the relevant Warrants by an appropriate stock exchange, market or quotation system within or outside the European Union, as it may decide.

If, in the opinion of the Issuer, such admission to listing, trading and/or quotation on an appropriate stock exchange, market or quotation system is not available or if obtaining or maintaining such admission would be, in the opinion of the Issuer, impracticable or unduly burdensome, the Issuer shall not be required to obtain such admission and shall have no further obligation to obtain or maintain any listing, trading and/or quotation for the relevant Warrants.

Appropriate stock exchange means a stock exchange, market or quotation system on which, in the opinion of the Issuer, it is customary in the sphere of international finance to list securities such as the relevant Warrants.

18. Contracts (Rights of Third Parties) Act 1999

The Warrants do not confer on any person any right under the Contracts (Rights of Third Parties) Act 1999 (the **Act**) to enforce any term of the Warrants. This provision does not affect any right or remedy of any person which exists or is available apart from the Act.

SCHEDULE 1 TO THE CONDITIONS

TERMS AND CONDITIONS APPLICABLE TO EMEA PARTICIPATION CERTIFICATES

The following provisions shall apply to Warrants which are specified in the applicable Final Terms to be EMEA Participation Certificates. For the avoidance of doubt, defined terms used in this Schedule 1 shall only apply in respect of EMEA Participation Certificates.

1. Definitions

The following definitions shall be inserted into Condition 3 in alphabetical order:

Applicable Amount means, in relation to a cash dividend declared in relation to one Share, an amount of such cash dividend, if any, that the Issuer from time to time deems appropriate to take account of any tax, duty, withholding, deduction or other charge whatsoever, including but not limited to taking into account any tax, duty, withholding, deduction or other charge sustained or incurred by the Issuer or any Affiliate or a foreign investor as a result of the receipt of the relevant cash dividend or that would have been sustained or incurred by the Issuer or any Affiliate or a foreign investor had it so received such cash dividend. The Issuer has discretion as to what the Applicable Amount should be from time to time.

Average Price means, in the determination of the Calculation Agent, the average price per Share arising from the sale by the Calculation Agent of the Sold Shares and where the Sold Shares are sold, at the option of the Calculation Agent, on the Exchange in such numbers of the Shares and at such times on the First Valuation Date, subject as provided below,

PROVIDED THAT, the Calculation Agent shall have the discretion not to sell on the Exchange all or any of the Sold Shares on the First Valuation Date (if the First Valuation Date is a Disrupted Day or for any other reason) and those Shares comprising the Sold Shares not sold on the First Valuation Date shall be sold on the Exchange as soon thereafter as the Calculation Agent determines in its commercially reasonable judgement. The period of Scheduled Trading Days from and including the First Valuation Date to the Scheduled Trading Day on which all the Sold Shares have been sold shall be the Valuation Period.

References herein to a sale of Shares shall be deemed to be references to a notional or actual sale of Shares by the Calculation Agent as a foreign investor and references to "sell" and "sold" shall be construed accordingly.

Cash Settlement Amount means, in relation to a Warrant, a Settlement Date and (i) an Exercise Date relating to a Corporate Action, the Corporate Action Amount relating to such Corporate Action or (ii) an Exercise Date relating to a Dividend, the Dividend Amount relating to such Dividend.

Commission means the percentage specified in the applicable Final Terms.

Corporate Action means, in relation to a Warrant, the Share Company and a Share, a stock dividend or a rights issue declared by the Share Company in respect of such Share during the period from (and including) the Strike Date to (but excluding) the Additional Exercise Date for such Warrant.

In the event that a Potential Adjustment Event which is a Corporate Action occurs, the provisions of Condition 15(B)(2) shall not apply to that Potential Adjustment Event, except as otherwise provided herein.

Corporate Action Amount means, in relation to each Corporate Action and a Warrant and the Exercise Date relating to such Corporate Action, an amount in United States dollars calculated by the Calculation Agent in accordance with the following formula:

$$\frac{X}{Y} - \text{Expenses}$$

Where:

Expenses means all duties, levies and taxes (including any stamp, transfer or withholding taxes or tax on profits or capital gains) whatsoever which the Calculation Agent determines would be, or would have been, sustained or incurred by the Issuer or any Affiliate or foreign investor had such entity owned or disposed of Corporate Action Securities in a number equal to the Corporate Action Securities Amount on any day during the relevant Corporate Action Valuation Period.

X means, in relation to a Corporate Action and in the determination of the Calculation Agent, the average price per Corporate Action Security relating to such Corporate Action arising from the sale by the Calculation Agent of the Sold Corporate Action Securities and where the Sold Corporate Action Securities are sold, at the option of the Calculation Agent, on the Exchange or by any other such methods as the Calculation Agent so determines, in such numbers of the Corporate Action Securities and at such times on the Corporate Action Date, subject as provided below,

PROVIDED THAT the Calculation Agent shall have the discretion not to sell all or any of the Sold Corporate Action Securities on the Corporate Action Date (for any reason) and those Corporate Action Securities comprising the Sold Corporate Action Securities not sold on the Corporate Action Date shall be sold as soon thereafter as the Calculation Agent determines in its commercially reasonable judgement. The period of days from and including the Corporate Action Date to the day on which all the Sold Corporate Action Securities have been sold shall be the **Corporate Action Valuation Period**.

PROVIDED FURTHER THAT if, in relation to any Warrants, the Calculation Agent determines that all such Sold Corporate Action Securities cannot be so sold, the provisions of Condition 15(B) shall apply to such Corporate Action as if such Corporate Action were a Potential Adjustment Event.

References herein to a sale of Corporate Action Securities shall be deemed to be references to a notional or actual sale of Corporate Action Securities by the Calculation Agent as a foreign investor and references to "sell" and "sold" shall be construed accordingly.

Y means the Dividend Exchange Rate.

Corporate Action Date means, in relation to a Corporate Action, the date on which a foreign investor would have received the relevant Corporate Action Securities in respect of such Corporate Action.

Corporate Action Securities means, in relation to a Corporate Action, the securities or rights issued by the Share Company in respect of such Corporate Action.

Corporate Action Securities Amount means, in relation to a Corporate Action, a Warrant and the Exercise Date relating to such Corporate Action, the number of Corporate Action Securities relating to such Corporate Action.

Dividend means, in relation to a Warrant, the Share Company and a Share, any cash dividends declared by the Share Company in relation to one Share (less the Applicable Amount), the Ex-Date for which falls during the period from (and including) the Strike Date to (but excluding) the Additional Exercise Date for such Warrant, and converted into U.S. dollars at the relevant Dividend Exchange Rate as determined by the Calculation Agent.

In the event that a Potential Adjustment Event which is a Dividend occurs, the provisions of Condition 15(B)(2) shall not apply to that Potential Adjustment Event, except as otherwise provided herein.

Dividend Amount means, in relation to a Dividend, a Warrant and the Exercise Date relating to such Dividend, an amount in United States dollars equal to such Dividend.

Dividend Exchange Rate means, in relation to any Dividends and/or any Corporate Action Amount, the Share Currency/U.S.\$ exchange rate (expressed as the number of units of the Share Currency (or part thereof) for which one U.S. dollar can be exchanged) determined by the Calculation Agent in good faith and in a commercially reasonable manner at such time and by reference to such sources as it deems appropriate.

Exchange Rate means the rate of exchange for conversion of any amount into the relevant Settlement Currency for the purposes of determining the Settlement Price, being the Share Currency/U.S.\$ exchange rate (expressed as the number of units of the Share Currency (or part thereof) for which one U.S. dollar can be exchanged), as determined by the Calculation Agent in good faith and in a commercially reasonable manner at such time and by reference to such sources as it deems appropriate.

Ex-Date means, in relation to a Dividend, the date on which the Shares trade ex such Dividend on the Exchange.

Exercise Date means, in relation to a Warrant and (i) a Corporate Action, the day on which the Shares are traded ex the Corporate Action Securities relating to such Corporate Action or (ii) a Dividend, the Ex-Date relating to such Dividend.

Final Settlement Amount means, in relation to the Additional Exercise Date, an amount in USD (which shall not be less than U.S.\$0.01) calculated by the Calculation Agent by reference to the following formula:

$$\text{Settlement Price less Exercise Price.}$$

Final Settlement Date means, in relation to a Warrant and the Additional Exercise Date, the day falling three Business Days after the final Scheduled Trading Day of the relevant Valuation Period.

First Valuation Date means, in relation to a Warrant, the Additional Exercise Date or, if such date is not a Scheduled Trading Day, the first succeeding Scheduled Trading Day.

Settlement Date means, in relation to a Warrant and (i) a Corporate Action, the day falling five Business Days after the last day of the Corporate Action Valuation Period or (ii) a Dividend, the day falling five Business Days after the date on which the Issuer and/or its Affiliates receives such Dividend.

Settlement Price means In relation to an Additional Exercise Date, the Settlement Price will be an amount calculated by the Calculation Agent in accordance with the following formula:

$$(1 - \text{Commission}) \times \frac{\text{Average Price}}{\text{Exchange Rate}}$$

Share Amount means, in relation to each Warrant, one Share.

Share Currency means, in respect of the Share, the currency specified for such Share in the applicable Final Terms.

Sold Corporate Action Securities means, in relation to a Corporate Action Date, a number of Corporate Action Securities equal to the product of A and B, as determined by the Calculation Agent, where: **A** means the Corporate Action Securities Amount and **B** means the aggregate number of Warrants outstanding on such Corporate Action Date.

Sold Shares means, in relation to an Additional Exercise Date and the Warrants exercised on such date, a number of Shares equal to the product of A and B, as determined by the Calculation Agent, where: A means the Share Amount and B means the aggregate number of Warrants exercised on such Additional Exercise Date.

Strike Date means the date specified in the applicable Final Terms.

2. Exercise and Settlement

Conditions 4 and 5 of the General Conditions shall be deemed to be deleted and replaced by the following:

"4. Exercise Rights and Settlement

(A) Automatic Exercise

Each Warrant shall be automatically exercised on each Exercise Date PROVIDED THAT an Exercise Notice (as defined below) will need to be given as provided below in order to receive the relevant Cash Settlement Amount (if any).

Although the Warrants are automatically exercised on each Exercise Date, in order to receive the relevant Cash Settlement Amount, Warrantholders must deliver, or send by tested telex (confirmed in writing), a duly completed exercise notice substantially in the form set out in the form set out in the Warrant Agreement (copies of which may be obtained from Clearstream, Luxembourg, Euroclear and the Warrant Agents during normal office hours) (an Exercise Notice) to Euroclear or Clearstream, Luxembourg, as the case may be, with a copy to the Principal Warrant Agent at or prior to 10.00 a.m. Brussels or Luxembourg time, as appropriate, on the Business Day immediately preceding the Settlement Date (the Cut-off Date).

If a duly completed Exercise Notice is received by Euroclear or Clearstream, Luxembourg or the copy thereof is received by the Principal Warrant Agent later than 10.00 a.m. Brussels or Luxembourg time, as appropriate, on the relevant Cut-off Date, then the relevant Cash Settlement Amount will be paid as soon as practicable after the relevant Settlement Date, at the risk of such Warrantholder. If the Exercise Notice is received by Euroclear or Clearstream, Luxembourg, as the case may be, or if the copy thereof is received by the Principal Warrant Agent, in each case, either on a day which is not a Business Day or after

10.00 a.m., Brussels or Luxembourg time (as appropriate), on any Business Day, such Exercise Notice shall be deemed to have been delivered on the next Business Day.

If, in respect of an Exercise Date, any Warrantholder either (i) fails to deliver an Exercise Notice in the manner set out herein or fails to send a copy to the Principal Warrant Agent as set out herein, in each case, prior to the day that is 180 calendar days after the relevant Cut-off Date or (ii) either an Exercise Notice is received by Euroclear or Clearstream, Luxembourg or the copy thereof is received by the Principal Warrant Agent, in each case on any day falling after the day that is 180 calendar days after the relevant Cut-off Date, the Issuer shall be discharged from its obligations in respect of such Warrant in relation to such Exercise Date and the relevant Cash Settlement Amount and shall have no further obligation or liability whatsoever in respect thereof.

After delivery of an Exercise Notice in relation to an Exercise Date, the holder of Warrants specified therein at the time of such delivery may not transfer such Warrants until after the Cash Settlement Amount relating to such Exercise Date has been paid to such Warrantholder.

(B) Additional Exercise

- (i) In addition to Condition 4(A) above but subject as provided herein, each Warrant may also be exercised by its holder on any Business Day during the Additional Exercise Period. The Business Day during the Additional Exercise Period on which an Exercise Notice electing the Additional Exercise Date is delivered prior to 10.00 a.m., Brussels or Luxembourg time (as appropriate), to Euroclear or Clearstream, Luxembourg, as the case may be, and the copy thereof so received by the Principal Warrant Agent shall be the **Additional Exercise Date**. If any such Exercise Notice is received by Euroclear or Clearstream, Luxembourg, as the case may be, or if the copy thereof is received by the Principal Warrant Agent, in each case, either on a day which is not a Business Day or after 10.00 a.m., Brussels or Luxembourg time (as appropriate), on any Business Day during the Additional Exercise Period, such Exercise Notice shall be deemed to have been delivered on the next Business Day, which Business Day shall be deemed to be the Additional Exercise Date.

After delivery of an Exercise Notice in respect of the Additional Exercise Date, the holder of Warrants specified therein at the time of such delivery may not transfer the Warrants specified therein.

- (ii) If no Exercise Notice has been delivered in respect of an Additional Exercise Date at or prior to 10.00 a.m., Brussels or Luxembourg time, as the case may be, on the Expiration Date and which, in the determination of the Calculation Agent, is "In-the-Money", the Warrants shall be automatically exercised on such date and the Expiration Date shall be deemed to be the Additional Exercise Date PROVIDED THAT an Exercise Notice will need to be given as provided below in order to receive the Final Settlement Amount. The Warrants will otherwise expire worthless.

Although the Warrants are automatically exercised on the Expiration Date, in order to receive the Final Settlement Amount, Warrantholders must deliver, or send by tested telex (confirmed in writing), a duly completed Exercise Notice to Euroclear or Clearstream, Luxembourg, as the case may be, with a copy to the Principal Warrant Agent at or prior to 10.00 a.m. Brussels or Luxembourg time, as appropriate, on the Expiration Date (the Additional Cut-off Date).

If a duly completed Exercise Notice is received by Euroclear or Clearstream, Luxembourg or the copy thereof is received by the Principal Warrant Agent later than 10.00 a.m. Brussels or Luxembourg time, as appropriate, on the Additional Cut-off Date, then the Final Settlement

Amount will be paid as soon as practicable after the Final Settlement Date, at the risk of such Warrantholder. If the Exercise Notice is received by Euroclear or Clearstream, Luxembourg, as the case may be, or if the copy thereof is received by the Principal Warrant Agent, in each case, either on a day which is not a Business Day or after 10.00 a.m., Brussels or Luxembourg time (as appropriate), on any Business Day, such Exercise Notice shall be deemed to have been delivered on the next Business Day.

If, in respect of the Expiration Date, any Warrantholder either (i) fails to deliver an Exercise Notice in the manner set out herein or fails to send a copy to the Principal Warrant Agent as set out herein, in each case, prior to the day that is 180 calendar days after the relevant Additional Cut-off Date or (ii) either an Exercise Notice is received by Euroclear or Clearstream, Luxembourg or the copy thereof is received by the Principal Warrant Agent, in each case on any day falling after the day that is 180 calendar days after the relevant Additional Cut-off Date, the Issuer shall be discharged from its obligations in respect of such Warrant in relation to the Additional Exercise Date and the Final Settlement Amount and shall have no further obligation or liability whatsoever in respect thereof.

After delivery of an Exercise Notice in respect of the Additional Exercise Date, the holder of Warrants specified therein at the time of such delivery may not transfer the Warrants specified therein.

(C) *Settlement*

(i) Cash Settlement Amounts

The Issuer shall, following either (i) the day on which the Share Company declares a Corporate Action or (ii) the day on which the Share Company declares a Dividend, give notice to the Warrantholders in accordance with Condition 10 and to the Principal Warrant Agent of such declaration, the relevant Exercise Date and the anticipated Settlement Date.

Subject as provided herein, each Warrant entitles its holder, subject to certification as to non-U.S. beneficial ownership or QIB status, to receive from the Issuer on each Settlement Date the Cash Settlement Amount in respect of such Settlement Date (less any Exercise Expenses).

Each Cash Settlement Amount will be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded upwards, with Warrants exercised at the same time on any Automatic Exercise Date by the same Warrantholder being aggregated for the purposes of determining the aggregate Cash Settlement Amounts payable in respect of such Warrants and such Settlement Date.

(ii) Final Settlement Amount

Subject as provided herein, each Warrant entitles its holder, subject to certification as to non-U.S. beneficial ownership or QIB status, to receive from the Issuer on the Final Settlement Date, the Final Settlement Amount (less any Exercise Expenses).

The Final Settlement Amount will be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded upwards, with Warrants exercised at the same time on the Additional Exercise Date by the same Warrantholder being aggregated for the purposes of determining the aggregate Final Settlement Amounts payable in respect of such Warrants and the Final Settlement Date.

(iii) Discharge of obligations

If a Warrant is exercised by a Warrantholder on the Additional Exercise Date, no Cash Settlement Amounts in respect of any Exercise Date occurring after the Final Settlement Date shall be payable in respect of such Warrant and the Issuer shall have no liability whatsoever in respect of such Cash Settlement Amounts.

For the avoidance of doubt, if a Warrant is exercised during the Additional Exercise Period and the Final Settlement Date is the same day as a Settlement Date, then the holder of such Warrant shall be entitled to receive both the Cash Settlement Amount which is payable to such Warrantholder in respect of such Settlement Date and the Final Settlement Amount.

In the event that a Dividend is declared or a Corporate Action occurs, the Settlement Date in respect of which would fall after the Final Settlement Date for a Warrant, notwithstanding the fact that the Final Settlement Date has occurred in respect of such Warrant, the relevant Cash Settlement Amount will be paid on the relevant Settlement Date, subject as provided above, to the Warrantholder exercising such Warrants on the Exercise Date relating to such Dividend or Corporate Action, as the case may be, subject as provided above.

(iv) Settlement

Subject as provided herein, on each date on which a cash amount falls to be paid in respect of any Warrant as provided above, the Issuer shall, on the relevant date, pay or cause to be paid the aggregate cash amounts due on such date to Euroclear and/or Clearstream, Luxembourg for the account of the relevant Warrantholder specified in the relevant Exercise Notice, such payment to be made in accordance with the rules of Euroclear or Clearstream, Luxembourg, as the case may be. The Issuer will be discharged by payment to, or to the order of, Euroclear or Clearstream, Luxembourg, as the case may be, in respect of the amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg, as the case may be, as the holder of a particular number of the Warrants must look solely to the Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each such payment so made by the Issuer to, or to the order of Euroclear or Clearstream, Luxembourg, as the case may be.

All payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment and subject to the provisions of Condition 11.

(D) *General*

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

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

(E) *Definitions*

Additional Exercise Period means the period from (and including) the Business Day immediately succeeding the Issue Date to (and including) the Final Exercise Date specified in the applicable Final Terms or, if such date is not a Business Day, the immediately succeeding Business Day (the **Expiration Date**).

5. Settlement

(A) Exercise Notice

In order to receive any cash amount in respect of a Warrant the relevant Warrantholders must deliver, or send by tested telex (confirmed in writing), a duly completed Exercise Notice (the form of which may be obtained from Euroclear, Clearstream, Luxembourg and the Warrant Agents during normal office hours) containing the information set out below to Euroclear or Clearstream, Luxembourg, as the case may be, with a copy to the Principal Warrant Agent in accordance with the provisions set out in Condition 4 and this Condition.

The Exercise Notice is irrevocable and must:

- (i) specify the Series number of the Warrants and the number of Warrants the subject of such Exercise Notice;
- (ii) specify whether the Warrants the subject of the Exercise Notice are being exercised in respect of an Exercise Date or the Additional Exercise Date;
- (iii) in respect of the Final Settlement Date only:
 - (A) specify the number of the Warrantholder's account at Euroclear or Clearstream, Luxembourg, as the case may be, to be debited with such Warrants; and
 - (B) irrevocably instruct and authorise Euroclear or Clearstream, Luxembourg, as the case may be, to debit the relevant Warrantholder's account with such Warrants on or before the Final Settlement Date;
- (iv) specify the name and number of the Warrantholder's cash account at Euroclear or Clearstream, Luxembourg, as the case may be, to be credited with any Cash Settlement Amount or the Final Settlement Amount;
- (v) include an undertaking to pay or be liable for all Exercise Expenses, and an authority to Euroclear or Clearstream, Luxembourg, as the case may be, to deduct an amount in respect thereof from any Cash Settlement Amount or the Final Settlement Amount due to such Warrantholder and/or to debit a specified account of the Warrantholder at Euroclear or Clearstream, Luxembourg, as the case may be, in respect thereof and to pay such Exercise Expenses;
- (vi) certify that the beneficial owner of each Warrant, the subject of the Exercise Notice is not a U.S. person (as defined in Regulation S under the Securities Act) or is a QIB; and
- (vii) authorise the production of such notice in any applicable administrative or legal proceedings.

Failure properly to complete and deliver an Exercise Notice may result in such notice being treated as null and void. Any determination as to whether an Exercise Notice is duly completed and in proper form shall be made by Euroclear or Clearstream, Luxembourg, as the case may be (in consultation with the Principal Warrant Agent) and shall be conclusive and binding on the Issuer, the 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 Warrant Agent immediately after being delivered or sent to Euroclear or Clearstream, Luxembourg, as the case may be, shall be null and void.

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

Any Warrant with respect to which the Exercise Notice has not been duly completed and delivered in the manner set out above by the relevant cut-off time specified in Condition 4(A) or Condition 4(B) shall become void.

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 Warrant Agents, Euroclear and Clearstream, Luxembourg 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.

(B) **Verification**

Upon receipt of a duly completed Exercise Notice, Euroclear or Clearstream, Luxembourg, as the case may be, shall verify that the person specified therein as the accountholder is the holder of the Warrants referred to therein according to its books. Subject thereto, Euroclear or Clearstream, Luxembourg, as the case may be, will confirm to the Principal Warrant Agent the Series number and the number of Warrants being exercised and the account details for the payment of the relevant Cash Settlement Amount or the Final Settlement Amount or any other cash amounts payable in respect of the Warrants. Upon receipt of such confirmation, the Principal Warrant Agent will inform the Issuer thereof.

In relation to the Final Settlement Date, Euroclear or Clearstream, Luxembourg will, on or before the relevant date, debit the account of the relevant Warrantholder with the Warrants being exercised.

(C) **Exercise Risk**

Exercise of the Warrants is subject to all applicable laws, regulations and practices in force on the relevant Exercise Date or the Additional Exercise Date, as the case may be, and none of the Issuer and the 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 Warrant Agents shall under any circumstances be liable for any acts or defaults of Euroclear or Clearstream, Luxembourg in relation to the performance of its duties in relation to the Warrants."

3. Adjustment Provisions

(a) **Terms for Share Warrants**

The words "last occurring Relevant Day" in the definition of Merger Event set out in Condition 15(B)(2)(b) shall be deemed deleted and replaced by "final Scheduled Trading Day of the last occurring Valuation Period".

(b) **Corrected Share Prices**

Condition 15(B)(4) shall be deemed not to apply to the Warrants.

USE OF PROCEEDS

A portion of the proceeds of any issue of Warrants may be used by the Issuer and/or any of its subsidiaries to acquire and/or maintain positions in instruments used to hedge the Issuer's obligations under such Warrants, though neither the Issuer nor any of its subsidiaries will have any obligation to acquire or maintain any such position. The remainder of the proceeds from the sale of any Warrants will be used by the Issuer and/or its subsidiaries for general corporate purposes, which include making a profit.

CITIGROUP GLOBAL MARKETS HOLDINGS INC.

Citigroup Global Markets Holdings Inc. (CGMHI), operating through its subsidiaries, engages in full-service investment banking and securities brokerage business. As used in this description, **Citigroup Global Markets** and the **Company** refer generally to CGMHI and its consolidated subsidiaries, and where the context requires refer to specific subsidiaries. Citigroup Global Markets operates in two business segments: (i) Institutional Clients Group and (ii) Brokerage and Asset Management. CGMHI's parent, Citigroup Inc. (**Citigroup**), is a global diversified financial services holding company whose businesses provide consumers, corporations, governments and institutions with a broad range of financial products and services. Citigroup has approximately 200 million customer accounts and does business in more than 160 countries and jurisdictions. Citigroup currently operates, for management reporting purposes, via two primary business segments: (i) Citicorp, which consists of Regional Consumer Banking (in North America, Europe, Middle East and Africa, Latin America and Asia) and Institutional Clients Group (Securities and Banking, including the Private Bank, and Transaction Services); and (ii) Citi Holdings, which consists of Brokerage and Asset Management, Local Consumer Lending and a Special Asset Pool. There is also a third segment, Corporate/Other.

The principal offices of CGMHI are located at 388 Greenwich Street, New York, New York 10013, telephone number (212) 816-6000. CGMHI was incorporated in New York on 23 February 1977 and is the successor to Salomon Smith Barney Holdings Inc., a Delaware corporation, following a statutory merger effective on 1 July 1999, for the purpose of changing its state of incorporation. On 7 April 2003 CGMHI filed a Restated Certificate of Incorporation in the State of New York changing its name from Salomon Smith Barney Holdings Inc. to Citigroup Global Markets Holdings Inc.

Institutional Clients Group

Institutional Clients Group (**ICG**) includes Securities and Banking, and Transaction Services. ICG provides corporate, institutional and ultra-high net worth clients with a full range of products and services, including cash management, trading, underwriting, lending and advisory services, around the world.

Securities and Banking offers a wide array of investment and commercial banking services and products for corporations, governments, institutional and retail investors, and ultra-high net worth individuals. Securities and Banking includes investment banking and advisory services, lending, debt and equity sales and trading, institutional brokerage, foreign exchange, structured products, cash instruments and related derivatives, and private banking. Securities and Banking revenue is generated primarily from fees for investment banking and advisory services, fees and interest on loans, fees and spread on foreign exchange, structured products, cash instruments and related derivatives, income earned on principal transactions, and fees and spreads on private banking services. Transaction Services is comprised of Treasury and Trade Solutions (**TTS**) and Securities and Fund Services (**SFS**). TTS provides comprehensive cash management and trade finance for corporations, financial institutions and public sector entities worldwide. SFS provides custody and funds services to investors such as insurance companies and mutual funds, clearing services to intermediaries such as broker-dealers, and depository and agency/trust services to multi-national corporations and governments globally. Revenue is generated from net interest revenue on deposits in TTS and SFS, as well as from trade loans and from fees for transaction processing and fees on assets under custody in SFS.

Brokerage and Asset Management

Brokerage and Asset Management consists of global retail brokerage and asset management businesses. This segment was substantially affected by, and reduced in size in 2009, due to the sale of Smith Barney (to the Morgan Stanley Smith Barney joint venture) and Nikko Cordial Securities.

On 1 June 2009, Citigroup and Morgan Stanley established a joint venture (**JV**) that combined the Global Wealth Management platform of Morgan Stanley with Citigroup's Smith Barney, Quilter and Australia private client networks. Citigroup sold 100 per cent. of these businesses to Morgan Stanley in exchange for a 49 per cent. stake in the JV and an upfront cash payment of \$2.75 billion. Both Morgan Stanley and Citigroup will access the JV for retail distribution and each firm's institutional businesses will continue to execute order flow from the JV. Morgan Stanley has options to purchase Citigroup's remaining stake in the JV over three years starting in 2012.

In addition, on 1 August 2009, Citigroup sold its managed futures business to the JV. This sale did not impact Citigroup's 49 per cent. ownership stake in the JV.

Description of corporate structure/governance

Corporate system

CGMHI is a corporation organized under the laws of the State of New York in the United States of America. To the best of its knowledge and belief, CGMHI complies with the federal laws and regulations of the United States and of the laws and regulations of New York State regarding corporate governance.

Corporate system of CGMHI

Corporate objects

The Issuer was "formed for the purpose of engaging in any lawful act or activity for which corporations may be organised under the Business Corporation law" of New York, as stated in Article SECOND of the Issuer's Restated Certificate of Incorporation.

Voting power of shareholders

Subject to the provisions of any applicable law or except as otherwise provided by the resolution or resolutions providing for the issue of any series of Preferred Stock, the holders of outstanding shares of Common Stock shall exclusively possess voting power for the election of directors and for all other purposes, each holder of record of shares of Common Stock being entitled to one vote for each share of Common Stock standing in his name on the books of CGMHI. At present, CGMHI has a single shareholder of Common Stock being Citigroup Inc. and no holders of Preferred Stock. As such, the shareholder of Common Stock has a controlling vote with respect to all matters submitted to a shareholder vote.

Election of directors

The number of directors shall be not less than two and not more than twenty. Directors shall be at least eighteen years of age and need not be residents of the State of New York or shareholders of CGMHI. The directors shall be elected at the annual meeting of the shareholders, by a majority of the votes cast at the annual meeting, and each director elected shall serve until the next succeeding annual meeting and until his successor shall have been elected and qualified. Vacancies on the Board of Directors are filled in accordance with procedures specified in the CGMHI By-laws. CGMHI currently has two directors. Any or all of the directors may be removed, with or without cause, at any time by the vote of the shareholders at a special meeting called for that purpose. Any director may be removed for cause by the action of the directors at a special meeting called for that purpose.

The directors of CGMHI are as follows:

<u>Name</u>	<u>Title</u>
James A. Forese	Chairman Chief Executive Officer President
John Havens	Director

The other officers of CGMHI are as follows:

<u>Name</u>	<u>Title</u>
William T. Bozarth	Chief Accounting Officer, Senior Executive Vice President
Bradley J. Gans	General Counsel – EMEA
Scott L. Flood	Assistant Secretary Co-General Counsel
Karen Kirchen	Co-Secretary Co-General Counsel
Amy Reich	Co-Secretary Deputy General Counsel
Edward G. Turan	Assistant Secretary Senior Deputy General Counsel
Clifford Verron	Assistant Secretary Chief Financial Officer Executive Vice President
Frank Marsigliano	Controller
Ardavan Nozari	Treasurer Executive Vice President
Keith Anzel	Vice President
Lee Grohman	Vice President
Bernard Yeoman	Vice President
Martha Bailey	Assistant Secretary
David Goldberg	Assistant Secretary
Bridget Johnson	Assistant Secretary
Ali L. Karshan	Assistant Secretary
Eileen Kennedy	Assistant Secretary
Julie Bell Lindsay	Assistant Secretary
Moshe Malina	Assistant Secretary
Anne Moses	Assistant Secretary
Rachel Stine	Assistant Secretary
Douglas Turnbull	Assistant Secretary

Notes Committee

William T. Bozarth
Cliff Vernon

The main duties outside the Issuer performed by the directors and officers listed above are not significant with respect to the Issuer.

The business address of each director and officer of CGMHI is 388 Greenwich Street, New York, NY 10013, United States of America.

The Issuer is not aware of any potential conflicts of interest between the duties of the persons listed above to the Issuer and their private interests or other duties.

Audit Committee

CGMHI does not have an audit committee.

Dividends

Except as otherwise provided by the resolution or resolutions providing for the issue of any series of Preferred Stock, after payment shall have been made to the holders of Preferred Stock of the full amount of dividends to which they shall be entitled pursuant to the resolution or resolutions providing for the issue of any series of Preferred Stock, the holders of Common Stock shall be entitled, to the exclusion of the holders of Preferred Stock of any and all series, to receive such dividends as from time to time may be declared by the Board of Directors. At present, no series of Preferred Stock is issued and outstanding.

Liquidation, dissolution or winding up; pre-emptive rights

Except as otherwise provided by the resolution or resolutions providing for the issue of any series of Preferred Stock, in the event of any liquidation, dissolution or winding up of CGMHI, whether voluntary or involuntary, after payment shall have been made to the holders of Preferred Stock of the full amount to which they shall be entitled pursuant to the resolution or resolutions providing for the issue of any series of Preferred Stock, the holders of Common Stock shall be entitled, to the exclusion of the holders of Preferred Stock of any and all series, to share ratably according to the number of shares of Common Stock held by them, in all remaining assets of CGMHI available for distribution. At present, no series of Preferred Stock is issued and outstanding.

No shareholders shall be entitled to any pre-emptive rights in respect of any securities of CGMHI.

Preferred stock

The Board of Directors is authorized, subject to limitations prescribed by law and the provisions of the Restated Certificate of Incorporation, to provide for the issuance of the shares of Preferred Stock in series, and by filing a certificate pursuant to the applicable law of the State of New York, to establish from time to time the number of shares to be included in each such series, and to fix the designation, powers, preferences and rights of the shares of each such series and the qualifications, limitations or restrictions thereof.

Litigation

The following disclosure is extracted from the Annual Report on Form 10-K filed by Citigroup Inc. for the fiscal year ended 31 December 2009:

In addition to the matters described below, in the ordinary course of business, Citigroup and its affiliates and subsidiaries and current and former officers, directors and employees (for purposes of this section, sometimes collectively referred to as Citigroup and Related Parties) routinely are named as defendants in, or as parties to, various legal actions and proceedings. Certain of these actions and proceedings assert claims or seek relief in connection with alleged violations of consumer protection, securities, banking, antifraud, antitrust, employment and other statutory and common laws. Certain of these actual or threatened legal actions and proceedings include claims for substantial or indeterminate compensatory or punitive damages, or for injunctive relief.

In the ordinary course of business, Citigroup and Related Parties also are subject to governmental and regulatory examinations, information-gathering requests, investigations and proceedings (both formal and informal), certain of which may result in adverse judgments, settlements, fines, penalties, injunctions or other relief. Certain affiliates and subsidiaries of Citigroup are banks, registered broker-dealers or investment advisers and, in those capacities, are subject to regulation by various U.S., state and foreign securities and banking regulators. In connection with formal and informal inquiries by

these regulators, Citigroup and such affiliates and subsidiaries receive numerous requests, subpoenas and orders seeking documents, testimony and other information in connection with various aspects of their regulated activities.

Because of the global scope of Citigroup's operations, and its presence in countries around the world, Citigroup and Related Parties are subject to litigation, and governmental and regulatory examinations, information-gathering requests, investigations and proceedings (both formal and informal) in multiple jurisdictions with legal and regulatory regimes that may differ substantially, and present substantially different risks, from those Citigroup and Related Parties are subject to in the United States.

Citigroup seeks to resolve all litigation and regulatory matters in the manner management believes is in the best interests of the Company and contests liability, allegations of wrongdoing and, where applicable, the amount of damages or scope of any penalties or other relief sought as appropriate in each pending matter. In view of the inherent unpredictability of litigation and regulatory matters, particularly where the damages sought are substantial or indeterminate, the investigations or proceedings are in the early stages, or the matters involve novel legal theories or a large number of parties, Citigroup cannot state with certainty the timing or ultimate resolution of litigations and regulatory matters or the eventual loss, fines, penalties or business impact, if any, associated with each pending matter.

In accordance with ASC 450 (formerly SFAS 5), Citigroup establishes reserves for litigation and regulatory matters when those matters present loss contingencies that both are probable and can be reasonably estimated. Once established, reserves are adjusted from time to time, as appropriate, in light of additional information. The actual costs of resolving litigations and regulatory matters, however, may be substantially higher or lower than the amounts reserved for those matters.

Subject to the foregoing, it is the opinion of Citigroup's management, based on current knowledge and after taking into account available insurance coverage and its current legal reserves, that the eventual outcome of such matters, including the matters described below, would not be likely to have a material adverse effect on the consolidated financial condition of Citi. Nonetheless, given the substantial or indeterminate amounts sought in certain of these matters, and the inherent unpredictability of such matters, an adverse outcome in certain of these matters could, from time to time, have a material adverse effect on Citi's consolidated results of operations or cash flows in particular quarterly or annual periods.

Credit-Crisis-Related Litigation and Other Matters

Citigroup and Related Parties have been named as defendants in numerous legal actions and other proceedings asserting claims for damages and related relief for losses arising from the global financial credit and subprime-mortgage crisis that began in 2007. Such matters include, among other types of proceedings, claims asserted by: (i) individual investors and purported classes of investors in Citi's common and preferred stock and debt, alleging violations of the federal securities laws; (ii) individual investors and purported classes of investors in, and issuers of, auction rate securities alleging violations of the federal securities and antitrust laws; (iii) shareholders alleging derivative claims related to subprime and auction-rate securities activities; (iv) participants and purported classes of participants in Citi's retirement plans, alleging violations of ERISA; (v) counterparties to significant transactions adversely affected by developments in the credit and subprime markets; (vi) individual investors and purported classes of investors in securities and other investments underwritten, issued or marketed by Citigroup, and other strategic investments, that have suffered losses as a result of the credit crisis; (vii) municipalities, related entities and individuals asserting public nuisance claims; and (viii) individual borrowers asserting claims related to their loans. These matters have been filed in state and federal courts across the country, as well as in arbitrations before FINRA and other arbitration associations.

In addition to these litigations and arbitrations, beginning in the fourth quarter of 2007, certain of Citigroup's regulators and other state and federal government agencies commenced formal and informal investigations and inquiries, and issued subpoenas and requested information, concerning Citigroup's subprime mortgage-related conduct and business activities. Citigroup is involved in discussions with certain of its regulators to resolve certain of these matters.

Certain of these litigation and regulatory matters assert claims for substantial or indeterminate damages. Some of these matters already have been resolved, either through settlements or court proceedings, including the complete dismissal of certain complaints or the rejection of certain claims following hearings.

Subprime Mortgage-Related Litigation and Other Matters

Beginning in November 2007, Citigroup and Related Parties have been named as defendants in numerous legal actions and other proceedings brought by Citigroup shareholders, investors, counterparties and others concerning Citigroup's activities relating to subprime mortgages, including Citigroup's exposure to collateralized debt obligations (CDOs), mortgage-backed securities (MBS), and structured investment vehicles (SIVs), Citigroup's underwriting activity for subprime mortgage lenders, and Citigroup's more general involvement in subprime- and credit-related activities.

Securities Actions: Several putative class actions were filed in the Southern District of New York by Citigroup shareholders alleging violations of Sections 10 and 20 of the Securities Exchange Act of 1934. On August 19, 2008, these actions were consolidated under the caption IN RE CITIGROUP SECURITIES LITIGATION, and lead plaintiff and counsel were appointed. Plaintiffs' consolidated amended class action complaint alleges, among other things, that Citigroup's stock price was artificially inflated as a result of purportedly misleading disclosures concerning Citigroup's subprime mortgage-related exposures. A motion to dismiss the consolidated class action complaint is pending.

In addition, Citigroup and Related Parties were named as defendants in two putative class actions filed in New York state court but since removed to the Southern District of New York. These actions allege violations of Sections 11, 12, and 15 of the Securities Act of 1933, arising out of various offerings of Citigroup notes during 2006, 2007 and 2008. On December 10, 2008, these actions were consolidated under the caption IN RE CITIGROUP INC. BOND LITIGATION. A motion to dismiss the consolidated class action complaint is pending.

ERISA Actions: Numerous class actions were filed in the Southern District of New York asserting claims under the Employee Retirement Income Security Act (ERISA) against Citigroup and certain Citigroup employees alleged to have served as ERISA plan fiduciaries. On August 31, 2009, the court granted defendants' motion to dismiss the consolidated class action complaint, captioned IN RE CITIGROUP ERISA LITIGATION. Plaintiffs have appealed the dismissal.

Derivative Actions and Related Proceedings: Numerous derivative actions have been filed in federal and state courts against various current and former officers and directors of Citigroup alleging mismanagement in connection with subprime mortgage-related exposures. Citigroup is named as a nominal defendant in these actions. Certain of these actions have been dismissed either in their entirety or in large part. In addition, a committee of Citi's Board of Directors is reviewing certain shareholder demands that raise subprime-related issues.

Underwriting Matters: Certain Citigroup affiliates and subsidiaries have been named as defendants for their activities as underwriters of securities in actions brought by investors in securities of issuers adversely affected by the credit crisis, including AIG, Fannie Mae, Freddie Mac, Ambac and Lehman, among many others. These matters are in various stages of litigation.

Subprime Counterparty and Investor Actions: Citigroup and Related Parties have been named as defendants in actions brought in various state and federal courts, as well as in arbitrations, by

counterparties and investors that have suffered losses as a result of the credit crisis, including: Ambac Credit Products, LLC, which alleges various claims including fraud and breach of fiduciary duty in connection with Citigroup's purchase of credit protection from Ambac for a \$1.95 billion super-senior tranche of a CDO structured by Citigroup subsidiaries; investors and purported classes of investors in the Falcon and ASTA/MAT funds, alleging violations of federal securities and state laws arising out of Citigroup's sale and marketing of shares in certain of these funds; and Abu Dhabi Investment Authority, alleging statutory and common law claims in connection with its \$7.5 billion investment in Citigroup. These matters are in various procedural stages.

Auction Rate Securities-Related Litigation and Other Matters

Beginning in March 2008, Citigroup and Related Parties have been named as defendants in numerous actions and proceedings brought by Citigroup shareholders and customers concerning auction rate securities (ARS). In addition to those matters described below, these have included, among others, numerous arbitrations filed by customers of Citigroup and its subsidiaries seeking damages in connection with investments in ARS, which are in various stages of proceedings, and a derivative action filed against certain Citigroup officers and directors, which has been dismissed. A committee of Citi's Board of Directors is reviewing a demand sent to the Board following the dismissal of the derivative action.

Securities Actions: Beginning in March 2008, Citigroup and Related Parties were named as defendants in a series of putative class action lawsuits related to ARS. These actions have been consolidated into a single action pending in the Southern District of New York, captioned IN RE CITIGROUP AUCTION RATE SECURITIES LITIGATION, asserting claims for federal securities and other statutory and common law violations. On September 11, 2009, the court granted defendants' motion to dismiss the consolidated amended complaint. On October 15, 2009, plaintiffs filed a further amended complaint, which defendants also have moved to dismiss.

Antitrust Actions: Two antitrust actions were filed in the Southern District of New York on behalf of purported classes of ARS issuers and investors, respectively, against Citigroup, CGMI and various other financial institutions. In these actions, plaintiffs allege violations of Section 1 of the Sherman Act arising out of defendants' alleged conspiracy to restrain trade in the ARS market. On January 26, 2010, both actions were dismissed.

Adelphia Litigation

Adversary proceedings were filed in 2003 by the Official Committee of Unsecured Creditors and the Equity Holders Committee on behalf of Adelphia Communications Corporation and affiliated parties against certain Citigroup affiliates and subsidiaries as well as other lenders and investment banks asserting violations of the Bank Holding Company Act, the Bankruptcy Code, and common law. The complaints sought unspecified damages and recovery of certain purportedly fraudulent transfers. Following litigation of motions to dismiss, the Adelphia Recovery Trust (the ART), which replaced the committees as plaintiffs in the actions, filed a consolidated amended complaint on behalf of the Adelphia Estate. The district court granted in part and denied in part the defendants' motions to dismiss the consolidated complaint. The ART's appeal to the Second Circuit from that partial dismissal is pending. Before the district court, the parties are briefing summary judgment. Trial of any claims that survive is scheduled for September 2010.

Bruno's Litigation

Plaintiffs, purchasers of senior subordinated notes issued in connection with a 1995 leveraged recapitalization of Bruno's Inc., filed a complaint in Alabama state court against certain Citigroup subsidiaries and affiliates, and other defendants, in 2004, alleging violations of state law arising out of an underwriting of Bruno's securities. Plaintiffs seek "hundreds of millions of dollars" in damages. In

January 2010, prior to trial, the Citigroup defendants entered into a settlement conditioned on court approval.

Research Analyst Litigation

Beginning in 2002, Citigroup and Related Parties were named as defendants in a series of individual and putative class action lawsuits relating to the issuance of research analyst reports concerning WorldCom and other issuers. One individual WorldCom action remains pending on appeal in the Second Circuit, following dismissal of the complaint by the federal district court for the Southern District of New York. The Second Circuit certified certain questions of law to the Georgia Supreme Court, which has issued an opinion answering those questions. The Second Circuit has not yet decided the appeal.

In March 2004, a putative research-related customer class action alleging various state law claims arising out of the issuance of allegedly misleading research analyst reports concerning numerous issuers was filed against certain Citigroup defendants in Illinois state court. Citigroup's motion to dismiss the complaint is pending.

The following disclosure is extracted from the Quarterly Report on Form 10-Q filed by Citigroup Inc. for the fiscal quarter ended 31 March 2010 and it supplements and amends the discussion of legal proceedings above:

Credit-Crisis-Related Litigation and Other Matters

Citigroup and its affiliates continue to defend lawsuits and arbitrations asserting claims for damages and related relief for losses arising from the global financial credit and subprime-mortgage crisis that began in 2007. Certain of these actions have been resolved, through either settlements or court proceedings.

In addition, Citigroup continues to cooperate fully in response to subpoenas and requests for information from the Securities and Exchange Commission and other government agencies in connection with various formal and informal inquiries concerning Citigroup's subprime mortgage-related conduct and business activities. Citigroup is involved in discussions with certain of its regulators to resolve certain of these matters.

In accordance with ASC 450 (formerly SFAS 5), Citigroup establishes accruals for all litigation and regulatory matters, including matters related to the credit crisis, when those matters present loss contingencies that both are probable and can reasonably be estimated. Once established, accruals are adjusted from time to time, as appropriate, in light of additional information. The actual costs of resolving those matters may be substantially higher or lower than the amounts accrued for those matters.

Bruno's Litigation

On March 24, 2010, pursuant to the settlement agreement between plaintiffs and the Citigroup subsidiaries and affiliates ("Citigroup Defendants"), the Alabama state court entered an Order of Final Judgment and Dismissal and bar order, dismissing the Citigroup Defendants from the Bruno's Actions with prejudice.

The following disclosure is extracted from the Quarterly Report on Form 10-Q filed by Citigroup Inc. for the fiscal quarter ended 30 June 2010 and it further supplements and amends the discussions of legal proceedings above:

Credit-Crisis-Related Litigation and Other Matters

As discussed at pages 263-265 of Citigroup's Annual Report on Form 10-K for the fiscal year ended 31 December 2009, Citigroup and its affiliates continue to defend lawsuits and arbitrations asserting claims for damages and other relief for losses arising from the global financial credit and subprime-mortgage crisis that began in 2007. These actions, which assert a variety of claims under federal and state law, include, among other matters, class actions brought on behalf of putative classes of investors in various securities issued by Citigroup as well as actions asserted by individual investors and counterparties to various transactions, and are pending in various state and federal courts as well as before arbitration tribunals. These actions are at various procedural stages of litigation.

In addition to these litigations and arbitrations, Citigroup continues to cooperate fully in response to subpoenas and requests for information from the Securities and Exchange Commission (SEC) and other government agencies in connection with various formal and informal inquiries concerning Citigroup's subprime-mortgage-related conduct and business activities, as well as other business activities affected by the credit crisis. On July 29, 2010, the SEC announced the settlement of an investigation into certain of Citigroup's 2007 disclosures concerning its subprime-related business activities. In connection with the settlement, Citigroup agreed to pay a civil penalty in the amount of \$75 million. The settlement is subject to court approval.

In accordance with ASC 450 (formerly SFAS 5), Citigroup establishes accruals for all litigation and regulatory matters, including matters related to the credit crisis, when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. Once established, accruals are adjusted from time to time, as appropriate, in light of additional information. The amount of loss ultimately incurred in relation to those matters may be substantially higher or lower than the amounts accrued for those matters.

Certain of these matters assert claims for substantial or indeterminate damages. The claims asserted in these matters typically are broad, often spanning a multi-year period and sometimes a wide range of business activities, and the plaintiffs' alleged damages typically are not quantified or factually supported in the complaint. The most significant of these matters remains in very preliminary stages, with few or no substantive legal decisions by the court or tribunal defining the scope of the claims, the class (if any), or the potentially available damages, and fact discovery is still in progress or not yet begun. In many of these matters, Citigroup has not yet answered the complaint or asserted its defenses. For all these reasons, Citigroup cannot at this time estimate the possible loss or range of loss, if any, for these matters or predict the timing of their eventual resolution.

Subject to the foregoing, it is the opinion of Citigroup's management, based on current knowledge and after taking into account available insurance coverage and its current accruals, that the eventual outcome of these matters would not be likely to have a material adverse effect on the consolidated financial condition of Citi. Nonetheless, given the inherent unpredictability of litigation and the substantial or indeterminate amounts sought in certain of these matters, an adverse outcome in certain of these matters could, from time to time, have a material adverse effect on Citi's consolidated results of operations or cash flows in particular quarterly or annual periods.

Subprime-Mortgage-Related Litigation and Other Matters

Securities Actions: On July 12, 2010, the district court issued an order and opinion granting in part and denying in part defendants' motion to dismiss the consolidated class action complaint in IN RE CITIGROUP INC. BOND LITIGATION. In this action, lead plaintiffs assert claims on behalf of a putative class of purchasers of forty-eight corporate debt securities, preferred stock, and interests in

preferred stock issued by Citigroup and related issuers over a two-year period from 2006 to 2008. The court's order, among other things, dismissed plaintiffs' claims under Section 12 of the Securities Act of 1933 but denied defendants' motion to dismiss certain claims under Section 11 of that Act. A motion for partial reconsideration of the latter ruling is pending. Fact discovery has not yet begun, a class certification motion has not yet been filed, and plaintiffs have not yet quantified the putative class's alleged damages. Because of the preliminary stage of the proceedings, Citigroup cannot at this time estimate the possible loss or range of loss, if any, for this action or predict the timing of its eventual resolution. Additional information relating to this action is publicly available in court filings under the consolidated lead docket number 08 Civ. 9522 (S.D.N.Y.) (Stein, J.).

Subprime Counterparty and Investor Actions: On June 7, 2010, in connection with a global settlement agreement between Ambac and Citigroup, the parties stipulated to a discontinuation with prejudice of a lawsuit brought by Ambac Credit Products LLC.

Research Analyst Litigation

On June 23, 2010, the Second Circuit affirmed the dismissal of the remaining claims in *HOLMES v. GRUBMAN*.

Terra Firma Litigation

Plaintiffs, general partners of two related private equity funds, filed a complaint in New York state court against certain Citigroup entities in December 2009, alleging that 2½ years earlier, during the May 2007 auction of the music company EMI, Citigroup, as advisor to EMI and as a potential lender to plaintiffs' acquisition vehicle Maltby, fraudulently or negligently orally misrepresented the intentions of another potential bidder regarding the auction. Plaintiffs allege that but for the oral misrepresentations Maltby would not have acquired EMI for approximately £4 billion. Plaintiffs further allege that, following the acquisition of EMI, certain Citigroup entities have tortiously interfered with plaintiffs' business relationship with EMI. Plaintiffs seek billions of dollars in damages. Citigroup believes it has strong factual and legal defenses to the claims asserted by plaintiffs, including that no misrepresentation occurred, plaintiffs did not rely on the alleged misrepresentation in making their multi-billion-dollar investment in EMI, Citigroup has properly exercised its legal rights as a lender in relation to the approximately £2.5 billion of financing it provided Maltby, and plaintiffs suffered no damages. Because, among other reasons, the parties have widely divergent views of the merits, and they have not yet briefed either summary judgment motions that may resolve the matter in whole or significant part or motions in limine that may limit the testimony a jury would hear at trial, including as to damages, Citigroup cannot at this time estimate the possible loss or range of loss, if any, for this action. The case, captioned *TERRA FIRMA INVESTMENTS (GP) 2 LIMITED, et al., v. CITIGROUP, INC., et al.*, was removed to the United States District Court for the Southern District of New York, where it is currently pending under docket number 09-cv-10459 (JSR). Additional information regarding the action is publicly available in court filings under that docket number. Trial is scheduled for October 2010.

Asset Repurchase Matters

Beginning in March 2010, various regulators have made inquiries regarding the accounting treatment of certain repurchase transactions. Citigroup is cooperating fully with these inquiries.

The following disclosure is extracted from the Quarterly Report on Form 10-Q filed by Citigroup Inc. for the fiscal quarter ended 30 September 2010 and it further supplements and amends the discussions of legal proceedings above:

Credit-Crisis-Related Litigation and Other Matters

As discussed at pages 263–265 of our 2009 Form 10-K, Citigroup and its affiliates continue to defend lawsuits and arbitrations asserting claims for damages and other relief for losses arising from the global financial credit and subprime-mortgage crisis that began in 2007. These actions, which assert a variety of claims under federal and state law, include, among other matters, class actions brought on behalf of putative classes of investors in various securities issued by Citigroup as well as actions asserted by individual investors and counterparties to various transactions, and are pending in various state and federal courts as well as before arbitration tribunals. These actions are at various procedural stages.

In addition to these litigations and arbitrations, Citigroup continues to cooperate fully in response to subpoenas and requests for information from the Securities and Exchange Commission (SEC), the Federal Housing Finance Agency, state attorneys general, and other government agencies in connection with various formal and informal inquiries concerning Citigroup's subprime and other mortgage-related conduct and business activities, as well as other business activities affected by the credit crisis. These business activities include, but are not limited to, Citigroup's sponsorship, packaging, issuance, servicing and underwriting of residential mortgage-backed securities and collateralized debt obligations and its origination, sale or other transfer, servicing, and foreclosure of residential mortgages. On October 19, 2010, the United States District Court for the District of Columbia entered a Final Judgment approving Citigroup's settlement of the SEC's investigation into certain of Citigroup's 2007 disclosures concerning its subprime-related business activities, pursuant to which Citigroup agreed to pay a \$75 million civil penalty and maintain certain disclosure policies, practices and procedures for a three-year period. Additional information relating to this action is publicly available in court filings under the docket number 10 Civ. 1277 (D.D.C.) (Huvelle, J.).

In accordance with ASC 450 (formerly SFAS 5), Citigroup establishes accruals for all litigation and regulatory matters, including matters related to the credit crisis, when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. Once established, accruals are adjusted from time to time, as appropriate, in light of additional information. The amount of loss ultimately incurred in relation to those matters may be substantially higher or lower than the amounts accrued for those matters.

Certain of these matters assert claims for substantial or indeterminate damages. The claims asserted in these matters typically are broad, often spanning a multi-year period and sometimes a wide range of business activities, and the plaintiffs' alleged damages typically are not quantified or factually supported in the complaint. Many of the most significant of these matters remain in very preliminary stages, with few or no substantive legal decisions by the court or tribunal defining the scope of the claims, the class (if any), or the potentially available damages, and fact discovery is still in progress or has not yet begun. In many of these matters, Citigroup has not yet answered the complaint or asserted its defenses. For all these reasons, Citigroup cannot at this time estimate the possible loss or range of loss, if any, for these matters or predict the timing of their eventual resolution.

Subprime and Other Mortgage-Related Litigation and Other Matters

Securities Actions: On September 30, 2010, the district court entered a scheduling order in IN RE CITIGROUP INC. BOND LITIGATION, and fact discovery has commenced.

ERISA Actions: On September 28, 2010, the Second Circuit held oral argument on Plaintiffs' appeal from the district court's dismissal of IN RE CITIGROUP INC. ERISA LITIGATION. Additional information relating to this action is publicly available in court filings under the consolidated lead

docket number 07 Civ. 9790 (S.D.N.Y.) (Stein, J.) and under *GRAY v. CITIGROUP INC.*, 09 Civ. 3804 (2d Cir.).

Derivative Actions and Related Proceedings: On the basis of an investigation, report, and recommendation from an independent committee of Citigroup's Board of Directors, the Board refused certain shareholder demands raising subprime issues. Amended pleadings were filed in two of the pending derivative actions. Additional information relating to these actions is publicly available in court filings under the index number 650417/09 (N.Y. Super. Ct.) (Fried, J.) and the consolidated lead docket number 07 Civ. 9841 (S.D.N.Y.) (Stein, J.).

Counterparty and Investor Actions: An arbitration hearing has been scheduled for May 2011 in connection with statutory and common law claims asserted by the Abu Dhabi Investment Authority arising out of its \$7.5 billion investment in Citigroup. Discovery in this matter is ongoing.

In addition, beginning in July 2010, several investors, including Cambridge Place Investment Management, The Charles Schwab Corporation, the Federal Home Loan Bank of Chicago and the Federal Home Loan Bank of Indianapolis, have filed lawsuits against Citigroup and certain of its affiliates alleging actionable misstatements or omissions in connection with the issuance and underwriting of residential mortgage-backed securities. As a general matter, the plaintiffs in these actions are seeking rescission of their investments or other damages. Additional information relating to these actions is publicly available in court filings under the docket numbers 10 Civ. 11376 (D. Mass.) (Gorton, J.), 10 Civ. 4030 (N.D. Cal.) (Illston, J.), 10 CH 45033 (Ill. Cook County Cir. Ct.), LC 091499 (Cal. L.A. County Super. Ct.) and 10 PL 045071 (Ind. Marion County Super. Ct.).

The subprime-mortgage-related proceedings described above are in their preliminary stages. Accordingly, Citigroup cannot at this time estimate the possible loss or range of loss, if any, for these actions or predict the timing of their eventual resolution.

Auction Rate Securities-Related Litigation and Other Matters

On the basis of an investigation, report, and recommendation from an independent committee of Citigroup's Board of Directors, the Board refused a shareholder demand raising issues related to auction rate securities.

Research Analyst Litigation

In *HOLMES v. GRUBMAN*, No. 10-409 (U.S.), petitioners-plaintiffs submitted a petition for certiorari to the United States Supreme Court seeking review of the United States Court of Appeals for the Second Circuit's decision affirming dismissal of the action.

In *DISHER v. CITIGROUP GLOBAL MARKETS INC.*, oral argument on Citigroup Global Markets Inc.'s motion to dismiss has been scheduled for November 16, 2010. Additional information relating to this action is publicly available in court filings under docket number 04-L-265 (Cir. Ct. 3d Jud. Cir. Madison County Ill.).

Adelphia Litigation

On September 22, 2010, the Adelphia Recovery Trust agreed in principle to settle its claims against numerous pre-petition lenders and investment banks, including Citigroup, in the action entitled *ADELPHIA RECOVERY TRUST v. BANK OF AMERICA N.A., ET AL.*, 05 Civ. 9050 (S.D.N.Y.) (McKenna, J.). The agreement in principle is subject to execution of a final settlement agreement and court approval.

Terra Firma Litigation

On September 15, 2010, the district court issued an order granting in part and denying in part Citigroup's motion for summary judgment. Plaintiffs' claims for negligent misrepresentation and tortious interference were dismissed. On October 18, 2010, a jury trial commenced on plaintiffs' remaining claims for fraudulent misrepresentation and fraudulent concealment. The court dismissed the fraudulent concealment claim before sending the case to the jury. On November 4, 2010, the jury returned a verdict on the fraudulent misrepresentation claim in favour of Citi. Additional information regarding the action is publicly available in court filings under docket number 09 Civ. 10459 (S.D.N.Y.) (Rakoff, J.).

Student Loan Corporation Litigation

Beginning in September, three shareholders of Student Loan Corporation (SLC) filed putative class actions in Delaware and Connecticut against SLC and its Board of Directors, CBNA, Citigroup Inc., and Discover Financial Services seeking to enjoin the SLM Transaction, the DFS Merger and the CBNA Transaction. Among other things, plaintiffs allege that the individual defendants and CBNA breached their fiduciary duties by failing to maximize the value to be received by SLC's stockholders, and that Citigroup Inc. aided and abetted the other defendants' breaches of fiduciary duties. Plaintiffs in these actions are seeking, among other things, preliminary and permanent injunctive relief against the consummation of the Transactions by the defendants, compensatory damages, and costs and disbursements. Although it is the opinion of Citigroup's management, based on current knowledge, that the eventual outcome of these matters would not be likely to have a material adverse effect on the consolidated financial condition of Citi, in the event an order preliminarily or permanently enjoining the transactions were entered, the benefits to Citigroup of the SLM Transaction, the DFS Merger and the CBNA Transaction would be delayed or not achieved.

* * * * *

Payments required in settlement agreements described above have been made or are covered by existing litigation reserves.

* * * * *

Additional lawsuits containing claims similar to those described above may be filed in the future.

SELECTED FINANCIAL INFORMATION

The selected financial information for the Company and its consolidated subsidiaries presented below is derived from the consolidated financial statements.

	Year ended 31 December			Nine months ended 30 September	
	(audited)			(unaudited)	
	2007	2008	2009	2009	2010
(Millions of U.S. dollars)					
Consolidated revenues, net of interest expense	9,331	(4,293)	29,452	26,339	10,294
Consolidated income (loss) from continuing operations before income taxes	(7,957)	(21,198)	18,321	18,147	3,303
Consolidated net income (loss).....	(4,909)	(12,770)	11,608	11,407	2,219
	At 31 December			At 30 September	
	(audited)			(unaudited)	
	2007	2008	2009	2009	2010
(Millions of U.S. dollars)					
Total assets	663,612	554,576	480,836	483,302	485,828
Term debt.....	71,007	80,941	75,472	61,676	69,601
Stockholder's equity (fully paid):					
Common	14,192	7,782	19,022	18,443	15,808

BOOK-ENTRY CLEARANCE SYSTEMS

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Clearstream, Luxembourg or Euroclear (together, the **Clearing Systems**) currently in effect and subject as provided in the applicable Final Terms. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. Neither the Issuer nor any agent party to the Warrant Agreement will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Warrants held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.*

Book-entry Systems

DTC

DTC has advised the Issuer that it is a limited purpose trust company organised under the New York Banking Law, a **banking organisation** within the meaning of the New York Banking Law, a member of the Federal Reserve System, a **clearing corporation** within the meaning of the New York Uniform Commercial Code and a **clearing agency** registered pursuant to Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants (**Direct Participants**) deposit with DTC. DTC also facilitates the settlement among Direct Participants of sales and other securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Direct Participants accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (**DTCC**). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulation subsidiaries. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (**Indirect Participants**). The DTC rules applicable to its participants are on file with the Securities and Exchange Commission. More information about DTCC can be found at www.dtcc.com and www.dtc.org.

Under the rules, regulations and procedures creating and affecting DTC and its operations (the **Rules**), DTC makes book-entry transfers of Rule 144A Global Warrants held by a custodian (the **Custodian**) on behalf of DTC among Direct Participants on whose behalf it acts with respect to Warrants accepted into DTC's book-entry settlement system (**DTC Warrants**) as described below and receives and transmits payments on DTC Warrants. The Rules are on file with the Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Warrants (**Beneficial Owners**) have accounts with respect to the DTC Warrants similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Beneficial Owners. Accordingly, although Beneficial Owners who hold DTC Warrants through Direct Participants or Indirect Participants will not possess definitive Warrants, the Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect to the DTC Warrants.

Purchases of DTC Warrants under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Warrants on DTC's records. The ownership interest of each Beneficial Owner is in turn to be recorded on the Direct and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial

Owner entered into the transaction. Transfers of ownership interests in the DTC Warrants are to be accomplished by entries made on the books of Direct Participants or Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Warrants, except in the event that use of the book-entry system for the DTC Warrants is discontinued.

To facilitate subsequent transfers, all DTC Warrants deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co or any other nominee as may be requested by an authorised representative of DTC. The deposit of DTC Warrants with DTC and their registration in the name of Cede & Co. or any other nominee effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Warrants; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Warrants are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Under certain circumstances DTC will exchange the DTC Warrants for Definitive Warrants, which it will distribute to its Direct Participants in accordance with their proportionate entitlements. Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Beneficial Owner desiring to pledge DTC Warrants to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Warrants, will be required to withdraw its Rule 144A Global Warrant from DTC.

Clearstream, Luxembourg and Euroclear

Clearstream, Luxembourg and Euroclear each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Clearstream, Luxembourg and Euroclear provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream, Luxembourg and Euroclear also deal with domestic securities markets in several countries through established depository and custodial relationships. Clearstream, Luxembourg and Euroclear have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Clearstream, Luxembourg and Euroclear customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Clearstream, Luxembourg and Euroclear is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

Book-entry Ownership of and Payments in respect of DTC Warrants

If a Rule 144A Global Warrant is to be registered in the name of a nominee of DTC, the Issuer will apply to DTC in order to have the Warrants represented by such Rule 144A Global Warrant accepted in its book-entry settlement system. Upon the issue of any Rule 144A Global Warrant to be held by a Custodian on behalf of DTC, DTC or the Custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Rule 144A Global Warrant to the accounts of the relevant Direct Participants. Ownership of beneficial interests in any such Rule 144A Global Warrant will be limited to Direct Participants or Indirect Participants, including the respective depositories of Clearstream, Luxembourg and Euroclear. Ownership of beneficial interests in any such Rule 144A Global Warrant held by a Custodian on behalf of DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by

DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars in respect of a Rule 144A Global Warrant registered in the name of DTC's nominee will be made to the New York Warrant Agent to the order of such nominee as the registered Warrantholder. In the case of any payment in a currency other than U.S. dollars, payment will be made to the New York Warrant Agent on behalf of DTC's nominee and the New York Warrant Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Rule 144A Global Warrant held by a Custodian on behalf of DTC in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Direct Participants' account.

The Issuer expects that payments by Direct Participants to Beneficial Owners of Warrants will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Direct Participant and not the responsibility of DTC, the Principal Warrant Agent, the New York Warrant Agent or the Issuer. Payments on Warrants to DTC is the responsibility of the Issuer.

Transfers of Warrants Represented by Global Warrants

Transfers of any interests in Warrants represented by a Global Warrant within DTC, Clearstream, Luxembourg and Euroclear will be effected in accordance with the customary rules and operating procedures of the relevant clearing system. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Warrants represented by a Global Warrant to such persons may depend upon the ability to exchange such Warrants for Warrants in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Warrants represented by a Rule 144A Global Warrant held by a Custodian on behalf of DTC to pledge such Warrants to persons or entities that do not participate in the DTC system or to otherwise take action in respect of such Warrants may depend upon the ability to exchange such Warrants for Warrants in definitive form. The ability of any person having a beneficial interest in Warrants represented by a Rule 144A Global Warrant held by a Custodian on behalf of DTC to resell, pledge or otherwise transfer such Warrants may be impaired if the proposed transferee of such Warrants is not eligible to hold such Warrants through a Direct Participant or Indirect Participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Rule 144A Global Warrants described under "Notice to Purchasers and Holders of Warrants and Transfer Restrictions", cross-market transfers between DTC, on the one hand, and direct or indirect accountholders of Clearstream, Luxembourg or Euroclear, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Principal Warrant Agent, the New York Warrant Agent and any custodian with whom the relevant Global Warrants have been deposited.

On or after the Issue Date for any Warrants, transfers of such Warrants between accountholders in Clearstream, Luxembourg and Euroclear and transfers of such Warrants between Direct Participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment may apply to such transfers.

Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg or Euroclear, on the other, transfers of interests in the relevant Global Warrants will be effected through the Principal Warrant Agent and the New York Warrant Agent receiving instructions (and where appropriate certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement

between Clearstream, Luxembourg or Euroclear accountholders and Direct Participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Global Warrants among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time.

None of the Issuer, the Principal Warrant Agent, the New York Warrant Agent and CGML will be responsible for any performance by DTC, Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Warrants represented by Global Warrants or for maintaining, supervising or reviewing any records relating to such beneficial interests.

NOTICE TO PURCHASERS AND HOLDERS OF WARRANTS AND TRANSFER RESTRICTIONS

As a result of the following restrictions, purchasers of Warrants in the United States are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Warrants.

Each purchaser of Warrants or an interest therein will, by its purchase of such Warrants, be deemed to acknowledge, represent and agree as follows (terms used in this paragraph that are defined in Rule 144A, Regulation S or the Conditions are used herein as defined therein):

- (i) that either: (a) in the case of the issue or transfer of a Warrant to or for a person who takes delivery in the form of Warrants represented by a Rule 144A Global Warrant, it is a QIB, purchasing (or holding) the Warrants for its own account or for the account of one or more QIBs and it is aware, and each beneficial owner of such Warrants has been advised, that any sale to it is being made in reliance on Rule 144A or (b) in the case of the issue or transfer of Warrants to or for a person who takes delivery in the form of a Private Placement Definitive Warrant, it is an IAI, purchasing (or holding) such Warrant for its own account or for the account of one or more IAIs and it is aware, and each beneficial owner of such Warrant has been advised, that any sale to it is being made in reliance on an exemption from the registration required under the Securities Act and it has delivered an Investor Representation Letter or (c) in the case of the issue or transfer of a Warrant to or for a person who takes delivery in the form of Warrants represented by a Combined Global Warrant, either (x) it is a QIB purchasing (or holding) the Warrants for its own account or the account of one or more QIBs and it is aware and each beneficial owner of such Warrants has been advised that any sale is being made in reliance on Rule 144A or (y) it is outside the United States, is not a U.S. person and is not purchasing the Warrants for the account or benefit of a U.S. person, or (d) it is outside the United States, is not a U.S. person and is not purchasing the Warrants for the account or benefit of a U.S. person;
- (ii) that in issuing a Warrant linked to any Relevant Asset, the Issuer is not making, and has not made, any representations whatsoever as to the Relevant Asset or any information contained in any document filed by the issuer of such Relevant Asset with any exchange or with any governmental entity regulating the purchase and sale of securities or a Warrant linked to any Relevant Asset;
- (iii) that the Issuer and any affiliate of the Issuer may, whether by virtue of the types of relationships described above or otherwise, at the date hereof or at any time hereafter be in possession of information in relation to the issuer of a Relevant Asset which is or may be material in the context of an issue of Warrants linked to such Relevant Asset and which is not or may not be known to the general public or any Warrantholder. Warrants linked to any Relevant Asset do not create any obligation on the part of the Issuer or any affiliate of the Issuer to disclose to any Warrantholder any such relationship or information (whether or not confidential) and neither the Issuer nor any affiliate of the Issuer shall be liable to any Warrantholder by reason of such non-disclosure. No such information had been used in the selection of any issuer of a Relevant Asset for any Warrants linked to any Relevant Asset;
- (iv) that the Issuer and any affiliate of the Issuer may have existing or future business relationships with the issuer of a Relevant Asset (including, but not limited to, lending, depository, risk management, advisory or banking relationships), and will pursue actions and take steps that it deems or they deem necessary or appropriate to protect its or their interests arising therefrom without regard to the consequences for a Warrantholder of a Warrant linked to the issuer of a Relevant Asset;

- (v) that the market value of Warrants linked to the issuer of a Relevant Asset may be adversely affected by movements in the value of the issuer of the Relevant Asset or in currency exchange rates or general market conditions;
- (vi) that the Cash Settlement Amount (if any) in respect of any Warrant may be less than its issue price;
- (vii) that no Warrants are being offered and sold in a transaction involving a public offering in the United States within the meaning of the Securities Act, and that no Warrants have been or will be registered under the Securities Act or any applicable U.S. State securities laws and no Warrants may be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;
- (viii) that, unless it holds an interest in a Permanent Global Warrant (in which event the Warrants represented by such Permanent Global Warrant may only be transferred outside the United States to a non-U.S. person), if in the future it decides to resell, pledge or otherwise transfer the Warrants or any beneficial interests in the Warrants, it will do so, only (a) inside the United States to a person whom the seller reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (b) outside the United States to a non-U.S. person in compliance with Regulation S, (c) pursuant to another exemption from registration under the Securities Act (if available) or (d) pursuant to an effective registration statement under the Securities Act, in each case, in accordance with all applicable U.S. state securities laws and as provided in the applicable Final Terms;
- (ix) it will, and will require each subsequent Warrantholder to, notify any purchaser of Warrants from it of the resale restrictions referred to in (viii) above, if then applicable;
- (x) that Warrants initially offered in the United States to QIBs will be represented by a Rule 144A Global Warrant, that Warrants offered to IAIs will be in the form of Private Placement Definitive Warrants and that Warrants offered outside the United States in reliance on Regulation S will be represented by a Regulation S Global Warrant or a Permanent Global Warrant, although Warrants concurrently offered in the United States to QIBs and outside the United States to non-U.S. persons may be represented by a Combined Global Warrant;
- (xi) that Rule 144A Global Warrants will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"UNLESS OTHERWISE SPECIFIED IN THE APPLICABLE FINAL TERMS, THE WARRANTS REPRESENTED BY THIS RULE 144A GLOBAL WARRANT ARE EQUITY LINKED WARRANTS.

THE WARRANTS REPRESENTED BY THIS RULE 144A GLOBAL WARRANT [AND ANY ENTITLEMENT TO BE DELIVERED]¹ HAVE NOT BEEN REGISTERED AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. WARRANTS REPRESENTED BY THIS RULE 144A GLOBAL WARRANT MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHOUT REGISTRATION UNDER THE SECURITIES ACT UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE. CITIGROUP GLOBAL MARKETS HOLDINGS INC., THE ISSUER OF THIS RULE 144A GLOBAL WARRANT, HAS NOT BEEN REGISTERED UNDER THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED.

¹ Applicable for Warrants when Physical Delivery is specified as applicable in the Final Terms.

THE PURCHASER OF ANY WARRANT REPRESENTED BY THIS RULE 144A GLOBAL WARRANT ACKNOWLEDGES THE RESTRICTIONS ON THE TRANSFER OF THE WARRANTS SET FORTH BELOW AND AGREES THAT IT SHALL TRANSFER ANY WARRANT ONLY AS PROVIDED IN THE WARRANT AGREEMENT REFERRED TO HEREIN OR IN THE FINAL TERMS ATTACHED HERETO.

THE WARRANTS REPRESENTED BY THIS RULE 144A GLOBAL WARRANT MAY NOT BE RESOLD OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE WARRANT AGREEMENT AND FINAL TERMS REFERRED TO HEREIN AND OTHER THAN PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT PROVIDED BY RULE 144A, REGULATION S OR OTHERWISE THEREUNDER AND A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND SHALL BE DELIVERED TO EACH PERSON TO WHOM WARRANTS REPRESENTED BY THIS RULE 144A GLOBAL WARRANT ARE TRANSFERRED.

EACH HOLDER OF A BENEFICIAL INTEREST IN THE WARRANTS REPRESENTED BY THIS RULE 144A GLOBAL WARRANT SHALL BE DEEMED TO HAVE REPRESENTED WITH RESPECT TO ITSELF AND EACH ACCOUNT FOR WHICH IT IS PURCHASING THAT IT AND EACH HOLDER OF SUCH ACCOUNT IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A AND ACQUIRED SUCH INTEREST IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A. ANY RESALE OR OTHER TRANSFER OF INTEREST IN THE WARRANTS REPRESENTED BY THIS RULE 144A GLOBAL WARRANT MAY, IF APPLICABLE, REQUIRE THE TRANSFEROR TO SUBMIT TO THE RELEVANT WARRANT AGENT A CERTIFICATE OF TRANSFER, IN THE APPROPRIATE FORM SET FORTH IN SCHEDULE 8, 9 OR 10 TO THE WARRANT AGREEMENT REFERRED TO HEREIN[, TOGETHER, IN THE CASE OF TRANSFERS TO AN INSTITUTIONAL ACCREDITED INVESTOR WITHIN THE MEANING OF RULE 501(a)(1), (2), (3) OR (7) OF REGULATION D UNDER THE SECURITIES ACT, WITH A DULY EXECUTED INVESTOR REPRESENTATION LETTER FROM THE RELEVANT TRANSFEREE, IN THE FORM SET FORTH IN SCHEDULE 7 TO THE WARRANT AGREEMENT REFERRED TO HEREIN]*. IF AT ANY TIME THE [PRINCIPAL/NEW YORK]** WARRANT AGENT SUBSEQUENTLY DETERMINES OR IS SUBSEQUENTLY NOTIFIED BY THE ISSUER THAT THE HOLDER OF ANY INTEREST IN THE WARRANTS REPRESENTED BY THIS RULE 144A GLOBAL WARRANT WAS IN BREACH, AT THE TIME GIVEN, OF ANY REPRESENTATION OR AGREEMENT GIVEN BY SUCH HOLDER, THE PURPORTED TRANSFER SHALL BE ABSOLUTELY NULL AND VOID *AB INITIO* AND SHALL VEST NO RIGHTS IN THE PURPORTED TRANSFEREE (SUCH PURPORTED TRANSFEREE, A **DISQUALIFIED TRANSFEREE**) AND THE LAST PRECEDING HOLDER OF SUCH INTEREST THAT WAS NOT A DISQUALIFIED TRANSFEREE SHALL BE RESTORED TO ALL RIGHTS AS A HOLDER THEREOF RETROACTIVELY TO THE DATE OF TRANSFER OF SUCH INTEREST BY SUCH HOLDER.

IF REQUESTED BY THE ISSUER OR BY A WARRANT AGENT, THE PURCHASER AGREES TO PROVIDE THE INFORMATION NECESSARY TO DETERMINE

* Applicable if permitted under the applicable Final Terms.

** Principal Warrant Agent – applicable if 144A Global Warrant is held by a Common Depositary on behalf of Clearstream, Luxembourg and Euroclear. New York Warrant Agent – applicable if 144A Global Warrant is held by a Custodian on behalf of DTC.

WHETHER THE TRANSFER OF WARRANTS REPRESENTED BY THIS RULE 144A GLOBAL WARRANT IS PERMISSIBLE UNDER THE SECURITIES ACT.

THE WARRANTS AND RELATED DOCUMENTATION MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR REALES AND OTHER TRANSFERS OF THE WARRANTS TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO THE RESALE OR TRANSFER OF RESTRICTED SECURITIES GENERALLY. THE PURCHASER OF A WARRANT REPRESENTED BY THIS RULE 144A GLOBAL WARRANT SHALL BE DEEMED TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT.

[UNLESS THIS GLOBAL WARRANT IS PRESENTED BY AN AUTHORISED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (DTC), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT AND ANY GLOBAL WARRANT ISSUED IN EXCHANGE FOR THIS GLOBAL WARRANT OR ANY PORTION THEREOF IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORISED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUIRED BY AN AUTHORISED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY OTHER PERSON OTHER THAN DTC OR A NOMINEE THEREOF IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.]^{*};

- (xii) that Combined Global Warrants will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"UNLESS OTHERWISE SPECIFIED IN THE APPLICABLE FINAL TERMS, THE WARRANTS REPRESENTED BY THIS COMBINED GLOBAL WARRANT ARE EQUITY LINKED WARRANTS.

THE WARRANTS REPRESENTED BY THIS COMBINED GLOBAL WARRANT [AND ANY ENTITLEMENT TO BE DELIVERED]¹ HAVE NOT BEEN REGISTERED AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. WARRANTS REPRESENTED BY THIS COMBINED GLOBAL WARRANT MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHOUT REGISTRATION UNDER THE SECURITIES ACT UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE. CITIGROUP GLOBAL MARKETS HOLDINGS INC., THE ISSUER OF THIS COMBINED GLOBAL WARRANT, HAS NOT BEEN REGISTERED UNDER THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED. THE PURCHASER OF ANY WARRANT REPRESENTED BY THIS COMBINED GLOBAL WARRANT ACKNOWLEDGES THE RESTRICTIONS ON THE TRANSFER OF THE WARRANTS SET FORTH BELOW AND AGREES THAT IT SHALL TRANSFER ANY WARRANT ONLY AS PROVIDED IN THE WARRANT AGREEMENT REFERRED TO HEREIN OR IN THE FINAL TERMS ATTACHED HERETO.

^{*} Applicable if 144A Global Warrant is to be held by a Custodian on behalf of DTC.
¹ Applicable for Warrants when Physical Delivery is specified as applicable in the Final Terms.

THE WARRANTS REPRESENTED BY THIS COMBINED GLOBAL WARRANT MAY NOT BE RESOLD OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE WARRANT AGREEMENT AND FINAL TERMS REFERRED TO HEREIN AND OTHER THAN PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT PROVIDED BY RULE 144A, REGULATIONS OR OTHERWISE THEREUNDER AND IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS INCLUDING THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND SHALL BE DELIVERED TO EACH PERSON TO WHOM WARRANTS REPRESENTED BY THIS COMBINED GLOBAL WARRANT ARE TRANSFERRED. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR THE RESALE OF WARRANTS REPRESENTED BY THIS COMBINED GLOBAL WARRANT.

EACH HOLDER OF A BENEFICIAL INTEREST IN THE WARRANTS REPRESENTED BY THIS COMBINED GLOBAL WARRANT SHALL BE DEEMED TO HAVE REPRESENTED WITH RESPECT TO ITSELF AND EACH ACCOUNT FOR WHICH IT IS PURCHASING THAT IT AND EACH HOLDER OF SUCH ACCOUNT IS EITHER (a) A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A AND ACQUIRED SUCH INTEREST IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A OR (b) NOT A U.S. PERSON AND HAS ACQUIRED SUCH INTEREST IN A TRANSACTION MEETING THE REQUIREMENTS OF REGULATIONS [AND WILL NOT ENGAGE IN HEDGING TRANSACTIONS WITH REGARD TO THE WARRANTS UNLESS IN COMPLIANCE WITH THE SECURITIES ACT]*. ANY RESALE OR OTHER TRANSFER OF INTEREST IN THE WARRANTS REPRESENTED BY THIS COMBINED GLOBAL WARRANT MAY, IF APPLICABLE, REQUIRE THE TRANSFEROR TO SUBMIT TO THE RELEVANT WARRANT AGENT A CERTIFICATE OF TRANSFER, IN THE APPROPRIATE FORM SET FORTH IN SCHEDULE 10 OR 11 TO THE WARRANT AGREEMENT REFERRED TO HEREIN[, TOGETHER, IN THE CASE OF TRANSFERS TO AN INSTITUTIONAL ACCREDITED INVESTOR WITHIN THE MEANING OF RULE 501(a)(1), (2), (3) OR (7) OF REGULATION D UNDER THE SECURITIES ACT, WITH A DULY EXECUTED INVESTOR REPRESENTATION LETTER FROM THE RELEVANT TRANSFEREE, IN THE FORM SET FORTH IN SCHEDULE 7 TO THE WARRANT AGREEMENT REFERRED TO HEREIN]**. IF AT ANY TIME THE PRINCIPAL WARRANT AGENT SUBSEQUENTLY DETERMINES OR IS SUBSEQUENTLY NOTIFIED BY THE ISSUER THAT THE HOLDER OF ANY INTEREST IN THE WARRANTS REPRESENTED BY THIS COMBINED GLOBAL WARRANT WAS IN BREACH, AT THE TIME GIVEN, OF ANY REPRESENTATION OR AGREEMENT GIVEN BY SUCH HOLDER, THE PURPORTED TRANSFER SHALL BE ABSOLUTELY NULL AND VOID *AB INITIO* AND SHALL VEST NO RIGHTS IN THE PURPORTED TRANSFEREE (SUCH PURPORTED TRANSFEREE, A **DISQUALIFIED TRANSFEREE**) AND THE LAST PRECEDING HOLDER OF SUCH INTEREST THAT WAS NOT A DISQUALIFIED TRANSFEREE SHALL BE RESTORED TO ALL RIGHTS AS A HOLDER THEREOF RETROACTIVELY TO THE DATE OF TRANSFER OF SUCH INTEREST BY SUCH HOLDER.

IF REQUESTED BY THE ISSUER OR BY A WARRANT AGENT, THE PURCHASER AGREES TO PROVIDE THE INFORMATION NECESSARY TO DETERMINE

* Not applicable if the Warrants are Cash Settled Warrants.

** Applicable if permitted under the applicable Final Terms.

WHETHER THE TRANSFER OF WARRANTS REPRESENTED BY THIS COMBINED GLOBAL WARRANT IS PERMISSIBLE UNDER THE SECURITIES ACT.

THE WARRANTS AND RELATED DOCUMENTATION MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR REALES AND OTHER TRANSFERS OF THE WARRANTS TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO THE RESALE OR TRANSFER OF RESTRICTED SECURITIES GENERALLY. THE PURCHASER OF A WARRANT REPRESENTED BY THIS COMBINED GLOBAL WARRANT SHALL BE DEEMED TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT.";

- (xiii) that Private Placement Definitive Warrants will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"[THIS WARRANT IS AN EQUITY LINKED WARRANT.]*

THIS WARRANT [AND ANY ENTITLEMENT TO BE DELIVERED]¹ HAS NOT BEEN REGISTERED AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THIS WARRANT MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHOUT REGISTRATION UNDER THE SECURITIES ACT UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE. CITIGROUP GLOBAL MARKETS HOLDINGS INC., THE ISSUER OF THIS WARRANT, HAS NOT BEEN REGISTERED UNDER THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED. THE PURCHASER OF THIS WARRANT, BY ITS ACCEPTANCE HEREOF, ACKNOWLEDGES THE RESTRICTIONS ON THE TRANSFER OF THIS WARRANT SET FORTH BELOW AND AGREES THAT IT SHALL TRANSFER THIS WARRANT ONLY AS PROVIDED IN THE WARRANT AGREEMENT REFERRED TO HEREIN OR IN THE FINAL TERMS ATTACHED HERETO.

THIS WARRANT MAY NOT BE RESOLD OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE WARRANT AGREEMENT AND FINAL TERMS REFERRED TO HEREIN AND OTHER THAN PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT PROVIDED BY RULE 144A, REGULATION S OR OTHERWISE THEREUNDER AND A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND SHALL BE DELIVERED TO EACH PERSON TO WHOM THIS WARRANT IS TRANSFERRED.

THE HOLDER OF THIS WARRANT SHALL BE DEEMED TO HAVE REPRESENTED WITH RESPECT TO ITSELF AND ANY ACCOUNT FOR WHICH IT IS PURCHASING THAT IT AND ANY HOLDER OF SUCH ACCOUNT IS AN INSTITUTIONAL ACCREDITED INVESTOR WITHIN THE MEANING OF RULE 501(a)(1), (2), (3) OR (7) OF REGULATION D UNDER THE SECURITIES ACT AND ACQUIRED SUCH INTEREST IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. ANY RESALE OR OTHER TRANSFER OF INTEREST IN THIS WARRANT MAY, IF APPLICABLE, REQUIRE THE TRANSFEROR TO SUBMIT TO THE DEFINITIVE WARRANT AGENT A CERTIFICATE OF TRANSFER, IN THE APPROPRIATE FORM SET FORTH IN SCHEDULE 8, 9, 10 OR 11 TO THE WARRANT AGREEMENT REFERRED TO

* Applicable unless otherwise specified in the applicable Final Terms.
1 Applicable for Warrants when Physical Delivery is specified as applicable in the Final Terms.

HEREIN[, TOGETHER, IN THE CASE OF A TRANSFER TO AN INSTITUTIONAL ACCREDITED INVESTOR, WITH A DULY EXECUTED INVESTOR REPRESENTATION LETTER FROM THE RELEVANT TRANSFEREE, IN THE FORM SET FORTH IN SCHEDULE 7 TO THE WARRANT AGREEMENT REFERRED TO HEREIN]**. IF AT ANY TIME THE DEFINITIVE WARRANT AGENT SUBSEQUENTLY DETERMINES OR IS SUBSEQUENTLY NOTIFIED BY THE ISSUER THAT THE HOLDER OF ANY INTEREST IN THIS WARRANT WAS IN BREACH, AT THE TIME GIVEN, OF ANY REPRESENTATION OR AGREEMENT GIVEN BY SUCH HOLDER, THE PURPORTED TRANSFER SHALL BE ABSOLUTELY NULL AND VOID *AB INITIO* AND SHALL VEST NO RIGHTS IN THE PURPORTED TRANSFEREE (SUCH PURPORTED TRANSFEREE, A **DISQUALIFIED TRANSFEREE**) AND THE LAST PRECEDING HOLDER OF SUCH INTEREST THAT WAS NOT A DISQUALIFIED TRANSFEREE SHALL BE RESTORED TO ALL RIGHTS AS A HOLDER THEREOF RETROACTIVELY TO THE DATE OF TRANSFER OF SUCH INTEREST BY SUCH HOLDER.

IF REQUESTED BY THE ISSUER OR BY A WARRANT AGENT, THE PURCHASER AGREES TO PROVIDE THE INFORMATION NECESSARY TO DETERMINE WHETHER THE TRANSFER OF THIS WARRANT IS PERMISSIBLE UNDER THE SECURITIES ACT.

THIS WARRANT AND RELATED DOCUMENTATION MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR RESALES AND OTHER TRANSFERS OF THIS WARRANT TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO THE RESALE OR TRANSFER OF RESTRICTED SECURITIES GENERALLY. BY THE ACCEPTANCE OF THIS WARRANT, THE PURCHASER THEREOF SHALL BE DEEMED TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT.";

- (xiv) that Regulation S Global Warrants will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"UNLESS OTHERWISE SPECIFIED IN THE APPLICABLE FINAL TERMS, THE WARRANTS REPRESENTED BY THIS REGULATION S GLOBAL WARRANT ARE EQUITY LINKED WARRANTS.

THE WARRANTS REPRESENTED BY THIS REGULATION S GLOBAL WARRANT [AND ANY ENTITLEMENTS TO BE DELIVERED]¹ HAVE NOT BEEN REGISTERED AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. WARRANTS REPRESENTED BY THIS REGULATION S GLOBAL WARRANT MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHOUT REGISTRATION UNDER THE SECURITIES ACT UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE. CITIGROUP GLOBAL MARKETS HOLDINGS INC., THE ISSUER OF THIS REGULATION S GLOBAL WARRANT, HAS NOT BEEN REGISTERED UNDER THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED. THE PURCHASER OF ANY WARRANT REPRESENTED BY THIS REGULATION S GLOBAL WARRANT ACKNOWLEDGES THE RESTRICTIONS ON THE TRANSFER OF THE WARRANTS SET FORTH BELOW

** Applicable if permitted under the applicable Final Terms.
1 Applicable for Warrants when Physical Delivery is specified as applicable in the Final Terms.

AND AGREES THAT IT SHALL TRANSFER ANY WARRANT ONLY AS PROVIDED IN THE WARRANT AGREEMENT REFERRED TO HEREIN OR IN THE FINAL TERMS ATTACHED HERETO.

THE WARRANTS REPRESENTED BY THIS REGULATION S GLOBAL WARRANT MAY NOT BE RESOLD OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE WARRANT AGREEMENT AND FINAL TERMS REFERRED TO HEREIN AND OTHER THAN PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT PROVIDED BY RULE 144A, REGULATION S OR OTHERWISE THEREUNDER AND A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND SHALL BE DELIVERED TO EACH PERSON TO WHOM WARRANTS REPRESENTED BY THIS REGULATION S GLOBAL WARRANT ARE TRANSFERRED. THE WARRANTS REPRESENTED BY THIS REGULATION S GLOBAL WARRANT MAY NOT BE EXERCISED BY OR ON BEHALF OF ANY U.S. PERSON (AS DEFINED IN REGULATION S), UNLESS REGISTERED UNDER THE SECURITIES ACT OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

EACH HOLDER OF A BENEFICIAL INTEREST IN THE WARRANTS REPRESENTED BY THIS REGULATION S GLOBAL WARRANT SHALL BE DEEMED TO HAVE REPRESENTED WITH RESPECT TO ITSELF AND EACH ACCOUNT FOR WHICH IT IS PURCHASING THAT IT AND EACH HOLDER OF SUCH ACCOUNT IS NOT A U.S. PERSON AND THAT IT AND EACH SUCH HOLDER HAS ACQUIRED SUCH INTEREST IN A TRANSACTION MEETING THE REQUIREMENTS OF REGULATION S [AND WILL NOT ENGAGE IN HEDGING TRANSACTIONS WITH REGARD TO THE WARRANTS UNLESS IN COMPLIANCE WITH THE SECURITIES ACT]*. ANY RESALE OR OTHER TRANSFER OF INTEREST IN THE WARRANTS REPRESENTED BY THIS REGULATION S GLOBAL WARRANT SHALL, DURING THE APPLICABLE DISTRIBUTION COMPLIANCE PERIOD (AS DEFINED IN REGULATION S), REQUIRE THE TRANSFEROR TO SUBMIT TO THE PRINCIPAL WARRANT AGENT A CERTIFICATE OF TRANSFER, IN THE APPROPRIATE FORM SET FORTH IN SCHEDULE 8, 9 OR 10 TO THE WARRANT AGREEMENT REFERRED TO HEREIN[, TOGETHER, IN THE CASE OF TRANSFERS TO AN INSTITUTIONAL ACCREDITED INVESTOR WITHIN THE MEANING OF RULE 501(a) (1), (2), (3) OR (7) OF REGULATION D UNDER THE SECURITIES ACT, WITH A DULY EXECUTED INVESTOR REPRESENTATION LETTER FROM THE RELEVANT TRANSFEREE, IN THE FORM SET FORTH IN SCHEDULE 7 TO THE WARRANT AGREEMENT REFERRED TO HEREIN]**. IF AT ANY TIME THE PRINCIPAL WARRANT AGENT SUBSEQUENTLY DETERMINES OR IS SUBSEQUENTLY NOTIFIED BY THE ISSUER THAT THE HOLDER OF ANY INTEREST IN THE WARRANTS REPRESENTED BY THIS REGULATION S GLOBAL WARRANT WAS IN BREACH, AT THE TIME GIVEN, OF ANY REPRESENTATION OR AGREEMENT GIVEN BY SUCH HOLDER, THE PURPORTED TRANSFER SHALL BE ABSOLUTELY NULL AND VOID *AB INITIO* AND SHALL VEST NO RIGHTS IN THE PURPORTED TRANSFEREE (SUCH PURPORTED TRANSFEREE, A **DISQUALIFIED TRANSFEREE**) AND THE LAST PRECEDING HOLDER OF SUCH INTEREST THAT WAS NOT A DISQUALIFIED TRANSFEREE SHALL BE RESTORED TO ALL RIGHTS AS A HOLDER THEREOF RETROACTIVELY TO THE DATE OF TRANSFER OF SUCH INTEREST BY SUCH HOLDER.

* Not applicable if the Warrants are Cash Settled Warrants.

** Applicable if permitted under the applicable Final Terms.

IF REQUESTED BY THE ISSUER OR BY A WARRANT AGENT, THE PURCHASER AGREES TO PROVIDE THE INFORMATION NECESSARY TO DETERMINE WHETHER THE TRANSFER OF WARRANTS REPRESENTED BY THIS REGULATION S GLOBAL WARRANT IS PERMISSIBLE UNDER THE SECURITIES ACT.

THE WARRANTS AND RELATED DOCUMENTATION MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR REALES AND OTHER TRANSFERS OF THE WARRANTS TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO THE RESALE OR TRANSFER OF RESTRICTED SECURITIES GENERALLY. THE PURCHASER OF WARRANTS REPRESENTED BY THIS REGULATION S GLOBAL WARRANT SHALL BE DEEMED TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT.";

- (xv) that Permanent Global Warrants will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"THE WARRANTS REPRESENTED BY THIS PERMANENT GLOBAL WARRANT [AND ANY ENTITLEMENTS TO BE DELIVERED]¹ HAVE NOT BEEN REGISTERED AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. WARRANTS REPRESENTED BY THIS PERMANENT GLOBAL WARRANT MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHOUT REGISTRATION UNDER THE SECURITIES ACT UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE. CITIGROUP GLOBAL MARKETS HOLDINGS INC., THE ISSUER OF THIS PERMANENT GLOBAL WARRANT, HAS NOT BEEN REGISTERED UNDER THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED. THE PURCHASER OF ANY WARRANT REPRESENTED BY THIS PERMANENT GLOBAL WARRANT ACKNOWLEDGES THE RESTRICTIONS ON THE TRANSFER OF THE WARRANTS SET FORTH BELOW AND AGREES THAT IT SHALL TRANSFER ANY WARRANT ONLY AS PROVIDED IN THE WARRANT AGREEMENT REFERRED TO HEREIN OR IN THE FINAL TERMS ATTACHED HERETO.

THE WARRANTS REPRESENTED BY THIS PERMANENT GLOBAL WARRANT, OR INTERESTS THEREIN, MAY NOT AT ANY TIME BE OFFERED, SOLD, RESOLD, TRADED OR DELIVERED, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES OF AMERICA (INCLUDING ANY STATE AND THE DISTRICT OF COLUMBIA), ITS TERRITORIES, ITS POSSESSIONS AND OTHER AREAS SUBJECT TO ITS JURISDICTION OR DIRECTLY OR INDIRECTLY OFFERED, SOLD, RESOLD, TRADED OR DELIVERED TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON, AS SUCH TERM IS DEFINED IN REGULATION S UNDER THE SECURITIES ACT. [EACH HOLDER OF A BENEFICIAL INTEREST IN THE WARRANTS REPRESENTED BY THIS PERMANENT GLOBAL WARRANT AGREES THAT IT WILL NOT ENGAGE IN HEDGING TRANSACTIONS WITH REGARD TO THE WARRANTS UNLESS IN COMPLIANCE WITH THE SECURITIES ACT]*. THE WARRANTS REPRESENTED BY THIS PERMANENT GLOBAL WARRANT MAY NOT BE EXERCISED BY OR ON BEHALF OF ANY U.S. PERSON.

¹ Applicable for Warrants when Physical Delivery is specified as applicable in the Final Terms.

* Applicable if the Warrants are equity linked Cash Settled Warrants.

THE WARRANTS AND RELATED DOCUMENTATION MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR RESALES AND OTHER TRANSFERS OF THE WARRANTS REPRESENTED BY THIS PERMANENT GLOBAL WARRANT TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO THE RESALE OR TRANSFER OF RESTRICTED SECURITIES GENERALLY. THE PURCHASER OF A WARRANT REPRESENTED BY THIS PERMANENT GLOBAL WARRANT SHALL BE DEEMED TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT."; and

- (xvi) that the Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer; and if it is acquiring any Warrants as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

IAIs who purchase Warrants in definitive form offered and sold in the United States in reliance upon the exemption from registration provided by the Securities Act are required to execute and deliver to the Definitive Warrant Agent an Investor Representation Letter. Upon execution and delivery of an Investor Representation Letter by an IAI, Private Placement Definitive Warrants will be issued.

The Investor Representation Letter will state, among other things, the following:

- (i) that the IAI has received a copy of this Base Prospectus and the Final Terms relating to the Warrants and such other information as it deems necessary in order to make its investment decision;
- (ii) that the IAI understands that any subsequent transfer of the Warrants is subject to certain restrictions and conditions set forth in this Base Prospectus and the Final Terms relating to the Warrants (including those set out above) and that it agrees to be bound by, and not to resell, pledge or otherwise transfer the Warrants except in compliance with, such restrictions and conditions and the Securities Act;
- (iii) that, in the normal course of its business, the investor invests in or purchases securities similar to the Warrants;
- (iv) that the purchaser and each account for which it is acting is an IAI within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act and has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment in the Warrants, and it and any accounts for which it is acting are each able to bear the economic risk of its or any such accounts' investment for an indefinite period of time;
- (v) that the IAI is acquiring the Warrants purchased by it for its own account or for one or more accounts (each of which is an IAI) as to each of which it exercises sole investment discretion and not with a view to any resale, distribution or other disposition of the Warrants, subject, nevertheless, to the understanding that the disposition of its property shall at all times be and remain within its control;
- (vi) that the IAI acknowledges that (a) it did not rely on any investigation that the Issuer, any of its affiliates or any person acting on their behalf may have conducted with respect to any Relevant Asset or the issuer of any such Relevant Asset, and none of such persons has made any representation to it, express or implied, with respect to any such Relevant Asset and the

issuer of any such Relevant Asset; (b) it conducted and relied on its own investigation with respect to the Relevant Asset; (c) it received all information that it believes is necessary or appropriate in connection with any such Relevant Asset;

- (vii) that the IAI is not, and is not a fiduciary investing assets of or on behalf of, (i) an employee benefit plan (as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended (ERISA)) that is subject to Title I of ERISA; (ii) a plan (as defined in Section 4975(e)(1) of the Internal Revenue Code of 1986, as amended, which is subject to Section 4975 of the Code), or (iii) an entity whose assets include assets of a plan described in (i) or (ii) above by reason of such a plan's investment in the entity under 29 C.F.R. §2510.3-101 as modified by Section 3(42) of ERISA or otherwise; and
- (viii) that the IAI is an "eligible contract participant" within the meaning of the Commodity Exchange Act, as amended.

TAXATION

General

Purchasers of Warrants may be required to pay taxes (including stamp taxes) and other charges in accordance with the laws and practices of the country of purchase in addition to the issue price of each Warrant.

TRANSACTIONS INVOLVING WARRANTS MAY HAVE TAX CONSEQUENCES FOR POTENTIAL PURCHASERS WHICH MAY DEPEND, AMONGST OTHER THINGS, UPON THE STATUS OF THE POTENTIAL PURCHASER AND LAWS RELATING TO TRANSFER AND REGISTRATION TAXES. POTENTIAL PURCHASERS WHO ARE IN ANY DOUBT ABOUT THE TAX POSITION OF ANY ASPECT OF TRANSACTIONS INVOLVING WARRANTS SHOULD CONSULT THEIR OWN TAX ADVISERS.

United Kingdom Taxation

The following summary relates to United Kingdom stamp duty. Purchasers of Warrants may be subject to other tax consequences in relation to Warrants.

Prospective purchasers of Warrants should note that Global Warrants, Private Placement Definitive Warrants and instruments transferring Private Placement Definitive Warrants (each an instrument) may be subject to United Kingdom stamp duty if they are executed in the United Kingdom or if they relate to any property situate, or to any matter or thing done or to be done, in the United Kingdom.

Prospective purchasers of Warrants may wish to note, however, that, in the context of retail covered warrants listed on the London Stock Exchange, HM Revenue & Customs has indicated that no charge to United Kingdom stamp duty will arise on the grant of such warrants. It is not clear whether or not HM Revenue & Customs would be prepared to take such a view in relation to the instruments granting Global Warrants or the Private Placement Definitive Warrants.

Even if an instrument is subject to United Kingdom stamp duty there may be no practical necessity to pay that stamp duty, as United Kingdom stamp duty is not an assessable tax. However, an instrument which is not duly stamped cannot be used for certain purposes in the United Kingdom; for example it will be inadmissible in evidence in civil proceedings in a United Kingdom court.

In the event that an instrument is subject to United Kingdom stamp duty, and it becomes necessary to pay that stamp duty (for example because this is necessary in order to enforce the document in the United Kingdom), interest will be payable (in addition to the stamp duty) in respect of the period from 30 days after the date of execution of the instrument to the date of payment of the stamp duty. Penalties may also be payable if either an instrument which was executed in the United Kingdom is not stamped within 30 days of being executed or an instrument which was executed outside the United Kingdom is not stamped within 30 days of first being brought into the United Kingdom. In the case of a Global Warrant and a Private Placement Definitive Warrant, if any United Kingdom stamp duty is required to be paid, it would be payable at a rate of 0.5 per cent. by reference to the amount of consideration given for the Warrants represented by that Global Warrant or Private Placement Definitive Warrant. In the case of an instrument transferring a Private Placement Definitive Warrant, any United Kingdom stamp duty will be payable at a rate of 0.5 per cent. by reference to the amount of consideration given for the transfer of the Private Placement Definitive Warrant in question.

Condition 11 ("Expenses and Taxation") on page 139 should be considered carefully by all prospective purchasers of Warrants.

United States Federal Income Tax Considerations

Any U.S. federal tax discussion in this Base Prospectus was not written and is not intended to be used and cannot be used by any taxpayer for purposes of avoiding United States federal income tax penalties that may be imposed on the taxpayer. Any such tax discussion was written to support the promotion or marketing of the Warrants to be issued pursuant to this Base Prospectus. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

General

The following is a general summary of certain anticipated principal U.S. federal income tax consequences that may be relevant with respect to the acquisition, ownership and disposition of Warrants. This summary addresses only the U.S. federal income tax considerations of holders that acquire Warrants at their original issuance and that will hold the Warrants as capital assets.

This discussion is a summary for general information only and does not purport to address all U.S. federal income tax matters that may be relevant to the purchase, ownership, and disposition of any Warrants to a particular Warrantholder. This summary does not address tax considerations applicable to a Warrantholder that may be subject to special tax rules including, without limitation, the following: (i) financial institutions or financial services entities; (ii) insurance companies; (iii) dealers or traders in securities (including options) or currencies; (iv) tax-exempt entities; (v) regulated investment companies; (vi) persons that will hold Warrants as part of a "hedging" or "conversion" transaction or as a position in a "straddle" for U.S. federal income tax purposes; (vii) persons that have elected to mark their securities to market as a trader for U.S. federal income tax purposes; (viii) persons who hold Warrants through partnerships or other pass-through entities; and (ix) persons that have a "functional currency" other than the U.S. dollar. Further, this summary does not address alternative minimum tax consequences or the indirect effects on the holders of equity interests in a Warrantholder. Any of these circumstances might substantially alter the tax consequences described below, and, in some instances, require specific identification of positions in the relevant Warrant before the close of the day on which they are acquired. In particular, if the straddle rules were to apply, a U.S. Holder of a Warrant might be required to defer all, or a portion, of any loss realised upon the sale, exchange, exercise, cancellation or lapse of such Warrant.

This summary is based on the U.S. Internal Revenue Code of 1986, as amended (the **Code**), U.S. Treasury Regulations and judicial and administrative interpretations thereof, in each case as in effect and available on the date of this Base Prospectus. All of the foregoing are subject to change, which change could apply retroactively and could affect the tax consequences described below. Further, this summary does not describe any tax consequences arising out of the tax laws of any state, local or foreign jurisdiction, or any possible applicability of U.S. federal gift or estate tax.

Prospective purchasers of the Warrants are urged to consult their own tax advisers concerning the U.S. federal, state, local and foreign tax consequences of owning Warrants in light of their own particular circumstances (including whether the U.S. Holder would be treated as a dealer for U.S. federal income tax purposes).

For the purposes of this summary, a **U.S. Holder** is a beneficial owner of a Warrant that is, for U.S. federal income tax purposes: (i) a citizen or resident of the United States; (ii) a corporation or other entity treated as a corporation, created or organised in or under the laws of the United States or any state thereof (including the District of Columbia); (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust if (x) a court within the United States is able to exercise primary supervision over its administration and (y) one or more U.S. persons have the authority to control all of the substantial decisions of such trust. A **Non-U.S. Holder** is a beneficial owner of a Warrant that is not a U.S. Holder.

The following discussion generally only applies to Share Warrants and Index Warrants. Additional U.S. federal income tax consequences, if any, applicable to particular Warrants will be set forth in the applicable Final Terms.

The Issuer will not investigate and will not have access to information that would permit it to ascertain whether any company that has issued equity instruments to which any Warrants relate is a passive foreign investment company for U.S. federal income tax purposes. **Prospective investors that are U.S. taxpayers should consult their own advisers concerning the U.S. tax consequences to them of investing in Warrants that relate to the equity of a passive foreign investment company.**

Characterisation of the Warrants

No statutory, judicial or administrative authority directly addresses the characterisation of the Warrants or instruments similar to such Warrants for United States federal income tax purposes. As a result, significant aspects of the United States federal income tax consequences of an investment in the Warrants are not certain. No opinion of counsel will be issued with respect to the United States federal income tax characterisation of the Warrants and the discussion herein relating to the tax consequences is not binding on the Internal Revenue Service (the **IRS**) or the courts. Although issued in the form of options, it is possible that the Warrants could be characterised as forward contracts for U.S. federal income tax purposes. The relevant Final Terms in respect of the issue of any Warrants will specify the expected characterisation of the Warrants as options or forward contracts for U.S. federal income tax purposes. Both characterisations are described below. **Prospective investors are urged to consult their own tax advisers about the U.S. tax consequences of an investment in the Warrants.**

On 7 December 2007, the IRS released a notice that may affect the taxation of holders of Warrants. According to the notice, the IRS and the Treasury Department are actively considering whether the holder of instruments such as Warrants should be required to accrue ordinary income on a current basis, and they are seeking taxpayer comments on the subject. It is not possible to determine what guidance they will ultimately issue, if any. It is possible, however, that under such guidance, holders of Warrants will ultimately be required to accrue income currently and this could be applied on a retroactive basis. The IRS and the Treasury Department are also considering other relevant issues, including whether additional gain or loss from such instruments should be treated as ordinary or capital, whether foreign holders of such instruments should be subject to withholding tax on any deemed income accruals, and whether the special "constructive ownership rules" of Section 1260 of the Code might be applied to such instruments. The Issuer intends to continue treating Warrants for U.S. federal income tax purposes in accordance with the treatment described in this Base Prospectus unless and until such time as the IRS and the Treasury Department determine that some alternative treatment is more appropriate. **Prospective investors are urged to consult their own tax advisers concerning the significance, and the potential impact, of the above considerations.**

Taxation of U.S. Holders

Warrants Treated as Forward Contracts

A U.S. Holder will recognise gain or loss on the sale, exchange or lapse of Warrants equal to the difference between the amount realised, if any, and the U.S. Holder's tax basis in the relevant Warrants. Assuming the relevant Warrants are cash-settled, a U.S. Holder will also recognise gain or loss on the exercise (including an Automatic Exercise or Early Termination) of the relevant Warrants. Any gain or loss will be long-term capital gain or loss if the U.S. Holder has held the relevant Warrants for more than one year and generally will be United States source gain or loss for U.S. foreign tax credit purposes.

If a U.S. Holder exercises a Physical Delivery Warrant and the Issuer does not elect to make a cash settlement of such a Warrant, then the U.S. Holder's basis in the Relevant Asset or Relevant Assets constituting the Entitlement shall consist of the U.S. Holder's basis in the Warrant, the amount of the relevant Exercise Price (if applicable) and any other sums payable to exercise the Warrant. The U.S. Holder will recognise gain or loss on the exchange or sale of the Relevant Asset or Relevant Assets equal to the difference between the amount realised, if any, and the U.S. Holder's basis in the Relevant Asset or Relevant Assets. Any gain or loss will be long-term capital gain or loss if the U.S. Holder held the Relevant Asset or Relevant Assets for more than one year and will generally be United States source gain or loss for U.S. foreign tax credit purposes.

Prospective investors should consult their own tax advisers with respect to the treatment of long-term capital gains (which may be taxed at lower rates than ordinary income for certain taxpayers) and capital losses (the deductibility of which is subject to limitations).

Warrants Treated as Options

A U.S. Holder will recognise gain or loss on the sale, exchange or lapse of the Warrant equal to the difference between the amount realised, if any, and the U.S. Holder's tax basis in the Warrant. Assuming the Warrant is cash-settled, a U.S. Holder will also recognise gain or loss on the exercise (including an Automatic Exercise or Early Termination) of a Warrant. Any gain or loss will be long-term capital gain or loss if the U.S. Holder has held the Warrant for more than one year and generally will be United States source gain or loss for U.S. foreign tax credit purposes.

If a U.S. Holder exercises a Physical Delivery Warrant and the Issuer does not elect to make a cash settlement of such a Warrant, then the U.S. Holder's basis in the Relevant Asset or Relevant Assets constituting the Entitlement shall consist of the U.S. Holder's basis in the Warrant, the amount of the relevant Exercise Price and any other sums payable to exercise the Warrant. The U.S. Holder will recognise gain or loss on the exchange or sale of the Relevant Asset or Relevant Assets equal to the difference between the amount realised, if any, and the U.S. Holder's basis in the Relevant Asset or Relevant Assets. Any gain or loss will be long-term capital gain or loss if the U.S. Holder held the Relevant Asset or Relevant Assets for more than one year and will generally be United States source gain or loss for U.S. foreign tax credit purposes.

Prospective investors should consult their own tax advisers with respect to the treatment of long-term capital gains (which may be taxed at lower rates than ordinary income for certain taxpayers) and capital losses (the deductibility of which is subject to limitations).

Taxation of Non-U.S. Holders

Subject to the discussion below of backup withholding, in general, a Non-U.S. Holder will not be subject to U.S. federal withholding tax with respect to amounts received, if any, with respect to a Warrant assuming that: (i) the Warrant is not held in connection with a U.S. trade or business or, in the case of a resident of a country that has an income tax treaty with the United States, such Warrant is not attributable to a permanent establishment (or, in the case of an individual, a fixed place of business) in the United States; (ii) in the case of an individual, the Non-U.S. Holder is not present in the United States for 183 days during the taxable year and certain other conditions are met; and (iii) such Non-U.S. Holder is not subject to the rules applicable to certain former citizens and residents of the United States.

Information Reporting and Backup Withholding

Backup withholding and information reporting requirements may apply to certain proceeds received from a sale, exchange, cancellation or exercise of a Warrant. The Issuer, its agent, a broker, or any paying agent, as the case may be, may be required to withhold tax from any payment that is subject to backup withholding if the U.S. Holder fails to furnish the U.S. Holder's taxpayer identification

number, to certify that such U.S. Holder is not subject to backup withholding, or to otherwise comply with the applicable requirements of the backup withholding rules. Certain U.S. Holders are not subject to the backup withholding and information reporting requirements. Non-U.S. Holders may be required to comply with applicable certification procedures to establish that they are not U.S. Holders in order to avoid the application of such information reporting requirements and backup withholding. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be refunded or credited against the holder's U.S. federal income tax liability, PROVIDED THAT certain required information is furnished to the U.S. Internal Revenue Service. **Holders of Warrants should consult their own tax advisors as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.**

THE U.S. FEDERAL INCOME TAX DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY AND MAY NOT BE APPLICABLE DEPENDING UPON AN OWNER'S PARTICULAR SITUATION. HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE TAX CONSEQUENCES TO THEM OF THE OWNERSHIP AND DISPOSITION OF THE WARRANTS, INCLUDING THE TAX CONSEQUENCES UNDER STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND THE POSSIBLE EFFECTS OF CHANGES IN FEDERAL OR OTHER TAX LAWS.

Luxembourg Taxation

The following summary is of a general nature and is included herein solely for information purposes. It is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in any Warrants should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Prospective investors should be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy, impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only. Also, prospective investors should note that a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*impôt de solidarité*) as well as personal income tax (*impôt sur le revenu*) generally. Investors may further be subject to net wealth tax (*impôt sur la fortune*) as well as other duties, levies or taxes. Corporate income tax, municipal business tax as well as the solidarity surcharge invariably apply to most corporate taxpayers resident of Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

Income Taxation of holders of Warrants

A Luxembourg holder of Warrants that is governed by the law of 11 May 2001 on family estate management companies, or by the law of 20 December 2002 on undertakings for collective investment, as amended, or by the law of 13 February 2007 on specialised investment funds is not subject to Luxembourg income tax in respect of gains realised on the exercise, the settlement or the transfer of Warrants.

A corporate holder of Warrants, who is a resident of Luxembourg for tax purposes or who has a permanent establishment or a fixed place of business in Luxembourg, to which the Warrants are attributable, must include any gain realised on the exercise, the settlement or the transfer of Warrants in its taxable income for Luxembourg income assessment purposes. The same obligation applies to an individual holder of Warrants, acting in the course of the management of a professional or business

undertaking, who is a resident of Luxembourg for tax purposes or who has a permanent establishment or a fixed place of business in Luxembourg, to which the Warrants are attributable.

Where the Warrants are Physical Delivery Share Warrants and the Issue Price together with the Exercise Price (if applicable) (and related costs) is lower than the fair market value of the shares, the differential will not be taxable at the moment of the delivery of the shares in the hands of a corporate holder of Warrants or an undertaking, who is a resident of Luxembourg for tax purposes or who has a permanent establishment or a fixed place of business in Luxembourg, to which the Warrants are attributable. However, a gain realised upon a subsequent disposal of the shares (i.e., the difference between the acquisition value of the shares, which is the aggregate of the Issue Price, the Exercise Price (if applicable) and related costs, and the sale price of the shares) will be included in its taxable income for Luxembourg income tax assessment purposes, unless such gain is tax exempt under the Luxembourg participation exemption.

Gains realised by an individual holder of Warrants, acting in the course of the management of his/her private wealth, who is resident in Luxembourg for tax purposes, upon the sale or disposal of Warrants, is not subject to Luxembourg income tax, provided such sale or disposal took place more than six months after the Warrants were acquired.

Where the Warrants are Physical Delivery Share Warrants and the Issue Price together with the Exercise Price (if applicable) (and related costs) is lower than the fair market value of the shares, the differential will not be taxable in the hands of an individual holder of Warrants, acting in the course of the management of his/her private wealth, who is a resident in Luxembourg for tax purposes. A gain realised upon the subsequent disposal of the shares (i.e., the difference between the acquisition value of the shares, which is the aggregate of the Issue Price, the Exercise Price (if applicable) and related costs, and the sale price) will not be included in its taxable income for Luxembourg income tax assessment purposes provided such sale or disposal took place more than six months after the delivery of the shares, except where the holder holds directly or indirectly a substantial participation in an issuing company.

Withholding Tax

(i) Non-resident holders of Warrants

Under Luxembourg general tax laws currently in force and subject to the laws of 21 June 2005, there is no withholding tax on payments made to non-residents holders, nor is any Luxembourg withholding tax payable upon settlement or exercise of the Warrants held by non-resident holders.

(ii) Resident holders of Warrants

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005, as amended, there is no withholding tax on payments made to Luxembourg residents, nor is any Luxembourg withholding tax payable upon settlement or exercise of Warrants held by Luxembourg residents.

Net Wealth Taxation of holders of Warrants

Any corporate holder of Warrants, whether such holder is resident in Luxembourg for tax purposes or such holder maintains a permanent establishment or a fixed place of business in Luxembourg to which the Warrants are attributable, is subject to Luxembourg wealth tax on such Warrants, except if the holder of the Warrants is governed by the law of 11 May 2007 on family estate management companies or by the law of 20 December 2002 on undertakings for collective investment, as amended, or by the law of 13 February 2007 on specialised investment funds, or is a securitisation company governed by the law of 22 March 2004 on securitisation, or is a capital company governed by the law of 15 June 2004 on venture capital vehicles, as amended.

Other Taxes

Neither the issuance nor the transfer of Warrants will give rise to any Luxembourg stamp duty, value added tax, issuance tax, registration tax, transfer tax or similar taxes or duties.

Where a holder of Warrants is a resident of Luxembourg for tax purposes at the time of his death, the Warrants are included in his taxable estate for inheritance tax assessment purposes.

Gift tax may be due on a gift or donation of Warrants if embodied in a Luxembourg deed or recorded in Luxembourg.

German Taxation

The following summary is of a general nature and is included herein solely for information purposes. It is based on the laws presently in force in Germany, though it is not intended to be, nor should it be construed to be, legal or tax advice. All tax implications can be subject to alteration due to future law changes, possibly with retroactive or retrospective effect. Prospective investors in any Warrants should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including German tax law, to which they may be subject, also taking into account the taxation laws in the investor's country of residence or the taxation laws which may apply to them for other reasons.

At present, there is no legal obligation for the Issuer as issuer of Warrants to deduct or withhold any German withholding tax (*Quellensteuer*) from ongoing payments and gains from the disposition or settlement of Warrants to the Warrantholder.

However, a German branch of a German or non-German bank (*Kreditinstitut*) or financial services institution (*Finanzdienstleistungsinstitut*), a German securities trading company (*Wertpapierhandelsunternehmen*) or a German securities trading bank (*Wertpapierhandelsbank*) (each a **Disbursing Agent**, *auszahlende Stelle*) may be obliged to withhold German withholding taxes on ongoing payments and on gains from the disposition or cash settlement of Warrants, if the Warrants are kept in a custody account with a Disbursing Agent. In the event of physical delivery, the acquisition costs of Warrants plus any additional sum paid upon exercise are generally regarded as the acquisition costs of the underlying assets received upon physical settlement. Withholding tax may then apply to any gain resulting from the subsequent disposal of the securities received.

Further, income and capital gains derived from Warrants are generally subject to German personal or corporate income tax (*Einkommensteuer*, *Körperschaftsteuer*) for German tax-resident Warrantholders and may, under certain circumstances (e.g. in case of a German permanent establishment of the holder to which the Warrants are allocable), be subject to German tax for non-German tax resident Warrantholders. The personal income tax liability of an individual Warrantholder deriving income from the Warrants is, in principle, settled by the tax withheld. To the extent withholding tax has not been levied, such as in the case of Warrants kept in custody abroad, the Warrantholder will also be taxed.

In addition, if the Warrants form part of a German trade or business, income and capital gains are generally also subject to German trade tax (*Gewerbesteuer*). Losses incurred in relation to Warrants may not be deductible for German tax purposes or the deductibility may be subject to certain limitations.

Different rules may apply in case of Mutual Fund Warrants where the Final Terms provide for an optional physical settlement upon maturity, i.e. the delivery of units or shares in a fund in settlement of the Warrants. In these circumstances, the Warrantholder could be treated as holding a direct investment in the underlying fund and the German tax treatment may differ significantly from that explained above.

ERISA MATTERS

Citigroup Global Markets Holdings Inc. and certain affiliates of Citigroup Global Markets Holdings Inc. may each be considered a "party in interest" within the meaning of the Employee Retirement Income Security Act of 1974, as amended (**ERISA**), or a "disqualified person" within the meaning of the Code with respect to many employee benefit plans subject to Section 406 of ERISA and individual retirement accounts, tax qualified plans for the self-employed and other plans subject to Section 4975 of the Code (each, a **Plan**). Certain transactions between a Plan and a party in interest or disqualified person may result in "prohibited transactions" within the meaning of ERISA and the Code, unless such transactions are affected pursuant to an applicable exemption.

The acquisition of the Warrants may be eligible for one of the exemptions noted below if such acquisition:

- (a) (i) is made solely with the assets of a bank collective investment fund; and
(ii) satisfies the requirements and conditions of Prohibited Transaction Class Exemption (**PTCE**) 91-38 issued by the United States Department of Labor (**DOL**);
- (b) (i) is made solely with assets of an insurance company pooled separate account; and
(ii) satisfies the requirements and conditions of PTCE 90-1 issued by the DOL;
- (c) (i) is made solely with assets managed by a qualified professional asset manager; and
(ii) satisfies the requirements and conditions of PTCE 84-14 issued by the DOL;
- (d) is made solely with assets of a government plan (as defined in Section 3(32) of ERISA) which is not subject to the provisions of Section 406 of ERISA or Section 4975 of the Code (or any similar prohibitions);
- (e) (i) is made solely with assets of an insurance company general account; and
(ii) satisfies the requirements and conditions of PTCE 95-60 issued by the DOL; or
- (f) (i) is made solely with assets managed by an in-house asset manager; and
(ii) satisfies the requirements and conditions of PTCE 96-23 issued by the DOL.

Certain benefit plans, such as government sponsored plans and certain non-U.S. plans are not subject to the prohibited transaction rules of ERISA and the Code, but may be subject to other prohibitions under applicable laws and rules.

Each purchaser and holder of the Warrants or any interest therein will be deemed to represent by its purchase and holding thereof, as of the date of its acquisition of the Warrants or an interest therein through the date that it ceases to hold any interest in the Warrants, that: (a) it is not a Plan, or an entity whose underlying assets include plan assets by reason of any Plan's investment in the entity, and is not purchasing or holding the Warrants on behalf of or with the assets of any Plan or any benefit plan subject to prohibitions similar to those of Section 406 of ERISA or Section 4975 of the Code or (b) its purchase, holding and transfer of the Warrants will not give rise to a non-exempt prohibited transaction under Section 406 of ERISA, Section 4975 of the Code or any similar applicable laws or rules.

Under ERISA, the assets of a Plan may include assets held in the general account of an insurance company that has issued an insurance policy to such Plan or assets of an entity in which the Plan has invested.

Any Plan and any investor considering investing Plan assets in the Warrants, should consult its legal advisor regarding the application of ERISA and the Code and with respect to government sponsored and non-US plans, any substantially similar laws.

OFFERING AND SALE

The Issuer has in an amended and restated Underwriting Agreement dated 15 February 2006, as supplemented by a First Supplemental Underwriting Agreement dated 15 February 2007, a Second Supplemental Underwriting Agreement dated 15 February 2008, a Third Supplemental Underwriting Agreement dated 13 February 2009, a Fourth Supplemental Underwriting Agreement dated 12 February 2010 and a Fifth Supplemental Underwriting Agreement dated 14 January 2011 (together, and as further supplemented and/or amended and/or replaced, the **Underwriting Agreement**) agreed with CGML (and any New Manager (as defined therein) appointed pursuant to the provisions thereof) a basis upon which it may from time to time agree to purchase Warrants. Any such Underwriting Agreement will extend to those matters stated under "Form of Applicable Final Terms" and "Terms and Conditions of the Warrants" above.

United States of America (the United States)

No issue of Warrants or any Entitlements to be delivered in respect of any Physical Delivery Warrants have been, or will be, registered under the United States Securities Act of 1933, as amended (the **Securities Act**) or with any securities regulatory authority of any state or other jurisdiction of the United States. The Issuer has not registered as an investment company pursuant to the United States Investment Company Act of 1940, as amended. Unless an issue of Warrants is eligible for sale in the United States under Section 4(2) or Rule 144A (as indicated in the applicable Final Terms(s)), no issue of Warrants, or interests therein, may at any time be offered, sold, resold 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 or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person. In the event that an issue of Warrants is so eligible for sale in the United States under Section 4(2) or Rule 144A, any sale or transfer restrictions or certification requirements applicable to such Warrants in addition to those set out in the Conditions of the Warrants will be set out in the applicable Final Terms(s). Offers, sales, resales or deliveries of an issue of Warrants, or interests therein, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons would constitute a violation of United States securities laws unless made in compliance with the registration requirements of the Securities Act or pursuant to an exemption therefrom. Hedging transactions involving Physical Delivery Warrants may not be conducted unless in compliance with the Securities Act. 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** has the meaning given in Regulation S under the Securities Act. In addition, until 40 days after the commencement of the offering, an offer or sale of Warrants within the United States by any dealer (whether or not participating in the offering of the Warrants) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

Each Manager will be required to agree in relation to an issue of Warrants that, unless such Warrants are eligible for sale in the United States in accordance with Section 4(2) or Rule 144A (as indicated in the applicable Final Terms), it will not at any time offer, sell, resell or deliver, directly or indirectly, such Warrants 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 any Warrants must agree with the Manager(s) or the seller of such Warrants that, unless such Warrants are eligible for sale in the United States in accordance with Section 4(2) or Rule 144A (as indicated in the applicable Final Terms), (i) it will not at any time offer, sell, resell or deliver, directly or indirectly, any such Warrants 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, trade 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 such Warrants for the account or benefit of any U.S. person and (iii) it will not make offers, sales, re-sales or deliveries of any such Warrants (otherwise

acquired), directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person. Each Manager will also be required to agree, and any person purchasing any Warrants must agree, to send each person who purchases such Warrants from it a written confirmation (which shall include the definitions of **United States** and **U.S. persons** set forth herein) stating that the Warrants have not been registered under the Securities Act and that, unless otherwise provided in the applicable Final Terms, such purchaser agrees that it will not at any time offer, sell, resell or deliver such Warrants, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person. Unless a Warrant is eligible for sale in the United States, any person exercising such Warrant will be required to represent that it is not a 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 Manager has represented and agreed, and each New Manager appointed pursuant to the Underwriting Agreement 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 Warrants which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Warrants to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) 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 Manager or Managers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Warrants to the public" in relation to any Warrants 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 Warrants to be offered so as to enable an investor to decide to purchase the Warrants, 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 that Relevant Member State and the expression **2010 PD Amending Directive** means Directive 2010/73/EU.

United Kingdom of Great Britain & Northern Ireland (the United Kingdom)

All applicable provisions of the Financial Services and Markets Act 2000 (the **FSMA**) must be complied with in respect to anything done in relation to any Warrants in, from or otherwise involving the United Kingdom.

Warrants which constitute debentures and which are exercisable at any time prior to one year from their date of issue will not be offered or sold other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or as agent) for the purposes of their businesses where the issue of such Warrants would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer.

An invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) may only be communicated or caused to be communicated in connection with the issue or sale of any Warrants in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.

People's Republic of Bangladesh (Bangladesh)

The Base Prospectus has not been registered with the Securities and Exchange Commission (SEC) of Bangladesh and, accordingly, Warrants may not be offered to a resident of Bangladesh. Furthermore, the Foreign Exchange Regulations Act of 1947 and the Securities & Exchange Ordinance of 1969 prohibits any resident of Bangladesh from holding Warrants as the Base Prospectus has not been approved by the SEC and no issue of Warrants has been approved by the Bangladesh Bank (the central bank of Bangladesh).

By the purchase of a Warrant, the relevant Warrantholder will be deemed to represent and warrant that it is not a resident of Bangladesh and, if so specified in the applicable Final Terms, each Warrantholder will be required to represent and warrant on exercise that it is not a resident of Bangladesh. Warrants may not be offered or transferred to a resident of Bangladesh.

People's Republic of China (the PRC)

Persons into whose possession this document comes should inform themselves of all relevant Chinese restrictions. In particular, Warrants may not be offered or sold (i) in the PRC (excluding Hong Kong, Macau and Taiwan), or (ii) to any domestic individual as defined in the Administrative Measures on Foreign Exchange Matters for Individuals. By the purchase of a Warrant, the relevant Warrantholder will be deemed to represent and warrant that it purchased such Warrant in compliance with the applicable laws and regulations of the PRC.

Hong Kong Special Administrative Region (Hong Kong)

Unless permitted to do so under the securities laws of Hong Kong, no person may issue or have in its possession for the purposes of issue, or will issue or will have in its possession for the purposes of issue any advertisement, invitation or document relating to Warrants, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) and by the purchase of a Warrant, the relevant Warrantholder will be deemed to represent and warrant that it will not engage in such conduct, other than with respect to Warrants intended to be sold only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules thereunder.

Mongolia

Any offering or sales activities in connection with offshore securities in Mongolia are strictly regulated by Mongolian law. Warrants have not been and will not be registered with the Financial Regulatory Committee of Mongolia and may not be offered or sold in Mongolia except: (i) pursuant to the requirements of securities related laws and regulations in Mongolia and (ii) in compliance with any other applicable requirements of Mongolian laws. By the purchase of a Warrant, the relevant Warrantholder will be deemed to represent and warrant that it purchased such Warrant in compliance with the applicable laws and regulations of Mongolia.

Republic of India (India)

The Issuer has not authorised any offer of any Warrants to any 'Person Resident in India' within the meaning of Foreign Exchange Management Act, 1999 (**PRI**). Unless otherwise specified, no issues of Warrants are offered, made available for subscription or sold pursuant to the Securities and Exchange Board of India Act, 1992, the Guidelines made thereunder or under any Indian law or

regulations. Warrants may not lawfully be offered, subscribed for by, sold to or held by any PRI and by the purchase of a Warrant, the relevant Warrantholder will be deemed to represent and warrant that it is not a PRI. In relation to Warrants relating to Indian securities, in addition to the requirements specified above, the Issuer has not authorised any offer of such Warrants to any 'Non-Resident Indian' as defined in the Foreign Exchange Management (Deposit) Regulations, 2000 of India (**NRI**).

Communications relating to Warrants may only be made to (i) persons resident outside India and (ii) entities which do not qualify as PRI. In relation to Warrants relating to Indian securities, in addition to the requirements specified above, communications relating to such Warrants may only be made to entities which do not qualify as NRI and which are regulated by the relevant regulatory authority in the country of its establishment or incorporation, as described in Regulation 15A of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 and by the purchase of a Warrant relating to Indian securities, the relevant Warrantholder will be deemed to represent and warrant that it is so regulated.

Republic of Indonesia (Indonesia)

Warrants have not been, and will not be, registered under the Indonesian Capital Market Law and its implementing regulations. Warrants may not be offered or sold in Indonesia or to Indonesian citizens wherever they are domiciled, or to Indonesian residents, nationals or corporations in a manner which constitutes a public offer under the laws and regulations of the Indonesia and by the purchase of a Warrant, the relevant Warrantholder will be deemed to represent and warrant that it is not in Indonesia and is not an Indonesian citizen, resident, national or corporation.

Republic of Korea (Korea)

Warrants have not been and will not be registered under the Financial Investment Services and Capital Markets Act of Korea and the decrees and regulations thereunder (collectively, **FISCMA**). Accordingly, Warrants may not be offered, sold or delivered directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea (as such terms are defined in the Foreign Exchange Transaction Law of Korea and the decrees and regulations thereunder, and hereinafter the same) except pursuant to the applicable laws and regulations of Korea, including the FISCMA and the Foreign Exchange Transaction Law of Korea and the decrees and regulations thereunder. By the purchase of a Warrant, the relevant Warrantholder will be deemed to represent and warrant that, if it is in Korea or is a resident of Korea, it purchased the Warrants pursuant to the applicable laws and regulations of Korea. No holder of Warrants may resell or transfer Warrants in Korea or to, or for the account or benefit of, any resident of Korea without obtaining the prior consent of the Issuer. Without prejudice to the foregoing, for a period of one year from the issue date of an issue of Warrants, no holder of the Warrants may transfer the Warrants in Korea or to, or for the account or benefit of, any resident of Korea unless such transfer involves all of the Warrants held by it.

Malaysia

By the purchase of a Warrant, the relevant Warrantholder: (i) will be deemed to acknowledge that the issue of, offer for subscription or purchase of, or invitation to subscribe for or purchase, such Warrant may only be made directly or indirectly to persons outside Malaysia; (ii) will be deemed to represent, warrant and agree that it has not offered, sold or issued an invitation to purchase or subscribe and will not offer, sell or issue an invitation to purchase or subscribe, Warrants directly or indirectly to any persons in Malaysia, and (iii) it has not circulated or distributed and will not circulate and distribute this Base Prospectus and/or the applicable Final Terms or any other document or materials relating to Warrants directly or indirectly to any persons in Malaysia.

Islamic Republic of Pakistan (Pakistan)

By the purchase of a Warrant, the relevant Warrantholder will be deemed to represent and warrant that it is not a corporate which is a resident of Pakistan (a **Prohibited Investor**) and that the Warrants will not be offered or transferred to a Prohibited Investor and, if so specified in the applicable Final Terms, each Warrantholder will be required to represent and warrant on exercise that it is not a Prohibited Investor.

The Philippines

By the purchase of a Warrant, the relevant Warrantholder: (i) will be deemed to acknowledge that the issue of, offer for subscription or purchase of, or invitation to subscribe for or purchase, such Warrant may only be made directly or indirectly to persons outside the Philippines and accordingly confirms that it is not a resident of the Philippines; (ii) will be deemed to represent, warrant and agree that it has not offered, sold or issued an invitation to purchase or subscribe and will not offer, sell or issue an invitation to purchase or subscribe, Warrants directly or indirectly to any persons in the Philippines; and (iii) will be deemed to represent, warrant and agree that it has not circulated or distributed and will not circulate and distribute this Base Prospectus and/or the applicable Final Terms or any other document or materials relating to Warrants directly or indirectly to any persons in the Philippines. Warrants may not be offered or transferred to a resident of the Philippines.

Republic of Singapore (Singapore)

This Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (the **Securities and Futures Act**). Accordingly, Warrants may not be offered or sold or made the subject of an invitation for subscription or purchase nor may this Base Prospectus or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Warrants be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, (b) to a relevant person as defined in Section 275(2) and pursuant to Section 275(1) of the Securities and Futures Act, or any person who acquires the Warrants as principal pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act, or (c) pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act. By the subscription or purchase of a Warrant, the relevant Warrantholder will be deemed to represent and warrant that it is an institutional investor or relevant person, or has subscribed or purchased such Warrant pursuant to clause (c) above and without prejudice to the rights of the Issuer for indemnity for any claims, losses, damages, penalties that it may suffer or sustain as a result of the representation proving untrue or incorrect, such Warrantholder will also be deemed to acknowledge and agree that in such event the subscription or purchase is voidable at the option of the Issuer.

Where the Warrants are subscribed or purchased under either or both of Sections 274 and 275 of the Securities and Futures Act, they (and where the Warrants carry any attached right of conversion into shares or debentures, the converted shares or debentures) shall not be sold by the subscriber or purchaser for 6 months after such subscription or purchase other than to (i) to an institutional investor under Section 274 of the Securities and Futures Act, or (ii) to a relevant person as defined in Section 275(2) of the Securities and Futures Act, or any person who acquires the Warrants as principal pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions, specified in Section 275 of the Securities and Futures Act. This restriction does not apply where the Warrants are of the same class as other Warrants: (a) an offer of which has previously been made in or accompanied by a prospectus; and (b) are listed for quotation on a securities exchange (as defined in the Securities and Futures Act).

Each of the following relevant persons specified in Section 275 of the Securities and Futures Act which has subscribed or purchased Warrants, namely a person who is:

- (a) a corporation (which is not an accredited investor as defined in Section 4A of the Securities and Futures Act) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor as defined in Section 4A of the Securities and Futures Act) whose sole purpose is to hold investments and each beneficiary (including the unitholders of a business trust and participants of a collective investment scheme as defined under the Securities and Futures Act) is an accredited investor,

should note that shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable for 6 months after that corporation or that trust has acquired Warrants under Section 275 of the Securities and Futures Act except:

- (1) to an institutional investor under Section 274 of the Securities and Futures Act or to a relevant person, or any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions, specified in Section 275 of the Securities and Futures Act or any person pursuant to an offer made on terms that such rights and interest in that trust are acquired pursuant to Section 276(4)(b)(i)(B);
- (2) where no consideration is given for the transfer;
- (3) by operation of law; or
- (4) where the Warrants are of the same class as other Warrants: (a) an offer of which has previously been made in or accompanied by a prospectus; and (b) are listed for quotation on a securities exchange (as defined in the Securities and Futures Act).

Democratic Socialist Republic of Sri Lanka (Sri Lanka)

Warrants are not eligible for sale to Sri Lankan entities or natural persons unless such Sri Lankan entities or natural persons have obtained the prior approval of the Minister of Finance and/or the Central Bank of Sri Lanka/Exchange Control Department to purchase Warrants. Obtaining any such prior approval of the Finance Minister and/or the Central Bank of Sri Lanka/Exchange Control Department will be the sole responsibility of a Warrantholder and by the purchase of a Warrant, the relevant Warrantholder will be deemed to have represented and warranted that it (i) is not a Sri Lankan entity or natural person or (ii) if it is a Sri Lankan Entity or natural person that it has been granted approved by the Minister of Finance and/or the Central Bank of Sri Lanka/Exchange Control Department to purchase the relevant Warrants and, if so specified in the applicable Final Terms, each Warrantholder will be required to so represent and warrant on exercise.

Taiwan

Warrants have not been and will not be registered with the Securities and Futures Bureau or Financial Supervisory Commission of Taiwan. Warrants are not permitted to be sold, offered or issued in Taiwan and are not permitted to be made available to Taiwan resident investors except (i) outside Taiwan for purchase by such investors outside Taiwan or (ii) where applicable, through properly licensed intermediaries expressly permitted to make Warrants available to their customers under applicable Taiwanese laws and regulations. Each subscriber or purchaser of Warrants must seek professional advice as to whether he/she/it is qualified to subscribe to or purchase Warrants and represents and warrants that he/she/it is duly qualified to subscribe to or purchase Warrants under applicable Taiwan laws and regulations. Purchasers/ subscribers may be restricted or prohibited from re-selling Warrants.

Kingdom of Thailand (Thailand)

By the purchase of a Warrant, the relevant Warrantholder shall be deemed to represent and warrant that it is not a resident of Thailand, the relevant Warrants will not be offered or transferred to a resident of Thailand and, if so specified in the applicable Final Terms, each Warrantholder will be required to represent and warrant on exercise that it is not a resident of Thailand.

Socialist Republic of Vietnam (Vietnam)

Warrants will not be offered or transferred in the territory of Vietnam to any Vietnamese citizen or any foreign exchange resident of Vietnam and by the purchase of a Warrant, the relevant Warrantholder shall be deemed to represent and warrant that it is not a Vietnamese citizen or foreign exchange resident of Vietnam and, if so specified in the applicable Final Terms, each Warrantholder will be required to represent and warrant on exercise that it is not a Vietnamese citizen or foreign exchange resident of Vietnam.

General

No action has been or will be taken by the Issuer or any Manager that would permit a public offering of any Warrants or possession or distribution of any offering material in relation to any Warrants in any jurisdiction where action for that purpose is required. No offers, sales, re-sales or deliveries of any Warrants, or distribution of any offering material relating to any Warrants, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and which will not impose any obligation on the Issuer and/or any Manager.

With regard to each issue of Warrants, each Manager will be required to comply with such other additional restrictions as shall be set out in the applicable Final Terms.

GENERAL INFORMATION

(1) Authorisation

The establishment of the Programme has been duly authorised by a resolution of the board of directors of the Issuer on 31 January 2003 and a certificate of the Notes Committee dated 4 February 2003 and the updates of the Programme have been duly authorised by certificates of the Notes Committee dated 4 May 2004, 13 February 2006, 14 February 2007, 14 February 2008, 12 February 2009, 11 February 2010 and 13 January 2011.

(2) Approval, listing and Admission to Trading

Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for Warrants to be issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC). The listing of the Programme on the Official List of the Luxembourg Stock Exchange in respect of Warrants is expected to be granted on or before 14 January 2011.

(3) Documents Available

From the date hereof and so long as Warrants are capable of being issued under the Programme, copies of the following documents will, when published, be available from the specified offices of the Luxembourg Listing Agent, the Warrant Agents (for the time being in Frankfurt am Main and New York) and CGML:

- (i) the Restated Certificate of Incorporation and By-Laws of the Issuer;
- (ii) the audited annual financial statements of the Issuer (and the auditor's report in respect of such financial statements) in respect of the two financial years preceding the date of this Base Prospectus for which such audited annual financial statements have been published;
- (iii) the most recently published audited annual financial statements and unaudited quarterly interim financial statements of the Issuer (in each case, together with any audit or review reports prepared in connection therewith);
- (iv) the Warrant Agreement (which contains the form of the Global Warrants) and the Underwriting Agreement;
- (v) this Base Prospectus; and
- (vi) any future prospectuses, offering circulars, information memoranda, supplements to this Base Prospectus, Final Terms, (save that the Final Terms relating to Warrants which 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 the Prospectus Directive will only be available for inspection by a Warrantholder and such Warrantholder must first produce evidence satisfactory to the relevant Warrant Agent as to its holding of the Warrants and identity) and any other documents incorporated herein or therein by reference.

In addition, copies of this Base Prospectus, each Final Terms relating to Warrants which are admitted to trading on the Luxembourg Stock Exchange's regulated market and each document incorporated by reference are available on the Luxembourg Stock Exchange's website (www.bourse.lu).

(4) Clearing Systems

Warrants to be represented by a Regulation S Global Warrant, a Permanent Global Warrant, a Rule 144A Global Warrant or a Combined Global Warrant to be held by a Common Depositary on behalf of Clearstream, Luxembourg and Euroclear have been accepted for clearance through Clearstream, Luxembourg and Euroclear (which are the entities in charge of keeping the records), as the case may be. Application shall be made for clearance through DTC in relation to Warrants to be represented by a Rule 144A Global Warrant held by a Custodian on behalf of DTC. The appropriate common code and ISIN for each issue of Warrants allocated by Clearstream, Luxembourg and Euroclear and the CUSIP number allocated by DTC, if any, will be specified in the applicable Final Terms. If the Warrants of any series are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank S.A./N.V., 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

(5) Significant or Material Change and Litigation

Other than as disclosed herein (including in documents incorporated by reference), there has been no significant change in the consolidated financial or trading position of the Issuer and its subsidiaries taken as a whole since 30 September 2010 (the date of Citigroup Inc.'s most recently published unaudited interim financial statements which include unaudited interim financial information of the Issuer) and there has been no material adverse change in the financial position or prospects of the Issuer and its subsidiaries taken as a whole since 31 December 2009 (the date of the audited annual financial information of the Issuer).

Other than matters disclosed herein (including in documents incorporated by reference), neither the Issuer nor any of its subsidiaries is involved in, or has been involved in, any governmental, legal or arbitration proceedings that may have had in the twelve months before the date of this Base Prospectus, a significant effect on the financial position or profitability of the Issuer, nor, so far as the Issuer is aware, are any such proceedings pending or threatened.

(6) Post-issuance information

The Issuer does not intend to provide any post-issuance information in relation to any security, index, currency, commodity or other basis of reference in relation to any issue of Warrants.

(7) Auditors

The Issuer's annual accounts as of 31 December 2009 and 2008 and for the years ended 31 December 2009, 2008 and 2007 were audited without qualification in accordance with generally accepted auditing standards in the United States by KPMG LLP, independent registered public accountants, 345 Park Avenue, New York, New York 10154. The auditors of the Issuer have no material interest in the Issuer.

KPMG LLP is a member of the American Institute of Certified Public Accountants and is regulated by the U.S. Public Company Accounting Oversight Board.

THE ISSUER

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