

CONDIZIONI DEFINITIVE

Data: 29 giugno 2007

Codice Comune: 030214226

ISIN: GB00B1XH3F09

Serie No. 18693

GOLDMAN SACHS INTERNATIONAL

Programma di Emissione

di Warrants e Certificati

Emissione di

**Sino a 20.000,00 Certificati a Capitale non Protetto indicizzati al Goldman Sachs Absolute
Return Tracker Serie A Index denominati in Euro**

(i "Certificati")

Garantita da The Goldman Sachs Group, Inc.

I termini utilizzati nel presente documento saranno considerati come definiti ai fini del Regolamento dei Titoli contenuto nel Prospetto di Base datato 12 marzo 2007 come integrato dai Supplementi al Prospetto datati 12 aprile 2007 e 13 aprile 2007, i quali unitariamente considerati costituiscono un prospetto di base (il "**Prospetto di Base**") ai fini della Direttiva Prospetti (Direttiva CE 71/2003) (la "**Direttiva Prospetti**"). Il presente documento rappresenta le Condizioni Definitive dei Certificati descritti nel medesimo ai fini dell'Articolo 5.4 della Direttiva Prospetti e deve essere letto unitamente a tale Prospetto di Base. Informazioni complete sull'Emittente, sul Garante e sui Certificati possono essere ottenute unicamente combinando le presenti Condizioni Definitive e il Prospetto di Base. Il Prospetto di Base e i Supplementi al Prospetto sono disponibili per la visione presso la sede dell'Emittente. Potranno esserne ottenute copie presso la sede specificata dell'Agente di Programma in Lussemburgo e sul sito web della Borsa di Lussemburgo all'indirizzo <http://www.bourse.lu>

Emittente: Goldman Sachs International.

Garante: The Goldman Sachs Group, Inc.

Quantità complessiva di Certificati nella Serie: Sino a 20.000,00 Certificati

Data di Emissione: 29 giugno 2007

Prezzo di Emissione:	EUR 1.010 per Certificato, compresa una commissione di vendita <i>upfront</i> pari a EUR 10 per Certificato.
Data di Esercizio:	Come definita alla Condizione 3.1 del Prospetto di Base.
Data di Scadenza:	29 giugno 2012, fatta salva la Condizione 8 del Prospetto di Base.
Rimborso Anticipato Facoltativo	Non applicabile
Data di Regolamento:	6 luglio 2012
Tipo	<p>I Certificati sono Certificati Collegati a un Indice, cui è applicabile la Condizione 10B, con l'eccezione della Condizione 10B.5 che dovrà essere modificata come segue:</p> <ul style="list-style-type: none">(a) Nel caso in cui l'Indice non sia calcolato e/o pubblicamente annunciato da un soggetto o parte in una qualsiasi Data di Valutazione, allora il relativo Importo di Regolamento sarà calcolato dall'Agente di Calcolo sulla base della formula e del metodo di calcolo utilizzati per calcolare tale Indice (fatto salvo quanto previsto alla Condizione 10B.4) alla data in cui tale Indice era stato calcolato l'ultima volta utilizzando i prezzi sui relativi mercati in tale giorno dei Beni di Valutazione alla data in cui tale Indice sia stato calcolato per l'ultima volta. Nel caso in cui i prezzi di tali Beni di Valutazione non siano disponibili alla fine della giornata lavorativa su un qualsiasi mercato rilevante in tale giorno allora l'Agente di Calcolo, nei limiti in cui ciò sia pratico, calcolerà il relativo Importo di Regolamento considerando tali Beni di Valutazione non negoziati in tale data come valutati all'ultimo prezzo pubblico riportato al quale siano stati negoziati.(b) Nel caso in cui l'Indice non sia calcolato e/o pubblicamente

annunciato da un qualsiasi soggetto o parte per un periodo pari o superiore a 20 Giorni Lavorativi consecutivi, allora l'Emittente potrà rimborsare i Certificati e l'Importo di Regolamento sarà calcolato dall'Agente di Calcolo in conformità al paragrafo (i) di cui sopra.

Indice	L'indice Goldman Sachs Absolute Return Tracker Serie A Index come pubblicato dallo Sponsor dell'Indice su una pagina di Bloomberg accessibile da parte del cliente attraverso una password, come meglio descritto di seguito nell'Allegato 2 di seguito.
Sponsor dell'Indice	Goldman Sachs International
Responsabile della Pubblicazione dell'Indice:	Goldman Sachs International
Beni di Valutazione	Ciascun MF (come definito nell'Allegato 2).
Mercati di Turbativa:	In un particolare momento, ciascuno dei mercati o delle borse valori su cui i Beni di Valutazione siano negoziati, come determinato dall'Agente di Calcolo.
Prezzo di Esercizio:	Non applicabile.
Data di Valutazione:	La Data di Esercizio, o nel caso in cui tale data non cada in un Giorno Lavorativo di Valutazione, il Giorno Lavorativo di Valutazione immediatamente successivo, fatta salva la Condizione 8 del Prospetto di Base.
Giorno Lavorativo di Valutazione:	Un Giorno Lavorativo in cui: <ul style="list-style-type: none">(i) l'Indice (come di seguito definito) sia calcolato e pubblicato dal Responsabile della Pubblicazione dell'Indice; e(ii) le banche siano aperte per le attività generali a Londra e New York.
Periodo di Valutazione:	Non Applicabile.
Tipo Europeo / Tipo Americano / Tipo	I Certificati sono Certificati di Tipo Europeo. La Condizione 3.3 del Prospetto di Base è

Esotico:	applicabile.
Esercizio Automatico:	Si. La Condizione 3.9 del Prospetto di Base è applicabile, salvo che, ai fini dei Certificati, la Data di Regolamento sarà il quinto Giorno Lavorativo successivo al giorno in cui il Titolare (come definito nel Prospetto di Base) consegnerà un Avviso di Esercizio.
Esercizio Multiplo:	Non applicabile.
Ricorso Limitato:	Non applicabile.
Valuta di Regolamento:	Euro ("EUR").
Valore di Chiusura:	<p>Il prezzo di regolamento di chiusura dell'Indice come pubblicato su pagina Bloomberg accessibile da clienti con password (o qualsiasi pagina sostitutiva ufficiale).</p> <p>Se un Evento di Turbativa del Mercato (come di seguito definito) si sia verificato in un qualsiasi Giorno Lavorativo di Valutazione, il Valore di Chiusura non sarà determinato con riferimento alla pagina Bloomberg (o qualsiasi pagina sostitutiva ufficiale) ma sarà determinato dall'Agente di Calcolo in conformità alla Condizione 8 del Prospetto di Base.</p>
Importo di Regolamento:	L'Importo di Regolamento verrà calcolato in conformità all'Allegato 1 al presente documento.
Consegna Materiale:	Non applicabile.
Data di Consegna Materiale:	Non applicabile.
Importo nel caso di Turbativa alla Consegna Materiale:	Non applicabile.
Quantità Minima di Esercizio:	10.
Multipli Consentiti:	1.
Quantità Massima di Esercizio:	Non applicabile.
Quantità Minima Negoziabile:	10.
Multipli Negoziabili Consentiti:	1.

Date di Pagamento degli Interessi:	Annualmente, a partire dal 29 Giugno 2008 (incluso) sino al 29 Giugno 2011 (incluso), ciascuna una " Data di Pagamento della Cedola ".
Importo Nominale per i Certificati (ai fini della Condizione 7 del Prospetto di Base):	Non applicabile: Si veda di seguito la Condizione 7 del Prospetto di Base come modificata.
Tasso di Interesse (ai fini della Condizione 7 del Prospetto di Base):	Non applicabile: Si veda di seguito la Condizione 7 del Prospetto di Base come modificata.
Importo Nominale per i Certificati (ai fini della Condizione 7 del Prospetto di Base):	Non applicabile: Si veda di seguito la Condizione 7 del Prospetto di Base come modificata.
Altre condizioni relative al metodo di calcolo degli interessi (ai fini della Condizione 7 del Prospetto di Base):	<p>Ai fini dei Certificati, la Condizione 7 del Prospetto di Base sarà interamente sostituita dalla seguente:</p> <p>"7. Certificati - Interessi</p> <p>Salvo quanto previsto nelle presenti Condizioni, ciascun Certificato paga interessi in ciascuna Data di Pagamento della Cedola come definita nelle Condizioni Definitive. L'importo pagabile rispetto a ciascun Certificato in ciascuna Data di Pagamento della Cedola sarà l'Importo della Cedola dove "Importo di Cedola" indica, rispetto a ciascun Certificato, l'importo definito nell'Allegato 1 delle Condizioni Definitive."</p>
Turbativa di Mercato:	La Condizione 8 del Prospetto di Base è applicabile.
Evento di Turbativa su Tassi di Cambio:	La Condizione 9 del Prospetto di Base non è applicabile.
Valuta Rilevante:	Non applicabile.
Paese Rilevante:	Non applicabile.
Eventi Straordinari Applicabili:	Non applicabile.
Certificati di Rendimento o Azionari:	No. La Condizione 3.6 del Prospetto di Base non è applicabile.
Giorni Lavorativi:	La città specificata ai fini della definizione di Giorno Lavorativo alla Condizione 3.1 del

	Prospetto di Base è Londra.
Quotazione:	E' stata presentata richiesta per la quotazione dei Certificati sul listino ufficiale della Borsa di Lussemburgo.
Ammissione alla negoziazione:	E' stata presentata richiesta per l'ammissione alla negoziazione dei Certificati sul mercato regolamentato della Borsa di Lussemburgo.
Agente di Calcolo:	Goldman Sachs International.
Sistemi di Compensazione:	Euroclear e Clearstream, Luxembourg.
Codice Comune:	030214226.
ISIN:	GB00B1XH3F09.
Valute:	Nelle presenti Condizioni Definitive, i riferimenti ai "Dollari Statunitensi" o "USD" devono intendersi come riferimenti alla valuta avente corso legale negli Stati Uniti e i riferimenti a "Euro" o "EUR" devono intendersi come riferimenti alla valuta unica introdotta all'inizio della terza fase dell'Unione Monetaria Economica Europea in base al Trattato istitutivo delle Comunità Europee, come modificato.
Condizioni Aggiuntive:	Non applicabile.
Restrizioni Aggiuntive alla Vendita:	Non applicabile.
Fattori di Rischio Aggiuntivi:	Come stabilito nell'Allegato 3.
Interessi di Persone Fisiche e Giuridiche Coinvolte nell'Emissione:	Salvo quanto discusso nel Prospetto di Base, per quanto a conoscenza dell'Emittente e del Garante, nessun soggetto coinvolto nell'emissione dei Certificati ha un interesse rilevante (<i>material</i>) in tale emissione.

L'Emittente e il Garante accettano la responsabilità per le informazioni contenute nelle presenti Condizioni Definitive. Per quanto a conoscenza e secondo l'opinione dell'Emittente e del Garante (che hanno adottato tutte le cautele ragionevolmente necessarie per assicurarsi che questo sia il caso), le informazioni contenute nel Prospetto di Base, come modificato e/o integrato dalle presenti Condizioni Definitive in relazione alla Serie di Certificati di cui sopra, sono (salvo quanto menzionato di seguito) vere e accurate in tutti i loro aspetti rilevanti e, nel contesto dell'emissione della presente Serie, non vi sono altri fatti rilevanti la cui omissione renderebbe fuorviante qualsiasi dichiarazione contenuta in tali informazioni.

Gli investitori possono ottenere informazioni sulla passata e futura performance dei Fattori di Mercato Investibili e della relativa volatilità su Bloomberg. Né l’Emittente né il Garante hanno verificato in modo indipendente tali informazioni, né accettano responsabilità per eventuali errori od omissioni contenute in tali informazioni. Per evitare qualsiasi dubbio, tali informazioni non sono incorporate tramite riferimento e non costituiscono parte del Prospetto di Base o delle presenti Condizioni Definitive. I potenziali acquirenti dei Certificati potranno acquisire tali informazioni nel modo dagli stessi ritenuto necessario in relazione ai Fattori di Mercato Investibili dalle fonti disponibili al pubblico che essi stessi ritengano più appropriate. Gli investitori dovranno assumere le proprie decisioni di investimento, copertura o negoziazione (comprese le decisioni in merito all’idoneità dell’investimento) basandosi sul proprio giudizio e sull’eventuale consulenza di consulenti esterni sulla base di quanto dagli investitori stessi sia ritenuto necessario e non su pareri espressi dall’Emittente o dal Garante.

Né l’Emittente né il Garante intendono fornire alcuna informazione successiva all’emissione in merito ai Certificati.

Nel decidere se acquistare o meno i Certificati, gli investitori dovrebbero formare la propria opinione sui Certificati basandosi sulle proprie indagini

DICHIARAZIONI

Ciascun Titolare (come definito nel Prospetto di Base) verrà considerato come aver acconsentito a non offrire, vendere o consegnare i Certificati in alcuna giurisdizione salvo in circostanze che risultino conformi alle relative leggi applicabili, e ad intraprendere a proprie spese qualsiasi azione sia richiesta per consentire l’acquisto e la rivendita dei Certificati. Si applicano le restrizioni alla vendita standard per l’Area Economica Europea.

I Titolari (come definiti nel Prospetto di Base) prendono atto del fatto che la descrizione dell’Indice non contiene una descrizione di determinati elementi di proprietà relativi alla metodologia per determinare le ponderazioni relative degli MFs nel Paniere dell’Indice. Acquistando i Certificati, i Titolari (come definiti nel Prospetto di Base) riconoscono di essere in grado di effettuare e di aver effettuato la propria decisione di investimento sulla base delle informazioni fornite, e né l’Agente di Calcolo né lo Sponsor dell’Indice avranno alcun obbligo di fornire ulteriori informazioni in merito all’Indice.

INFORMAZIONE SUI RISCHI

I seguenti fattori di rischio devono essere letti congiuntamente alla sezione intitolata “Fattori di Rischio” del Prospetto di Base.

Informazioni Rilevanti: L’Emittente e/o le società affiliate dell’Emittente e i relativi funzionari o dipendenti (collettivamente “GS”) potranno avere accesso a informazioni relative al prodotto qui descritto (il “Prodotto”), qualsiasi Sottostante (come di seguito definito) e qualsiasi strumento derivato vi faccia riferimento (collettivamente gli “Strumenti Rilevanti”). GS non sarà obbligata a rendere pubblica alcuna di tali Informazioni Rilevanti.

Interessi di GS: GS potrà partecipare attivamente al mercato per gli Strumenti Rilevanti sia in qualità di venditore sia in qualità di acquirente in qualsiasi momento. Le attività di negoziazione e copertura di GS in relazione al Prodotto potranno incidere sul valore di altri Strumenti

Rilevanti e viceversa. GS potrà essere agente di calcolo o sponsor dei Sottostanti (come di seguito definiti) e in tale qualità potrà effettuare calcoli incidenti sul valore dei Certificati.

Assenza di correlazione con i Sottostanti: il valore dei Certificati non sarà necessariamente correlato al valore degli strumenti o indici sottostanti (i “Sottostanti”).

Limitata liquidità: L’Emittente fornirà su base giornaliera ad uno degli intermediari del Gruppo Monte dei Paschi di Siena prezzi di vendita e acquisto, che verranno così forniti dall’intermediario agli investitori, salvo (i) l’esistenza di condizioni anormali di mercato, e/o (ii) considerazioni di natura legale o regolamentare o correlata o la condizione finanziaria di GS; in entrambi i casi previsti ai punti (i) e (ii), come determinato in buona fede dallo stesso Emittente. Su richiesta di MPS Finance Banca Mobiliare S.p.A., l’Emittente fornirà tali prezzi su base quotidiana registrandoli su una pagina pubblicata da Bloomberg.

Riservatezza e divulgazione di informazioni: Qualsiasi informazione riguardante i Certificati che potrebbe essere rilevante ai fini dell’imposta federale statunitense sul reddito statunitense (esclusa l’identità delle parti) o necessaria per supportare eventuali benefici fiscali legati all’imposta federale statunitense sul reddito potrà essere divulgata alle relative autorità senza alcun tipo di limitazione contrattuale.

Aumento del nominale/capitale: la quantità di Certificati emessi potrà essere aumentata in qualsiasi momento.

Valutazione: A parità di tutti gli altri elementi, il valore dei Certificati alla Data di Regolamento potrà essere significativamente inferiore al prezzo di cui alla data di negoziazione dei Certificati. Se i Titolari (come definiti nel Prospetto di Base) liquidano anticipatamente il proprio investimento, potrebbero ricevere una somma inferiore all’importo di rimborso previsto.

Divergenza di Prezzo: Qualsiasi prezzo riportato da GS per i Certificati potrà differire in modo significativo da (i) il valore dei Certificati determinato in riferimento ai modelli di pricing di GS e (ii) qualsiasi prezzo riportato da terzi.

DICHIARAZIONE DI ASTENSIONE DA RESPONSABILITA’

Nessuna Dichiarazione: GS non effettua alcuna dichiarazione in merito all’andamento atteso dei Certificati. Cambiamenti nel merito di credito o nell’andamento dei Certificati o di un qualsiasi Sottostante potrebbero incidere sul valore dei Certificati e potrebbero comportare il loro rimborso o la loro valutazione per un importo pari a zero.

Nessuna Consulenza: I Titolari (come definiti nel Prospetto di Base) dovrebbero consultare i propri consulenti legali, fiscali, contabili e finanziari prima di effettuare l’investimento. L’Emittente sta agendo come controparte contrattuale in un regime di libero mercato e non come consulente o fiduciaria.

Distribuzione Europea: In relazione alla distribuzione nel Regno Unito e nell’Area Economica Europea, le presenti Condizioni Definitive sono state emesse e approvate da Goldman Sachs International, autorizzata e soggetta alla vigilanza della Financial Services Authority. Le presenti Condizioni Definitive non costituiscono un prodotto del dipartimento di ricerca di GS.

I CERTIFICATI NON POTRANNO ESSERE OFFERTI O VENDUTI NEGLI STATI UNITI D'AMERICA O A SOGGETTI STATUNITENSIS O A BENEFICIO DI SOGGETTI STATUNITENSIS (COME DEFINITI NELLA REGULATION S AI SENSI DEL SECURITIES ACT). LE PRESENTI CONDIZIONI DEFINITIVE NON POTRANNO ESSERE DISTRIBUITE NEGLI STATI UNITI D'AMERICA.

I presenti Certificati non sono a capitale protetto. GS non corrisponderà all'investitore un importo fisso di capitale alla scadenza dei Certificati e non è responsabile di alcuna perdita di capitale eventualmente sofferta dall'investitore a causa delle fluttuazioni dei livelli dell'Indice Sottostante.

La formula per determinare l'importo di rimborso non prende in considerazione tutti gli sviluppi degli Indici Sottostanti. Il valore di mercato dei Certificati potrà essere influenzato da molti fattori che non possono essere previsti. I rendimenti dell'Indice potranno mutare in modo imprevedibile, incidendo sul valore dei Certificati in modi non anticipabili. Gli Indici Sottostanti incideranno sul valore di mercato dei Certificati, ma lo stesso valore di mercato potrà non cambiare nello stesso modo in cui cambia il livello degli Indici Sottostanti. Il valore dei Certificati può salire o scendere.

Cambiamenti nei tassi di interesse possono verosimilmente incidere sul valore di mercato dei Certificati. Mutamenti nella volatilità degli Indici Sottostanti possono verosimilmente incidere sul valore di mercato dei Certificati. L'intervallo temporale residuo sino alla scadenza può verosimilmente incidere sul valore di mercato dei Certificati. Qualsiasi diminuzione nel rating di credito dell'Emittente potrà incidere negativamente sul valore di mercato dei Certificati. Potrebbero insorgere conflitti di interesse tra GS e le sue società affiliate e un investitore. In qualità di Agente di Calcolo, GSI avrà il potere di effettuare determinazioni che potrebbero incidere sul valore di mercato dei Certificati e sull'importo percepito da un investitore a scadenza. Sospensioni o turbative degli scambi di mercato su merci o relativi contratti *future* potrebbero incidere negativamente sul valore dei Certificati.

Si fa presente che non tutti i possibili rischi sono stati delineati.

GS, compresi i soggetti coinvolti nella preparazione o emissione del presente materiale potranno, di volta in volta, avere una posizione corta o lunga, o comprare o vendere, le merci, i contratti *future*, i titoli o altri strumenti o investimenti menzionati nel presente documento, o strumenti derivati (comprese opzioni) sugli stessi che potrebbero incidere sul valore dei Certificati.

L'andamento passato degli Indici Sottostanti non è necessariamente indicativo del relativo andamento futuro.

Il presente materiale è stato preparato dalla Divisione Sales & Trading di GS.

Goldman Sachs International è autorizzata e soggetta alla vigilanza della Financial Services Authority ("FSA").

L'EMITTENTE

Goldman Sachs International

Da:

Legale rappresentante

Data di Emissione: 29 giugno 2007

ALLEGATO 1

Calcolo degli Interessi e dell'Importo di Regolamento

1. Definizioni

I termini del presente Allegato hanno il seguente significato:

"**Indice Adeguato**" indica l'Indice come adeguato in conformità all'Allegato 1 delle Condizioni Definitive;

"**Indice Adeguato (0)**" indica l'Indice Adeguato alla Data di Emissione, con valore pari a 100.00;

"**Giorno di Calcolo dell'Indice Adeguato**" indica ciascun giorno (t) che sia un Giorno Lavorativo di Valutazione e in cui l'Indice Adeguato (t) sia calcolato e pubblicato dallo Sponsor dell'Indice;

"**Indice Adeguato Finale**" indica l'Indice Adeguato (t) alla Data di Scadenza, (dopo aver effettuato, se applicabili, le eventuali Deduzioni dell'indice (t));

"**Indice Adeguato (t)**" indica $\text{Indice Adeguato (t-1)} * (\text{Indice (t)} / \text{Indice (t-1)})$ dopo aver effettuato l'eventuale riduzione stabilita nella successiva sezione 3, meno le eventuali Deduzioni dall'Indice (t);

"**Indice Adeguato (t-1)**" indica il valore dell'Indice Adeguato (t) nel giorno Lavorativo di Valutazione immediatamente precedente ciascun Giorno di Calcolo dell'Indice Adeguato, salvo rispetto al Giorno di Calcolo dell'Indice Adeguato immediatamente successivo alla Data di Emissione, nel qual caso Indice Adeguato (t-1) indica l'Indice Adeguato (0);

"**Indice Adeguato (v)**" indica l'Indice Adeguato (t) per l'attuale Data di Osservazione della Cedola;

"**Indice Adeguato (v-1)**" indica l'Indice Adeguato (t) per la Data di Osservazione della Cedola precedente, dopo aver effettuato la riduzione stabilita nella successiva sezione 3, salvo rispetto alla prima Data di Osservazione della Cedola, dove Indice Adeguato (v-1) indica l'Indice Adeguato (0);

"**Data di Osservazione della Cedola**" indica il 24 giugno di ciascun anno, a partire dal 24 giugno 2008 e sino al 24 giugno 2011 (incluso);

"**Data di Pagamento della Cedola**" indica ciascuna delle Date di Pagamento degli Interessi specificate nelle Condizioni Definitive;

"**Giorno di Calcolo dell'Indice**" indica ciascun giorno (t) che sia un Giorno Lavorativo di Valutazione e in cui l'Indice (t) sia calcolato e pubblicato dallo Sponsor dell'Indice;

"**Indice (t)**" indica il Valore di Chiusura dell'Indice come pubblicato dallo Sponsor dell'Indice su una pagina Bloomberg accessibile da clienti con password;

"**Indice (t-1)**" indica il Valore di Chiusura dell'Indice nel Giorno Lavorativo di Valutazione immediatamente precedente il Giorno di Calcolo dell'Indice, come pubblicato dallo Sponsor dell'Indice su una pagina Bloomberg accessibile da clienti con password;

"**Deduzioni dall'Indice (t)**" indica un importo in EUR, maturato in ciascun Giorno di Calcolo dell'Indice Adeguato, pari al prodotto di:

- (a) 2,50% per anno calcolato su base Actual/Actual su 100; e
- (b) 100,00.

"**Indice Finale**" indica l'Indice (t) alla Data di Valutazione.

2. **Importo della Cedola**

Nel caso in cui l'Indice Adeguato (t) dovesse essere maggiore o pari a 100,00 in una Data di Osservazione della Cedola, l'Importo della Cedola pagabile alla Data di Pagamento della Cedola rispetto a ciascun Certificato sarà un importo nella Valuta di Regolamento pari al prodotto di:

- (a) EUR 1.000;
- (b) 50%; e
- (c) il maggiore tra:
 - (i) il risultato della frazione espresso in percentuale dove il numeratore è l'Indice Adeguato (v) e il denominatore è l'Indice Adeguato (v-1), meno il 100%; e
 - (ii) zero.

Nel caso in cui l'Indice Adeguato (t) dovesse essere inferiore a 100,00 in una data di Osservazione della Cedola, l'Importo della Cedola pagabile alla Data di Pagamento della Cedola rispetto a ciascun Certificato sarà pari a zero.

Tutti gli eventuali pagamenti saranno calcolati e/o determinati, se necessario, dall'Agente di Calcolo.

3. **Riduzione dell'Indice Adeguato**

In ciascuna Data di Osservazione della Cedola, l'Indice Adeguato (t) sarà ridotto in misura pari al prodotto di:

- (a) 50%;
- (b) 100,00; e
- (c) il maggiore tra:

- (i) il risultato della frazione espressa in percentuale dove il numeratore è l'Indice Adeguato (v) e il denominatore è l'Indice Adeguato (v-1), meno il 100%; e
- (ii) zero.

Tutti gli eventuali pagamenti saranno calcolati e/o determinati, se necessario, dall'Agente di Calcolo.

4. **Importo di Regolamento**

L'Importo di Regolamento rispetto a ciascun Certificato sarà un importo nella Valuta di Regolamento pari a:

EUR 1.000 * (Indice Adeguato Finale / 100) soggetto ad un minimo di zero

Tutti gli eventuali pagamenti saranno calcolati e/o determinati, se necessario, dall'Agente di Calcolo.

5. **Agente di Calcolo**

Tutti i calcoli e le determinazioni eseguiti dall'Agente di Calcolo saranno (in assenza di errore manifesto) definitivi e vincolanti per tutte le parti, e l'Agente di Calcolo non assumerà alcuna responsabilità nei confronti di alcuna persona per errori od omissioni di buona fede compiuti nei calcoli o nelle determinazioni.

ALLEGATO 2

Descrizione dell'Indice e Metodologia

Informazioni generali sull' indice Goldman Sachs Absolute Return Tracker Serie A Index

L'indice "Goldman Sachs Absolute Return Tracker Serie A Index" (l' "**Indice**") riflette i ricavi totali di un paniere dinamico (l' "**Indice Paniere**") di Fattori di Mercato di investimento ("**MFs**") calcolato tramite un algoritmo volto ad approssimare l'andamento del rendimento di fondi hedge intesi come un'ampia classe di beni. L'Indice è del tutto simile al Goldman Sachs Absolute Return Tracker Index, salvo il fatto che la sua struttura riflette la deduzione di una commissione mensile di gestione dell'Indice pari allo 0,021% del livello dell'Indice (la "**Commissione di Gestione dell'Indice**") ed una commissione mensile di replica dell'Indice pari allo 0,021% del livello dell'Indice (la "**Commissione di Replica dell'Indice**"). L'algoritmo funziona seguendo una serie di regole di scambio predeterminate, e Goldman Sachs, in qualità di Sponsor dell'Indice, non agisce in qualità di consulente per l'investimento o operando come gestore dotato di poteri discrezionali in relazione all'Indice e non ha alcun obbligo fiduciario verso alcun soggetto in relazione all'Indice.

L'Indice rispecchia la teoria secondo la quale i ricavi dei fondi hedge sono composti sia da "beta" (o esposizioni verso le variazioni del mercato) sia da "alpha" (o capacità dei gestori). I ricavi di un portafoglio diversificato e gestito passivamente di fondi hedge potrebbero avere più beta che alpha. L'Indice cerca di approssimare tale componente beta in modo abbastanza liquido, trasparente, ed efficiente dal punto di vista dei costi.

Non ci si deve aspettare che l'Indice abbia lo stesso rendimento di fondi di fondi hedge attivamente gestiti, cosa che può portare a somme diverse di alpha (come descritto al Paragrafo "Fattori di Rischio in relazione ad Investimenti collegati all'Indice" "*Risk Factors With Respect to Investments Linked to the Index*").

Gli unici dati su fondi hedge utilizzati ai fini della creazione dell'algoritmo dell'Indice sono i dati complessivi sul rendimento dei fondi hedge di cui all'archivio dati TASS amministrato da Lipper Limited (l' "Archivio TASS" dei fondi hedge), che è stato applicato da Goldman Sachs con certi filtri. L'Indice non utilizza alcuna posizione attuale del fondo hedge o informazioni di scambio. Inoltre, l'indice non usa, direttamente o indirettamente, alcuna informazione specifica sul fondo derivante dall'attività di scambi realizzata da Goldman Sachs o dalla sua attività di prime brokerage.

Panoramica sulla Metodologia dell'Indice

Il Paniere Indicizzato di MFs attualmente include 17 indici a rendimento totale (*total return indices*) relativi alle seguenti categorie di beni: Azioni, Materie Prime, Reddito Fisso, Credito e Volatilità. I MFs nell'Indice Paniere relativi ad Azioni, Merci e Reddito Fisso sono tra gli indici più liquidi, rappresentativi e commerciabili in questa categoria di beni. Inoltre, i MFs per il Credito e la Volatilità sono i seguenti:

- **Credito:** il Fattore Credito GS (“*GS Credit Factor*”) rappresenta il rendimento totale di un investimento continuato (*rolling investment*) nell’Indice CDX.NA.XO a cinque anni dove il nozionale dell’investimento è eguale al *GS Credit Total Return Index Value* nel giorno lavorativo antecedente alla data di reinvestimento (marzo e settembre);
- **Volatilità:** il Fattore GS Gamma (*GS Gamma Factor*) rappresenta i guadagni totali di una posizione lunga rivalutata (*a rolling long position*) di un contratto swap di variazione a 6 mesi sull’indice S&P 500 dove il nozionale è calcolato in modo tale che lo strike della variazione moltiplicata per il nozionale sia uguale al *GS Gamma Index Total Return Value* nelle date standard di scadenza dello swap di variazione (marzo e settembre).

Su base annuale, l’algoritmo dell’Indice utilizza analisi statistiche al fine di individuare un numero minimo degli MFs più significativi nell’Indice Paniere, basati sull’abilità dei MFs nello spiegare i ricavi delle strategie sottostanti i fondi hedge usando informazioni tratte da una fonte di informazioni di fondi hedge ampiamente diversificata. Questi MFs selezionati annualmente (gli “**MFs Scambiati**”) peseranno nell’Indice Paniere per un periodo di un anno, e tutti gli altri MFs non avranno alcun peso nell’attuale indice Paniere per lo stesso periodo.

Una volta che tutti gli MFs siano stati identificati annualmente, il peso di ciascuno degli MFs Scambiati è ribilanciato mensilmente (da Goldman Sachs in qualità di Sponsor dell’Indice) sulla base di una formula per l’Indice costituita da un algoritmo che traccia i rendimenti storici degli MFs in relazione ai rendimenti storici dei fondi hedge. Le esposizioni agli MFs sono quindi ridimensionate in modo tale che la volatilità target annuale sia uguale al 6% annuo. Il peso di ciascun MF può essere positivo o negativo ed è soggetto ai valori assoluti massimi di:

- a) la somma del peso di tutti gli MF Scambiati (ad esclusione delle obbligazioni “Short Term US Treasury bond MF”) pari al 100%;
- b) per gli “Short Term US Treasury bond MF” un peso pari al 100%;
- c) per gli MF di Materie Prime un peso pari al 35%;
- d) per gli MF di Crediti un peso pari al 50%; e
- e) per gli MF di Volatilità un peso pari al 20%.

Nel caso in cui uno o più dei valori massimi sopra descritti sia superato in un mese, allora le esposizioni a tutti gli MFs Scambiati sarà ridotta proporzionalmente così che tutti i limiti siano soddisfatti.

I rendimenti degli MFs Scambiati e il loro peso rispettivo sono utilizzati per determinare il rendimento dell’Indice. Il rendimento giornaliero in dollari statunitensi dell’Indice rappresenta la somma di (i) un tasso di valuta serale (*overnight*) in dollari statunitensi, e (ii) il cambio in dollari statunitensi del valore dell’Indice Paniere meno il costo del tasso serale (*overnight*) in dollari statunitensi per finanziare le posizioni negli MFs. La versione denominata in Euro dell’Indice sarà creata investendo il relativo valore in Euro all’inizio di ogni mese in un conto di deposito, finanziando questo investimento in dollari

USD con valuta espressa in dollari statunitensi. Il livello dell'Indice riflette anche le deduzioni dovute alle Commissioni di Gestione dell'Indice ed alle Commissioni di Replica dell'Indice.

Altre caratteristiche dell'Indice

Modifiche: Mentre le identità di tutti gli MFs nel Paniere Indicizzato sono fisse fin dall'inizio, e la selezione degli MFs Scambiati e gli algoritmi per la determinazione mensile dei pesi sono rappresentati da formule, ciascuno potrà essere modificato in futuro, nel caso in cui ciascuna di tali modifiche sia stata approvata da un comitato per l'indice – il “Comitato per l'Indice”.

Comitato per l'Indice: il ruolo e le responsabilità del Comitato per l'Indice sarà predeterminato e ciascuna modifica ai MFs, agli algoritmi o alle agli altri aspetti dell'Indice potranno essere realizzati solo entro determinati parametri.

Tempistica per il Ribilanciamento e la Pubblicazione delle Componenti: la selezione annuale dei MFs Scambiati sul Mercato nell'ambito del più ampio Indice Paniere di riferimento dovrebbe avvenire nel primo giorno lavorativo di novembre per ciascun anno di calendario. L'aggiustamento mensile del peso dei MFs Scambiati sul Mercato dovrebbe avvenire durante gli ultimi sette giorni lavorativi di ciascun mese di calendario, a seguito di puntuale ricezione di sufficienti informazioni in relazione all' Archivio TASS di fondi hedge, con il risultato che i nuovi Fattori di Mercato saranno effettivi dal primo giorno lavorativo del mese successivo. La composizione e il peso dei MFs Scambiati sul Mercato sarà disponibile su internet agli investitori, con un mese di scarto, sul Portale di GS dedicato ad Investitori Istituzionali, nell'ambito dei prodotti collegati all'Indice, sebbene alcuni aspetti proprietari della selezione degli algoritmi di aggiustamento dei pesi (*re-weighting algorithms*) saranno trattati come informazioni confidenziali.

Pubblicazione delle Valutazioni: Il valore giornaliero dell'Indice è pubblicato quotidianamente in una pagina Bloomberg e sarà aggiornato quotidianamente ogni giorno Lavorativo successivo. L'Indice aveva un valore iniziale pari a 1000 l'ultimo giorno lavorativo del 2006.

Fattori di Rischio in relazione ad Investimenti collegati all'Indice

Prodotto Specifico: si prega di fare riferimento ai documenti di offerta per un'analisi dei fattori di rischio relativi a prodotti specifici.

Scambi e altre operazioni poste in essere dallo Sponsor dell'Indice o dalle sue collegate su strumenti finanziari connessi potrebbero influenzare negativamente il valore di un prodotto collegato alla prestazione dell'Indice: Lo Sponsor dell'Indice può coprire gli obblighi in relazione all'indice comprando o vendendo strumenti finanziari collegati alle componenti dell'Indice, e potrebbe modificare o sciogliere tali coperture comprando o vendendo i predetti alla o prima della data di determinazione del livello dell'Indice per ogni prodotto collegato al rendimento dell'Indice. Lo Sponsor dell'Indice può anche stipulare, cambiare o chiudere operazioni di copertura relative ad altri strumenti collegati all'Indice. Ciascuna di tali attività di copertura può influenzare

negativamente il valore dell'Indice e di ogni prodotto collegato al rendimento dell'Indice.

Lo Sponsor dell'Indice e/o le sue collegate possono anche svolgere attività di scambio di strumenti finanziari il cui rendimento è collegato a o è simile all'Indice e/o a ciascuno degli MFs sia in proprio, che per conto terzi o per facilitare le operazioni dei clienti. Ciascuna di tali attività potrebbe influire negativamente sul valore dell'Indice e conseguentemente su ciascun prodotto collegato al rendimento dell'Indice. Lo Sponsor dell'Indice può anche emettere o sottoscrivere altri titoli finanziari o derivati o altri prodotti i cui rendimenti siano collegati all'Indice o ad uno o più degli MFs. Introducendo tali prodotti sul mercato lo Sponsor dell'Indice potrebbe influenzare negativamente il valore dell'Indice o il valore a scadenza di ogni prodotto legato al rendimento dell'Indice.

Nessuna Gestione Attiva: L'Indice cerca di approssimare il rendimento dei fondi hedge riproducendo i rendimenti storici dei fondi hedge nell'ambito dei vari MFs nel modo determinato dall'algoritmo dell'Indice. I fondi hedge individuali stessi possono rendere di più o meno in ragione della capacità del gestore. Non ci sarà alcuna gestione attiva dell'Indice che possa sviluppare rendimenti superiori a quelli impliciti nell'Indice. Inoltre, i fondi hedge spesso modificano i loro investimenti rapidamente alla luce di cambiamenti politici, finanziari, o altri fattori, mentre l'Indice modifica la sua composizione solo mensilmente. Ancora, mentre l'Indice ha una volatilità target basata sulla valutazione della volatilità storica per un determinato periodo di tempo, un prodotto gestito attivamente può rispondere potenzialmente più velocemente e più direttamente alle condizioni di volatilità del momento. Come risultato, un investitore nell'Indice potrebbe essere esposto a rischi minori o maggiori rispetto ad un investimento negli stessi fondi hedge.

Nessuna sicurezza di Accuratezza della Riproduzione (Tracking/Replication): per le ragioni di seguito esposte, l'Indice potrebbe non riprodurre i rendimenti dei fondi hedge; invece, dovrebbe essere considerato come un bene indipendente che ci si attende mostri un modello di rendimenti che nel tempo riproduce genericamente il modello di rendimento dei fondi hedge intesi come una vasta classe di beni.

1) mentre l'Indice è basato su vari MFs liquidi, i fondi hedge posso investire in una vasta classe beni diversificati geograficamente e meno liquidi;

2) La riproduzione (mapping) del rendimento realizzata dall'algoritmo dell'Indice è basata su dati storici relativi agli MFs e sui rendimenti dei fondi hedge. Le strategie dei fondi hedge possono essere dinamiche e imprevedibili, e l'algoritmo dell'Indice utilizzato per stimare l'allocazione dei beni dei fondi hedge potrebbe non rendere una stima accurata delle allocazioni in atto in un dato momento. I livelli passati ed attuali dei MFs e dei rendimenti dei fondi hedge non sono necessariamente indicativi dei rendimenti futuri. Inoltre, anche se rendimenti storici sono un indicatore affidabile dei rendimenti futuri in uno o più periodi durante la durata degli investimenti, l'algoritmo dell'Indice potrebbe non continuare ad identificare efficacemente tali rendimenti;

3) Il calcolo dell'Indice è vincolato dai pesi dell'Indice Paniere mentre i fondi hedge non sono normalmente così vincolati nella concentrazione degli investimenti, e i

rendimenti dei fondi hedge possono riflettere i rendimenti di investimenti levereggiati (leveraged). Conseguentemente, un investimento collegato all'Indice potrebbe essere esposto più o meno ad una particolare classe di beni e/o ad una leva maggiore o minore di quella generalmente utilizzata dai fondi hedge in un dato momento;

4) L'Indice ha una volatilità target fissa, che può essere inferiore o superiore a quella di un fondo hedge con un portafoglio diversificato. Conseguentemente, un investimento collegato all'Indice può essere esposto a rischi minori o maggiori rispetto all'investimento nei fondi hedge intesi come classe di beni. Inoltre, questa volatilità target potrebbe non essere raggiunta e la volatilità reale dell'Indice potrebbe essere sostanzialmente superiore o inferiore alla volatilità target fissata.

Inoltre, non ci può essere certezza che i tentativi di riprodurre i rendimenti dei hedge costituiscano una strategia di investimento efficace.

Assenza di Dati Storici (Track Record): L'Indice non ha allo stato alcun dato di rendimento storico. Siccome l'Indice è nuovo ed esistono limitati dati sul rendimento storico dell'Indice, l'investimento potrebbe comportare un rischio maggiore rispetto ad un investimento in titoli legati ad un indice rispetto ai quali esistono ampi dati storici (track record). L'assenza di dati storici (track record) per l'Indice è particolarmente significativo perché l'algoritmo sottostante l'Indice è basato sulle tendenze storiche dei rendimenti, valutati sino ad oggi, che possono o meno ripetersi in futuro.

Limiti ai Rendimenti Simulati: Certe dichiarazioni e simulazioni (back-testing) o altri materiali di analisi statistica che possono essere stati forniti ai fini della spiegazione dei meccanismi e/o dei rendimenti potenziali dell'Indice utilizzano analisi simulate e situazioni ipotetiche per valutare come l'Indice avrebbe potuto comportarsi antecedentemente alla sua effettiva esistenza. Goldman Sachs non fornisce alcuna certezza o garanzia che l'Indice funzionerà, o avrebbe funzionato nel passato, in maniera consistente con tali dati. Così, ciascun rendimento storico esposto in tale materiale, o ciascuna simulazione ipotetica basata su questa analisi, fornita in relazione all'Indice, potrebbe non riflettere il rendimento dell'Indice, e non ci sono garanzie o certezze in relazione alla performance o ai rendimenti dell'Indice.

Nessuna certezza in relazione ai rendimenti "Assoluti": investimenti alternativi quali quelli in fondi hedge possono essere spesso acquistati a fronte della loro potenziale capacità di produrre "rendimenti assoluti", o rendimenti indipendenti dalla direzione generale dei mercati azionari e dei mercati dei titoli a rendimento fisso. Comunque, non ci può essere certezza che sia i fondi hedge in generale, sia l'algoritmo dell'Indice in particolare, produrranno con successo rendimenti consistentemente positivi, né Goldman Sachs dichiara o garantisce, espressamente o implicitamente, che sia i fondi hedge intesi come classe di beni sia l'algoritmo dell'Indice si comporteranno così nel futuro.

Valutazioni sul Mercato Secondario: ogni valutazione di medio-mercato fornita da GSI sarà determinata da GSI in base alla prassi per le operazioni in derivati OTC. Tali valutazioni saranno realizzate sulla base di modelli proprietari e su dati che potrebbero determinare una valutazione differente da quanto deriverebbe nel caso di diretta partecipazione nell'Indice e conseguentemente potrebbe essere inferiore rispetto al livello dell'Indice Adeguato (t).

Mercato Secondario: GSI potrebbe fornire prezzi di acquisto su richiesta, sempre che (i) sussistano normali condizioni di mercato, ed (ii) in base a valutazioni legali, regolamentari o similari ed in base alla situazione finanziaria di GSI e delle sue affiliate; in ogni caso, in base alle valutazioni della sola GSI, che agirà in modo commercialmente ragionevole. Inoltre, ognuno di tali prezzi di acquisto forniti da GSI, in normali condizioni, sarà soggetto alla deduzione di un margine dal Valore sul Secondario pari al 1% del valore da rimborsare.

Metodologia Proprietaria: Alcuni dettagli della metodologia dell'Indice sono di proprietà di Goldman Sachs, ed è probabile che rimangano confidenziali anche successivamente ad investimenti futuri collegati all'Indice. Conseguentemente, è improbabile che sia resa pubblica la metodologia con cui l'Indice cambia gli MFs nel tempo.

Utilizzo di informazioni provenienti da Terzi: La metodologia dell'Indice si basa su informazioni tratte dall'archivio dati sui fondi hedge del TASS, dagli sponsors dell'indice di ciascuno dei MFs e da altre fonti pubbliche. Goldman Sachs non garantisce la correttezza di queste informazioni né è responsabile per l'accuratezza di tali dati o per l'impatto che l'imprecisione di tali dati potrebbe avere sul livello dell'Indice.

Nessun Obbligo di Piena Esposizione: l'Indice non richiede che gli MFs si sommino fino al 100% del valore dell'Indice in ogni momento, ed una porzione del rendimento dell'Indice può derivare da investimenti in denaro.

Esposizione corta ai MFs: L'algoritmo dell'Indice può anche prevedere che il peso di un MF nell'Indice sia negativo, e cioè che vi sia una posizione corta nel relativo MF. Gli investitori dovrebbero essere consapevoli che un investimento collegato all'Indice non è uguale ad un posizione lunga in ciascun MF, e che un investimento collegato all'Indice può ridursi di valore di mese in mese, anche se il valore di ciascuno o tutti i MFs cresce durante quel periodo.

Ruolo di Goldman Sachs: Goldman Sachs svolge vari ruoli in relazione all'Indice e a ciascun prodotto collegato all'Indice qui richiamato. Sebbene Goldman Sachs svolgerà i suoi compiti in maniera economicamente ragionevole, Goldman Sachs potrebbe trovarsi in posizione di conflitto di interessi in relazione a tali ruoli. In particolare, nelle sue altre attività, Goldman Sachs potrebbe avere un interesse economico nei MFs e potrebbe esercitare rimedi o intraprendere altre azioni per tutelare i suoi interessi a seconda di come ritenga appropriato.

ALLEGATO 3

Fattori di Rischio Aggiuntivi (da leggersi unitamente all'Allegato 2)

Fattori di Rischio rispetto a investimenti in Certificati collegati all'Indice:

Perdita del Capitale: I Certificati non sono a capitale protetto e un investitore nei Certificati è potenzialmente soggetto alla completa perdita del capitale investito nei Certificati.

ALLEGATO 4

CONSEGUENZE FISCALI

Le informazioni fornite qui di seguito riassumono, ai sensi della vigente legislazione fiscale italiana e della prassi di mercato, il regime fiscale applicabile alla cessione ed al rimborso dei Certificati da parte di investitori residenti in Italia.

Quanto segue non intende essere un'analisi esaustiva di tutte le conseguenze fiscali connesse all'investimento nei Certificati. Gli **investitori, anche potenziali, sono tenuti a consultare i propri consulenti in merito al regime fiscale applicabile.**

Secondo una certa interpretazione della normativa fiscale applicabile, i Certificati costituiscono strumenti finanziari derivati. Ne consegue che i proventi percepiti da investitori residenti in Italia (diversi da quelli conseguiti nell'esercizio di imprese commerciali), al momento della cessione o del rimborso dei Certificati, costituiscono redditi diversi, soggetti, nei casi, nelle modalità e nei termini previsti dal D.P.R. 22 dicembre 1986 n. 917 e dal D.Lgs. 21 novembre 1997 n. 461, ad un'imposta sostitutiva del 12,5%.

Si segnala che non esistono circolari o risoluzioni del Ministero delle finanze in merito alla corretta qualificazione fiscale dei redditi derivanti dai Certificati. Non si può, pertanto, escludere una caratterizzazione dei Certificati quali titoli atipici, di cui all'art. 8 del Decreto Legge 30 settembre 1983 n. 512, convertito, con modificazioni, dalla Legge 25 novembre 1983 n. 649, con conseguente applicazione di un regime fiscale sostanzialmente diverso da quanto sopra evidenziato (i.e., in taluni casi, applicazione di una ritenuta d'imposta del 27%).

Si ricorda che la legislazione fiscale è soggetta a possibili cambiamenti, che potrebbero anche avere effetti retroattivi. In proposito, risulta attualmente in discussione al Parlamento italiano un disegno di legge delega per conferire al Governo il potere di varare la riforma della tassazione delle rendite finanziarie.

ANNEX 5

TERMS AND CONDITIONS OF THE SECURITIES

The following are the terms and conditions of the Securities which (subject to completion and amendment) will be applicable to each Series of Securities, provided that the relevant Final Terms in relation to any Securities may supplement these terms and conditions and/or may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following terms and conditions, replace the following terms and conditions for the purposes of such Securities.

The warrants or any other similar instruments (the "**Warrants**") and the certificates or any other similar instruments (the "**Certificates**" and together with the Warrants, the "**Securities**") are issued pursuant to a programme agreement dated 13 January 2006 as amended and restated on 4 October 2006 (the "**Programme Agreement**", which expression shall include any amendments or supplements thereto) between Goldman Sachs International (the "**Issuer**"), Citigroup Global Markets Deutschland AG & Co. KGaA at Frankfurter Welle, Reuterweg 16, 60323 Frankfurt am Main, Germany, as principal programme agent (the "**Principal Programme Agent**", which expression shall include any successor or substitute principal programme agent appointed in accordance with the Programme Agreement), Goldman Sachs Japan Co., Ltd. as registrar (the "**Registrar**", which expression shall include any successor registrar appointed in accordance with the Programme Agreement), Skandinaviska Enskilda Banken AB (publ) as Swedish programme agent (the "**Swedish Programme Agent**"), Dexia Banque Internationale à Luxembourg, société anonyme, as Luxembourg programme agent (the "**Luxembourg Programme Agent**" and together with the Principal Programme Agent, the Swedish Programme Agent and the Registrar, where the context admits, the "**Programme Agents**", which expression shall include any substitute or additional programme agents appointed in accordance with the Programme Agreement), Citibank, N.A. as London authentication agent (the "**London Authentication Agent**", which expression shall include any successor London authentication agent appointed in accordance with the Programme Agreement), and Goldman Sachs International or such other calculation agent as may be specified in the relevant Final Terms as calculation agent (the "**Calculation Agent**", which expression shall include any successor calculation agent appointed in accordance with the Programme Agreement). Holders (as defined in Condition 1.2) are deemed to have notice of all the provisions (including the form of Exercise Notice referred to in Condition 4 and Condition 4A (as applicable)) of the Programme Agreement.

The Securities are issued in series (each, a "**Series**"), and each Series may comprise one or more tranches ("**Tranches**" and each, a "**Tranche**") of Securities. Each Tranche will be the subject of a Final Terms (each a "**Final Terms**"), a copy of which will, in the case of Luxembourg Securities be lodged with the Luxembourg Stock Exchange and copies of which may be obtained free of charge from the specified office of the Luxembourg Programme Agent. In the case of VPC Registered Securities, a copy of the relevant Final Terms may be obtained free of charge from the specified office of the Swedish Programme Agent. In the case of a Tranche of Securities in relation to which application has not been made for listing and trading on the regulated market of the Luxembourg Stock Exchange, or for listing on any other stock exchange, copies of the relevant Final Terms may also be obtained free of charge from the

specified office of the Luxembourg Programme Agent but only by a Holder (as defined in Condition 1.2) of such Securities.

References in these terms and conditions to Securities are to the Securities of the relevant Series. Capitalised terms used but not defined in these terms and conditions will have the meanings given to them in the relevant Final Terms, the absence of any such meaning indicating that such term is not applicable to the Securities of the relevant Series.

1. **FORM AND TRANSFER**

1.1 **Form**

Each Tranche of Securities (other than VPC Registered Securities) will at all times be represented by a global warrant or a global certificate (in either form, the "**Global Security**") deposited on the Issue Date with, (a) in the case of Securities held in Euroclear and/or Clearstream, a common depository for Euroclear and Clearstream Luxembourg; (b) or, in the case of Non-Clearing Securities, the Registrar. VPC Registered Securities will be constituted by a deed of covenant dated 4 October 2006 and will be issued in registered, uncertificated and dematerialised form in accordance with the SFIA Act. No Securities will be issued in definitive form.

1.2 **Title to Securities**

1.2.1 In respect of Securities held in Euroclear and/or Clearstream, Luxembourg, the person for the time being appearing in the books of Euroclear or Clearstream, Luxembourg as the holder of a Security shall be treated for all purposes by the Issuer, the Programme Agents, Euroclear and Clearstream, Luxembourg, and all other persons dealing with such person as the holder thereof (a "**Euroclear/Clearstream Holder**") and as the person entitled to exercise the rights represented thereby, notwithstanding any notice to the contrary, except that (A) Euroclear shall not be treated as the Holder of any Security held in an account with Clearstream, Luxembourg, on behalf of Euroclear's accountholders and (B) Clearstream, Luxembourg shall not be treated as the Holder of any Security held in an account with Euroclear, on behalf of Clearstream, Luxembourg's accountholders.

1.2.2 In respect of VPC Registered Securities, the person for the time being shown in the VPC Register shall be treated for all purposes by the Issuer, the Programme Agents, VPC and all other persons dealing with such person as the holder thereof (a "**VPC Holder**") and as the person entitled to exercise the rights represented thereby notwithstanding any notice to the contrary.

1.2.3 The Registrar will maintain a register (the "**Register**") in respect of Securities which are not held in a Clearing System (a "**Non-Cleared Security**"). In respect of such Securities, the person for the time being appearing in the Register as a holder of a Non-Cleared Security shall be treated for all purposes by the Issuer, the Programme Agents and all other persons dealing with such person as the holder thereof (a "**Non-Cleared Holder**") and as the person

entitled to exercise the rights represented thereby, notwithstanding any notice to the contrary.

1.3 **Transfers of Securities**

1.3.1 Transfers of Securities which are held in a Clearing System may be effected only through the Clearing System(s) in which the Securities to be transferred are held. Title will pass, other than in the case of VPC Registered Securities, upon registration of the transfer in the books of Euroclear or Clearstream, Luxembourg or, in the case of VPC Registered Securities, upon entry in the VPC Register and in accordance with the SFIA Act

1.3.2 Transfers of Non-Cleared Securities may be effected only through the Registrar by delivery in writing to the Registrar of a duly completed Transfer Certificate (as defined in Condition 3.1). Title will pass upon registration of the transfer in the Register.

2. **STATUS AND GUARANTEE**

2.1 **Securities**

The Securities constitute direct, unsubordinated, unconditional and unsecured obligations of the Issuer and rank *pari passu* among themselves.

2.2 **Guarantee**

The payment obligations of the Issuer in respect of the Securities are guaranteed by The Goldman Sachs Group, Inc. (the "**Guarantor**") pursuant to a guarantee dated 13 January 2006 (as amended or supplemented, the "**Guarantee**") made by the Guarantor in favour of the Holders.

3. **EXERCISE RIGHTS**

3.1 **Definitions**

For the purposes of these terms and conditions:

"**Actual/360**" has the meaning given in Condition 7.1;

"**Actual/365**" or "**Actual/Actual (ICMA)**" has the meaning given in Condition 7.1;

"**Actual/365 (Fixed)**" has the meaning given in Condition 7.1;

"**30/360 (Floating)**" or "**360/360**" or "**Bond Basis**" has the meaning given in Condition 7.1;

"**30E/360**" or "**Eurobond Basis**" has the meaning given in Condition 7.1;

"**Additional Disruption Event**" has the meaning given in Condition 10A.2.9;

"**Adjustment Assets**" has the meaning given in Condition 10A.1;

"**Announcement Date**" has the meaning given in Condition 10A.1;

"**applicable law**" has the meaning given in Condition 11;

"**Automatic Exercise Security**" means a Warrant or Certificate (as the case may be) specified as being an Automatic Exercise Warrant or an Automatic Exercise Certificate (as the case may be) in the relevant Final Terms;

"**Business Day**" means a day (other than a Saturday or Sunday) on which:

- (ii) in the case of Securities held or to be held in Euroclear and/or Clearstream, Luxembourg, Euroclear and/or (as the case may be) Clearstream, Luxembourg, are open for business;
- (iii) in the case of VPC Registered Securities, banks in Sweden are open for business;
- (iv) in the case of Securities not held or not to be held in a Clearing System, the Registrar is open for business;
- (v) such market(s), if any, as may be specified in the relevant Final Terms are open for business;
- (vi) commercial banks are open for general business in such city(ies) as may be specified in the relevant Final Terms and (if no city is so specified) in London and the principal financial centre of the Settlement Currency (as defined in Condition 3.4); and
- (vii) if euro is the Settlement Currency, TARGET is operating credit or transfer instructions in respect of payments in euro;

"**Cash Settlement**" has the meaning given in Condition 3.4;

"**Change in Law**" has the meaning given in Condition 10A.2.9;

"**Clearing Systems**" means Euroclear, Clearstream and/or the VPC System;

"**Clearstream, Luxembourg**" means Clearstream Banking, société anonyme;

"**Closing Date**" has the meaning given in Condition 10A.1;

"**Closing Value**" has the meaning given in the relevant Final Terms;

"**Combined Consideration**" has the meaning given in Condition 10A.2.2;

"**Commodity**" means a commodity as specified in the relevant Final Terms;

"**Debt Instrument**" means a debt instrument as specified in the relevant Final Terms;

"**Delisting**" has the meaning given in Condition 10A.1;

"**Deliverable Assets**" has the meaning given in the relevant Final Terms, subject as provided in Condition 10 (if applicable);

"Depository Receipt" means a depository receipt as specified in the relevant Final Terms;

"Disrupted Day" has the meaning given in Condition 8.1;

"Disruption Market" has the meaning given in Condition 8.1;

"Disruption Market Business Day" has the meaning given in Condition 8.1;

"Dividends" means, where any Share has traded "ex-dividend" on the Disruption Market during the period from and including the Issue Date to but excluding the Valuation Date (each such period of trading "ex-dividend" being an **"Ex-Dividend Period"**), an amount in the Settlement Currency (converted, where applicable, into the Settlement Currency at a rate determined by the Issuer in good faith and in a commercially reasonable manner) equal to any cash dividends per Share actually received by the Issuer (or any of its affiliates) in respect of each Ex-Dividend Period in connection with its Hedge Positions less any Taxes;

"Euroclear" means Euroclear Bank S.A./N.V., as operator of the Euroclear System;

"Exercise Date" means, in respect of any Security, subject to Condition 6.2 (if applicable), the day on which an Exercise Notice relating to that Security is delivered in accordance with:

- (i) the provisions of Condition 4.1, provided that in respect of Securities which are held in a Clearing System:
 - (a) if the Exercise Notice is delivered (A) on any day which is not a Business Day or (B) after 10:00 a.m. (Brussels, Luxembourg or Stockholm time, as the case may be) on any Business Day, then, in either such case, the Exercise Date shall be the next succeeding day which is a Business Day; and
 - (b) subject to Condition 3.3 (if applicable) or Condition 3.3A (if applicable), the Exercise Date may not be later than the Expiration Date; or
- (ii) the provisions of Condition 4A.1, provided that in respect of Non-Cleared Securities:
 - (c) if the Exercise Notice is delivered (A) on any day which is not a Business Day, or (B) after 11:00 a.m. (Tokyo time) on any Business Day, then, in either such case, the Exercise Date shall be the next succeeding day which is a Business Day; and
 - (d) subject to Condition 3.3 (if applicable), the Exercise Date may not be later than the Expiration Date;

"Exercise Notice" means a Security exercise notice in the form set out in the Programme Agreement (copies of which may be obtained from Euroclear, Clearstream, Luxembourg or the Programme Agents);

"Exercise Period" means the period beginning on (and including) such date as may be specified in the relevant Final Terms and ending on (and including) the Expiration Date;

"Expiration Date" has the meaning given in the relevant Final Terms;

"Extraordinary Dividend" has the meaning given in Condition 10A.1;

"Extraordinary Event" has the meaning given in Condition 10A.1;

"Formula" has the meaning given in Condition 10B.4;

"Fractional Share Cash Amount" has the meaning given in Condition 4.7;

"FX Disruption Event" has the meaning given in Condition 9;

"FX Establishment Date" has the meaning given in Condition 9;

"FX Rate" has the meaning given in Condition 9;

"Hedge Positions" means any one or more securities positions, derivatives positions or other instruments or arrangements (howsoever described) purchased, sold, entered into or maintained by the Issuer, the Guarantor or any affiliate thereof, in order to hedge, or otherwise in connection with, the Securities including, for the avoidance of doubt, any such positions in respect of the relevant Deliverable Assets, Valuation Assets, Settlement Currency, Relevant Currency or Adjustment Assets in respect of the Securities;

"Hedging Disruption" has the meaning given in Condition 10A.2.9;

"Holder" means a Euroclear/Clearstream Holder, a VPC Holder or a Non-Cleared Holder;

"In-the-Money" means that the Calculation Agent determines that the Closing Value of a Valuation Asset is greater than the Strike Price;

"Index" has the meaning given in Condition 10B.1;

"Index Publisher" has the meaning given in the relevant Final Terms;

"Index Sponsor" has the meaning given in the relevant Final Terms;

"Insolvency Filing" has the meaning given in Condition 10A.1;

"Insolvency" has the meaning given in Condition 10A.1;

"Interest Amount" has the meaning given in Condition 7.1;

"Interest Payment Date" has the meaning given in Condition 7.1;

"Interest Period" has the meaning given in Condition 7.1;

"Interest Rate" has the meaning given in Condition 7.1;

"Interest Rate Day Count Fractions" has the meaning given in Condition 7.1;

"Issue Date" means the issue date specified in the relevant Final Terms;

"**Luxembourg Securities**" means any Tranche of Securities in relation to which application has been made for listing and trading on the regulated market of the Luxembourg Stock Exchange;

"**Notional Amount per Certificate**" has the meaning given in Condition 7.1

"**Market Disruption Event**" has the meaning given in Condition 8.1;

"**Maximum Exercise Number**" has the meaning given in Condition 6.2;

"**Merger Date**" has the meaning given in Condition 10A.1;

"**Merger Event**" has the meaning given in Condition 10A.1;

"**Minimum Exercise Number**" has the meaning given in Condition 6.1;

"**Multiple Exercise Security**" means a Warrant or Certificate (as the case may be) specified as being a Multiple Exercise Warrant or a Multiple Exercise Certificate (as the case may be) in the relevant Final Terms;

"**Nationalisation**" has the meaning given in Condition 10A.1;

"**New Shares**" has the meaning given in Condition 10A.2;

"**Non-Cleared Holder**" has the meaning given to it in Condition 1.2.3;

"**Non-Cleared Security**" has the meaning given to it in Condition 1.2.3;

"**Other Consideration**" has the meaning given in Condition 10A.2;

"**Permitted Multiple**" has the meaning given in Condition 6.1;

"**Physical Delivery Security**" means a Security which is settled by way of physical delivery of the Deliverable Assets;

"**Physical Delivery Warrant**" means a Warrant which is settled by way of physical delivery of the Deliverable Assets;

"**Physical Settlement**" has the meaning given in Condition 3.5 or, if applicable, Condition 3.6;

"**Physical Settlement Date**" has the meaning given in the relevant Final Terms;

"**Physical Settlement Disruption Amount**" has the meaning given in the relevant Final Terms;

"**Physical Settlement Disruption Event**" has the meaning given in Condition 8.3;

"**Postponed Settlement Date**" has the meaning given in Condition 9;

"**Potential Adjustment Event**" has the meaning given in Condition 10A.1;

"**Related Disruption Market**" has the meaning given in Condition 8.1;

"**Relevant Clearing System**" has the meaning given in Condition 3.8;

"**Relevant Company**" has the meaning given in Condition 10A.1;

"**Relevant Country**" has the meaning given in the relevant Final Terms;

"**Relevant Currency**" has the meaning given in the relevant Final Terms;

"**Relevant Number**" has the meaning given in Condition 10A.2;

"**Reuters Screen**" means, when used in connection with any designated page and any designated information, the display page so designated on Reuters Money 3000 Service (or such other page as may replace that page on that service for the purpose of displaying comparable information);

"**Reverse Merger**" has the meaning given in Condition 10A.1;

"**Settlement Amount**" has the meaning given in Condition 3.4;

"**Settlement Currency**" has the meaning given in Condition 3.4;

"**Settlement Date**" means:

(b) in respect of Securities other than VPC Registered Securities, the Settlement Date specified in the relevant Final Terms, subject always to Condition 3.7 (if applicable); and

(c) in respect of VPC Registered Securities, the seventh Business Day following the Expiration Date, subject to Condition 9 (if applicable);

"**SFIA Act**" means the Swedish Financial Instruments Accounts Act (SFS 1998:1479);

"**Share-for-Combined**" has the meaning given in Condition 10A.2.2;

"**Share-for-Other**" has the meaning given in Condition 10A.2.2;

"**Share-for-Share**" has the meaning given in Condition 10A.2.2;

"**Shares**" has the meaning given in the relevant Final Terms;

"**Strike Price**" has the meaning given in the relevant Final Terms, subject as provided in Condition 10A (if applicable);

"**Substitute Publisher**" has the meaning given in Condition 10B.3;

"**Substitute Sponsor**" has the meaning given in Condition 10B.2;

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

"**Taxes**" means any applicable stamp duty, stamp duty reserve tax and/or other taxes or duties incurred, or any expenses, costs or fees (and, except in the case of its Hedge Positions other than brokerage commissions) incurred by, imposed on or assessed to the Issuer (or any of its affiliates) in connection with the issue, transfer or exercise of any Securities, or its Hedge Positions or otherwise in connection with the transfer of

Dividends, Deliverable Assets or Physical Settlement, including, but not limited to, any cost related to or arising out of any default or delay by any broker, dealer, Relevant Market, clearing house or hedge counterparty and includes any taxes, expenses and charges incurred through, imposed on or assessed to the Hedge Positions entered into in respect of the Certificates, without regard to any refunds, credits or any other benefit or reduction that may accrue thereon through tax treaties or any other arrangements.

"**Telerate**" means, when used in connection with any designated page and any designated ISDA information, the display page so designated on the Moneyline Telerate Service (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, for the purpose of displaying comparable information);

"**Tender Offer Date**" has the meaning given in Condition 10A.1;

"**Tender Offer**" has the meaning given in Condition 10A.1;

"**Trading Day**" has the meaning given in Condition 8.1;

"**Transfer Certificate**" means a transfer certificate in the form set out in the Programme Agreement;

"**Underlying**" has the meaning given in the relevant Final Terms;

"**Valuation Assets**" has the meaning given in the relevant Final Terms;

"**Valuation Business Day**" has the meaning given in the relevant Final Terms;

"**Valuation Date**" has the meaning given in the relevant Final Terms, subject as provided in Conditions 8 and 9 (if applicable);

"**Valuation Period**" has the meaning given in the relevant Final Terms;

"**VPC**" means VPC AB (the Swedish Central Securities Depository pursuant to the SFIA Act);

"**VPC Holder**" has the meaning given in Condition 1.2.2;

"**VPC Register**" means the register opened in the VPC System for VPC Registered Securities issued or to be issued by the Issuer;

"**VPC Registered Securities**" means any Tranche of Securities registered with VPC issued in uncertificated and dematerialised book entry form in accordance with the SFIA Act; and

"**VPC System**" means the technical system at VPC for the registration of securities and the clearing and settlement of securities transactions.

3.2 "**American Style**" Exercise

If the Securities are specified in the relevant Final Terms as being American Style Warrants or Certificates (as the case may be) then this Condition 3.2 is applicable and the

Securities are exercisable on any Business Day during the Exercise Period, subject to prior termination of the Securities as provided in Condition 11.

This Condition 3.2 is not applicable to VPC Registered Securities.

3.3 **"European Style" Exercise**

If the Securities are specified in the relevant Final Terms as being European Style Warrants or Certificates (as the case may be) then this Condition 3.3 is applicable and the Securities are exercisable only on the Expiration Date or, if that is not a Business Day, the next succeeding Business Day, subject to prior termination of the Securities as provided in Condition 10.

3.3A **"Bermudan Style" Exercise**

If the Securities are specified in the relevant Final Terms as being Bermudan Style Warrants or Certificates (as the case may be) then this Condition 3.3A is applicable and the Securities are exercisable only on the Specified Exercise Dates during the Exercise Period and on the Expiration Date.

This Condition 3.3A is not applicable to VPC Registered Securities.

3.4 **Cash Settlement**

Subject to Condition 3.5, Condition 3.5A, Condition 3.6 or Condition 14 if applicable, each Security entitles the Holder thereof to receive from the Issuer on the Settlement Date an amount calculated in accordance with the relevant Final Terms (the "**Settlement Amount**") in the currency (the "**Settlement Currency**") specified in the relevant Final Terms ("**Cash Settlement**") less any Taxes. The Settlement Amount will be rounded down to the nearest minimum unit of the Settlement Currency, with Securities exercised at the same time by the same Holder being aggregated for the purpose of determining the aggregate Settlement Amount payable in respect of such Securities.

3.5 **Physical Settlement**

If this Condition 3.5 is specified in the relevant Final Terms as being applicable, upon the exercise of a Security by a Holder the Issuer may elect not to pay the Settlement Amount as described in Condition 3.4, but instead, subject to Condition 14 (if applicable), to transfer or procure the transfer on the Physical Settlement Date (in respect of the Securities exercised by the Holder) of the Deliverable Assets in respect of each Security so exercised to the account specified for that purpose by the Holder in the relevant Exercise Notice ("**Physical Settlement**"), following payment by the Holder to or to the order of the Issuer on or before the Settlement Date of the Strike Price and, if applicable, any Taxes, all as more fully described in Condition 4. The Securities do not confer on the Holder any right to acquire the Deliverable Assets and the Issuer is not obliged to purchase or hold the Deliverable Assets. By exercising a Security, the Holder shall be deemed to have agreed to such form of settlement as the Issuer shall elect.

This Condition 3.5 is not applicable to VPC Registered Securities.

3.5A **Holder's Election for Physical Settlement**

If this Condition 3.5A is specified in the relevant Final Terms as being applicable, upon the exercise of a Security by a Holder, such Holder may in the Exercise Notice elect not to receive the Settlement Amount as described in Condition 3.4, but instead, subject to Condition 13 (if applicable) and Condition 8.3, request the Issuer to transfer or procure the transfer of the Deliverable Assets in respect of each Security so exercised and such Exercise Notice will be irrevocable notice to the Issuer. Neither the Securities nor the Exercise Notice confer any right on the Holder to acquire the Deliverable Assets and the Issuer is not obliged to purchase, hold or deliver the Deliverable Assets until the Holder has paid the Strike Price and/or any Taxes (if applicable).

This Condition 3.5A is not applicable to VPC Registered Securities.

3.6 **Yield or Share Securities**

If this Condition 3.6 is specified in the relevant Final Terms as being applicable, upon the exercise of a Security by a Holder the Issuer will, subject to Condition 13 (if applicable):

- 3.6.1 if the Closing Value is less than the Strike Price, subject to Condition 8 and the payment by the Holder of all Taxes, transfer, or procure the transfer on the Physical Settlement Date of the Deliverable Assets in respect of each Security so exercised to the account specified for that purpose by the Holder in the relevant Exercise Notice ("**Physical Settlement**"); and
- 3.6.2 if the Closing Value is greater than or equal to the Strike Price, pay the Settlement Amount in the Settlement Currency as set out in the relevant Final Terms,

all as more fully described in Condition 4.

This Condition 3.6 is not applicable to VPC Registered Securities or Non-Cleared Securities.

3.7 **Multiple Exercise Securities**

If the Securities are specified in the relevant Final Terms as being Multiple Exercise Securities then this Condition 3.7 is applicable and each Multiple Exercise Security shall be capable of being exercised once for each Expiration Date specified in the relevant Final Terms in accordance with the other provisions of these Conditions. References in these Conditions to "Valuation Date", "Valuation Period", "Strike Price", "Physical Settlement Date", "Settlement Date", "Expiration Date", "Exercise Period", "Exercise Date", "Exercise Notice" and "Automatic Exercise" shall, in relation to each exercise of Multiple Exercise Securities, unless the context otherwise requires, be construed as references to the relevant "Valuation Date", the relevant "Valuation Period", the relevant "Strike Price", the relevant "Physical Settlement Date", the relevant "Settlement Date", the relevant "Expiration Date", the relevant "Exercise Period", the relevant "Exercise Date", the relevant "Exercise Notice" and the relevant "Automatic Exercise".

3.8 **Securities Void on Expiration**

- 3.8.1 Any Security, other than a VPC Registered Security, which is held in a Clearing System and with respect to which no Exercise Notice has been delivered to Euroclear or Clearstream, Luxembourg (the "**Relevant Clearing System**") and to the Principal Programme Agent, in accordance with the provisions of Condition 4, at or prior to 10:00 a.m. (Brussels, Luxembourg or Stockholm time, as the case may be) on the Expiration Date (or, in the case of a European Style Security, if that is not a Business Day, the next succeeding Business Day), shall become null and void or, in the case of a Multiple Exercise Security, shall become null and void in respect of the relevant exercise only.
- 3.8.2 Any Non-Cleared Security with respect to which no Exercise Notice has been delivered to the Registrar, in accordance with the provisions of Condition 4A, at or prior to 11:00 a.m. (Tokyo time) on the Expiration Date (or, in the case of a European Style Security, if that is not a Business Day, the next succeeding Business Day), shall become null and void or, in the case of a Multiple Exercise Security, shall become null and void in respect of the relevant exercise only.

This Condition 3.8 is not applicable to VPC Registered Securities.

3.9 **Automatic Exercise**

If the Securities are specified in the relevant Final Terms as being Automatic Exercise Securities then this Condition 3.9 is applicable and any Securities in respect of which an Exercise Notice has not been duly completed and delivered, in the case of (i) American Style Securities on the last Business Day in the relevant Exercise Period or (ii) European Style Securities held in a Clearing System, by 10:00 a.m. (Brussels, Luxembourg or Stockholm time, as the case may be) on the Expiration Date or (iii) European Style Securities not held in a Clearing System, by 11:00 a.m. (Tokyo Time) on the Expiration Date (or, if that is not a Business Day, the next succeeding Business Day) or (iv) if Condition 3.5A is specified as being applicable and such Securities are In-the-Money at the relevant time on the Expiration Date (as determined by the Calculation Agent), such Securities shall be deemed to have been exercised on such date, subject to prior termination of the Securities as provided in Condition 11 and, if Condition 3.5A is specified, Cash Settlement shall apply. For the avoidance of doubt, in relation to Securities where this Condition 3.9 and Condition 3.5A are specified as applicable, any Securities in respect of which an Exercise Notice has been duly completed and delivered at the relevant time and which are In-the-Money at the relevant time on the Expiration Date (as determined by the Calculation Agent) shall be deemed to have been exercised on such date and, subject to prior termination of the Securities as provided in Condition 11 and to Holder election and other than in the case of VPC Registered Securities, Physical Settlement may apply. The Issuer shall be under no obligation to settle any Automatic Exercise Security until, and the Settlement Date or, as the case may be, the Physical Settlement Date in respect of such Security shall be, the third Business Day (or such other date as may be specified in the relevant Final Terms) following the day on which the Holder has delivered an Exercise Notice in accordance with Condition 4.1 or Condition 4A.1 (as applicable); provided that if the relevant Holder has not delivered an

Exercise Notice within 30 Business Days of the deemed Exercise Date, such Securities shall become null and void (or, in the case of a Multiple Exercise Security, shall become null and void in respect of the relevant exercise only).

This Condition 3.9 is not applicable to VPC Registered Securities.

4. **EXERCISE PROCEDURE - SECURITIES HELD IN A CLEARING SYSTEM**

This Condition 4 is only applicable to Securities held in a Clearing System.

4.1 **Exercise Notice**

Securities held in a Clearing System may be exercised by delivery in writing of a duly completed Exercise Notice to (i) the Relevant Clearing System, and (ii) the Principal Programme Agent, not later than 10:00 a.m. (Brussels, Luxembourg or Stockholm time, as the case may be):

- 4.1.1 in the case of American Style Securities, on any Business Day during the Exercise Period;
- 4.1.2 in the case of European Style Securities, on the Expiration Date (or, if that is not a Business Day, the next succeeding Business Day); or
- 4.1.3 in the case of Bermudan Style Securities, on the Specified Exercise Date(s) or the Expiration Date (or, if that is not a Business Day, the next succeeding Business Day).

Each Exercise Notice shall:

- (i) specify the name, address, telephone and facsimile details of the Holder;
- (ii) specify the number of Securities of each Tranche being exercised;
 - (a) (other than in the case of a Multiple Exercise Security) specify the number of the Holder's account at the Relevant Clearing System to be debited with the Securities being exercised and irrevocably instruct, or, as the case may be, confirm that the Holder has irrevocably instructed, the Relevant Clearing System to debit the Holder's account with the Securities being exercised and to credit the account of the Principal Programme Agent; and
 - (b) (in the case of a Multiple Exercise Security only) (1) on the last exercise of such Security specify and irrevocably instruct, or, as the case may be, confirm that the Holder has irrevocably instructed, the Relevant Clearing System to debit the Holder's account with the Securities being exercised and to credit the account of the Principal Programme Agent, and, (2) in the case of all exercises of Multiple Exercise Securities other than the last, confirm the number of the Holder's account at the Relevant Clearing System to which the Securities being exercised are credited;

- (iii) specify the number of the Holder's account at the Relevant Clearing System to be credited with the Settlement Amount for the Securities being exercised;
- (iv) include an irrevocable undertaking by the Holder to pay any Taxes and an authority to the Relevant Clearing System to deduct an amount in respect thereof from any Settlement Amount due to such Holder or otherwise to debit (on or at any time after the Settlement Date) a specified account of the Holder at the Relevant Clearing System with an amount or amounts in respect thereof;
- (v) certify that the Securities are not being exercised by or on behalf of a U.S. person or a person within the United States and the Securities are not beneficially owned by a U.S. person or a person within the United States (terms in this paragraph (vi) have the meanings given to them in the Exercise Notice), unless the Final Terms relating to a Security expressly provides otherwise in connection with an offering of the Security pursuant to Rule 144A under the Securities Act; and
- (vi) authorise the production of such certification in applicable administrative or legal proceedings.

In addition, if Condition 3.5, Condition 3.5A or Condition 3.6 is specified in the relevant Final Terms as being applicable, the Exercise Notice shall also:

- (a) (only if Condition 3.5 or 3.5A is specified and, in the case of 3.5A, the Holder has elected Physical Settlement) irrevocably instruct the Relevant Clearing System to debit on the Settlement Date a specified account of the Holder with the aggregate Strike Price (if relevant) in respect of the Securities being exercised and to transfer such amount to such account with the Relevant Clearing System as shall have been specified by the Issuer to the Relevant Clearing System for that purpose;
- (b) include an irrevocable undertaking by the Holder to pay any applicable Taxes by reason of the transfer (if any) of the Deliverable Assets to the account at the Relevant Clearing System specified by the Holder in the relevant Exercise Notice; and
- (c) specify the number of the Holder's account with the Relevant Clearing System to be credited with the relevant Deliverable Assets.

This Condition 4.1 is not applicable to VPC Registered Securities.

4.1A Automatic Exercise - VPC Registered Securities

VPC Registered Securities shall be deemed to have been exercised by 10:00 a.m. (Stockholm time) on the Expiration Date (or, if that is not a Business Day, the next succeeding Business Day).

4.2 Verification of the Holder

Upon receipt of an Exercise Notice the Principal Programme Agent shall request the Relevant Clearing System to confirm in writing to the Principal Programme Agent, the

Calculation Agent and the Issuer, that, according to the books of the Relevant Clearing System, the person exercising the Securities referred to in the Exercise Notice is the holder thereof. If the number of Securities specified in such Exercise Notice exceeds the number of Securities held in the specified account of the person exercising the relevant Securities, the Exercise Notice shall become null and void, and the Principal Programme Agent shall so notify the Issuer and the Calculation Agent. If the number of Securities specified in such Exercise Notice does not exceed the number of Securities held in such specified account then, on or prior to the Settlement Date (in the case of a Multiple Exercise Security, the last Settlement Date only), the Relevant Clearing System (in the case of Euroclear, Clearstream and Luxembourg) will debit such account with the Securities being exercised (but without prejudice to the accrued rights of the relevant Holder).

This Condition 4.2 is not applicable to VPC Registered Securities.

4.3 **Election of Settlement Method**

If Condition 3.5 or Condition 3.5A is specified in the relevant Final Terms as being applicable, the Issuer will, by the close of business (London time) on the Business Day following the relevant Valuation Date, notify the Relevant Clearing System, the Principal Programme Agent and (if applicable) the relevant Holder, if the Issuer or, as the case may be, the Holder has elected for Physical Settlement. If Condition 3.5 is specified, notice to the relevant Holder shall be given by facsimile to the number specified in the relevant Exercise Notice and any notice so sent shall be deemed received by the relevant Holder. The Relevant Clearing System will on or before the Settlement Date (in the case of a Multiple Exercise Security, the last Settlement Date only) debit the relevant account of the Holder and credit the relevant account of the Principal Programme Agent (in favour of the Issuer) with the Securities being exercised and, if the Issuer or, as the case may be, the Holder has elected for Physical Settlement, with the aggregate Strike Price in respect of the Securities exercised together with any applicable Taxes (if any). If the Issuer or, as the case may be, the Holder has elected for Physical Settlement and the aggregate Strike Price in respect of the Securities exercised together with any applicable Taxes is not so credited, then the Issuer shall be under no obligation to transfer the Deliverable Assets or make payment of any nature to the relevant Holder in respect of the Securities, and the Exercise Notice delivered in respect of the Securities shall thereafter be null and void for all purposes.

This Condition 4.3 is not applicable to VPC Registered Securities.

4.4 **Settlement**

Unless the Issuer or, as the case may be, the Holder shall have elected for Physical Settlement or the relevant Security falls to be settled by Physical Settlement in accordance with Condition 3.6, the Issuer shall on and for value on the Settlement Date, subject to Condition 14 (if applicable), transfer an amount equal to the aggregate Settlement Amount of the duly exercised Securities to the account of the Principal Programme Agent, whereupon the Principal Programme Agent shall transfer such amount to the account at the Relevant Clearing System specified in the relevant Exercise Notice for value on the Settlement Date. If, however, Condition 3.5 is specified in the

relevant Final Terms as being applicable and the Issuer elects for Physical Settlement or if Condition 3.5A is specified and the Holder elects for Physical Settlement or if Condition 3.6 is specified and the relevant Security falls to be settled by Physical Settlement, then, subject to Condition 8.3 and Condition 14 (if applicable), on transfer of the Strike Price (if Condition 3.5 or Condition 3.5A is applicable) and any applicable Taxes from the relevant account of the Holder to the relevant account of the Principal Programme Agent (in favour of the Issuer) as aforesaid, the Issuer shall, on the relevant Physical Settlement Date, transfer or procure the transfer of the Deliverable Assets in respect of each relevant Security for credit to the account specified in the relevant Exercise Notice.

This Condition 4.4 is not applicable to VPC Registered Securities.

4.4A Settlement - VPC Registered Securities

4.4A.1 No later than the sixth Business Day immediately preceding the Settlement Date of any Tranche of VPC Registered Securities, subject to Condition 14 (if applicable) and in accordance with the Programme Agreement, the Issuer shall transfer an amount equal to the aggregate Settlement Amount of such Tranche to the cash account in the name of the Issuer maintained by the Swedish Programme Agent (the "**Custody Cash Account**") whereupon the Swedish Programme Agent will transfer such Settlement Amount from the Custody Cash Account to the cash account denominated in Swedish krona to which VPC has access in connection with payments to Holders (the "**Cash Transfer Account**").

4.4A.1 Subject to paragraph 4.4A.1, VPC will debit the Cash Transfer Account for value on the Settlement Date and forward the Settlement Amount to the Holders in accordance with the Programme Agreement.

4.5 Determinations

Any determination as to whether an Exercise Notice is duly completed and in proper form shall be made by the Relevant Clearing System, in consultation with the Principal Programme Agent, and shall be conclusive and binding on the Issuer, the Programme Agents and the relevant Holder. Any Exercise Notice so determined to be incomplete or not in proper form or which is not copied to the Principal Programme Agent immediately after being sent to the Relevant Clearing System shall be null and void. If such Exercise Notice is subsequently corrected to the satisfaction of the Relevant Clearing System it shall be deemed to be a new Exercise Notice submitted at the time such correction is delivered to the Relevant Clearing System.

This Condition 4.5 is not applicable to VPC Registered Securities.

4.6 Effect of Exercise Notice

Delivery of an Exercise Notice shall constitute an irrevocable election and undertaking by the relevant Holder to exercise the Securities specified therein. After the delivery of an Exercise Notice (other than an Exercise Notice which shall become void pursuant to Condition 4.2), the holder of the Securities specified in such Exercise Notice may not

transfer such Securities (or in the case of an exercise of Multiple Exercise Securities, prior to the relevant Settlement Date) prior to the Settlement Date.

Notwithstanding this, if any Holder does so transfer or attempt to transfer such Securities, the Holder will be liable to the Issuer for any losses, costs and expenses suffered or incurred by the Issuer including those suffered or incurred as a consequence of it having terminated any related Hedge Positions in reliance on the relevant Exercise Notice and subsequently (i) entering into replacement Hedge Positions in respect of such Securities or (ii) paying any amount on the subsequent exercise of such Securities without having entered into any replacement Hedge Positions.

This Condition 4.6 is not applicable to VPC Registered Securities.

4.7 **Fractions**

No fraction of any Deliverable Asset will be transferred on exercise of any Security, provided that all Securities exercised at the same time by the same Holder shall be aggregated for the purpose of determining whether any (and if so what) fraction of any Deliverable Asset arises. Instead the Issuer shall make a cash refund in respect of the corresponding part (rounded down to the nearest minimum unit of the Settlement Currency) of the aggregate Strike Price in respect of the relevant Securities together (to the extent permitted by law) with any applicable Taxes (the "**Fractional Share Cash Amount**"). Such refund shall be made by transfer by the Issuer to the account of the Principal Programme Agent whereupon the Principal Programme Agent shall transfer such amount to the account at the Relevant Clearing System specified in the relevant Exercise Notice as the account to be credited with the relevant Settlement Amount.

This Condition 4.7 is not applicable to VPC Registered Securities.

4A **EXERCISE PROCEDURE - SECURITIES NOT HELD IN A CLEARING SYSTEM**

This Condition 4A is applicable only to Non-Cleared Securities.

4A.1 **Exercise Notice**

Non-Cleared Securities may be exercised by delivery in writing of a duly completed Exercise Notice to the Registrar, not later than 11:00 a.m. (Tokyo time):

4A.1.1 in the case of American Style Securities, on any Business Day during the Exercise Period; or

4A.1.2 in the case of European Style Securities, on the Expiration Date (or, if that is not a Business Day, the next succeeding Business Day).

Each Exercise Notice shall:

- (i) specify the name, address, telephone, facsimile and (if appropriate) account details of the Holder;
- (ii) specify the number of Securities of each Tranche being exercised;

- (iii) irrevocably instruct, or, as the case may be, confirm that the Holder has irrevocably instructed, the Registrar to amend the Register to reflect the Securities being exercised (in the case of a Multiple Exercise Security, only on the last exercise of such Security);
- (iv) specify the number of the Holder's account to be credited with the Settlement Amount for the Securities being exercised;
- (v) include an irrevocable undertaking by the Holder to pay any Taxes and an authority to the Registrar to deduct an amount in respect thereof from any Settlement Amount due to such Holder or otherwise to debit (on or at any time after the Settlement Date) a specified account of the Holder with an amount or amounts in respect thereof;
- (vi) certify that the Securities are not being exercised by or on behalf of a U.S. person or a person within the United States and the Securities are not beneficially owned by a U.S. person or a person within the United States (terms in this paragraph (vi) have the meanings given to them in the Exercise Notice), unless the Final Terms relating to a Security expressly provides otherwise in connection with an offering of the Security pursuant to Rule 144A under the Securities Act; and
- (vii) authorise the production of such certification in applicable administrative or legal proceedings.

4A.2 **Verification of the Holder**

Upon receipt of an Exercise Notice the Registrar shall confirm in writing to the Calculation Agent and the Issuer, that, according to the Register, the person exercising the Securities referred to in the Exercise Notice is the holder thereof. If the number of Securities specified in such Exercise Notice exceeds the number of Securities held (according to the Register) by the person exercising the relevant Securities, the Exercise Notice shall become null and void, and the Registrar shall so notify the Issuer and the Calculation Agent. If the number of Securities specified in such Exercise Notice does not exceed the number of Securities held (according to the Register) by such person, on the Settlement Date (in the case of a Multiple Exercise Security, the last Settlement Date only), the Registrar will amend the Register to reflect the Securities being exercised (but in each case without prejudice to the accrued rights of the relevant Holder).

4A.3 **Settlement**

The Issuer shall on and for value on the Settlement Date, subject to Condition 14 (if applicable), transfer an amount equal to the aggregate Settlement Amount of the duly exercised Securities to the account of the relevant Holder specified in the Exercise Notice for value on the Settlement Date.

4A.4 **Determinations**

Any determination as to whether an Exercise Notice is duly completed and in proper form shall be made by the Registrar and shall be conclusive and binding on the Issuer,

the Programme Agents and the relevant Holder. Any Exercise Notice so determined to be incomplete or not in proper form shall be null and void. If such Exercise Notice is subsequently corrected to the satisfaction of the Registrar it shall be deemed to be a new Exercise Notice submitted at the time such correction is delivered to the Registrar.

4A.5 Effect of Exercise Notice

Delivery of an Exercise Notice shall constitute an irrevocable election and undertaking by the relevant Holder to exercise the Securities specified therein. After the delivery of an Exercise Notice (other than an Exercise Notice which shall become void pursuant to Condition 4A.2), the holder of the Securities specified in such Exercise Notice may not otherwise transfer such Securities (in the case of an exercise of Multiple Exercise Securities, other than the last such exercise) prior to the Settlement Date.

Notwithstanding this, if any Holder does so transfer or attempt to transfer such Securities, the Holder will be liable to the Issuer for any losses, costs and expenses suffered or incurred by the Issuer including those suffered or incurred as a consequence of it having terminated any related Hedge Positions in reliance on the relevant Exercise Notice and subsequently (i) entering into replacement Hedge Positions in respect of such Securities or (ii) paying any amount on the subsequent exercise of such Securities without having entered into any replacement Hedge Positions.

5. DETERMINATION AND NOTIFICATION OF CASH SETTLEMENT AMOUNT

5.1 Calculation Agent

The Calculation Agent shall not act as an agent for the Holders but shall be the agent of the Issuer and all its calculations and determinations hereunder shall (save in the case of manifest error) be final and binding on the Issuer and the Holders. All calculation functions required of the Calculation Agent under these terms and conditions may be delegated to any such person as the Calculation Agent, in its absolute discretion, may decide.

5.2 Notification

5.2.1 In respect of Securities held in a Clearing System (other than VPC Registered Securities), on or before 5:00 p.m. (Frankfurt time) on any Valuation Date, the Calculation Agent shall notify the Issuer and the Principal Programme Agent of the Settlement Amount to be paid on the relevant Settlement Date in respect of the relevant Securities, provided that the Calculation Agent has received a fax from either Euroclear or Clearstream, Luxembourg as the case may be, specifying the number of Securities which have been exercised in accordance with Condition 4.2.

5.2.2 In respect of VPC Registered Securities, on or before 5:00 p.m. (Stockholm time) on the second Business Day following the Expiration Date, the Calculation Agent shall notify the Issuer and the Swedish Programme Agent of the aggregate Settlement Amount and the Settlement Amount per Security to be paid on the relevant Settlement Date in respect of the relevant VPC Registered Securities.

5.2.3 In respect of Non-Cleared Securities, on or before 5:00 p.m. (London time) on any Valuation Date, the Calculation Agent shall notify the Issuer and the Registrar of the Settlement Amount to be paid on the relevant Settlement Date in respect of the relevant Securities, provided that the Calculation Agent has received a fax from the Registrar specifying the number of Securities which have been exercised in accordance with Condition 4A.2.

5.3 **Responsibility**

None of the Issuer, the Guarantor or the Calculation Agent shall have any responsibility for any errors or omissions in the calculation and dissemination of any variables published by a third party and used in any calculation made pursuant to these terms and conditions or in the calculation of any Settlement Amount or of any entitlement to Physical Settlement arising from such errors or omissions.

6. **LIMITS ON THE NUMBER OF SECURITIES EXERCISABLE**

6.1 **Minimum Exercise Number**

The Securities are exercisable in the minimum number (the "**Minimum Exercise Number**") specified in the relevant Final Terms (with a minimum denomination of no less than EUR 1000) or integral multiples thereof (or, if a "**Permitted Multiple**" is specified in the relevant Final Terms, higher integral multiples of the Permitted Multiple) on any particular occasion or such lesser Minimum Exercise Number or other Permitted Multiple as the Issuer may from time to time notify to the Holders in accordance with Condition 14.

6.2 **Maximum Exercise Number**

If a number (the "**Maximum Exercise Number**") is specified in the relevant Final Terms as the Maximum Exercise Number and the Issuer determines in its absolute discretion on any Exercise Date that more than the Maximum Exercise Number of Securities are being exercised by a single Holder or a group of Holders acting in concert, then the Issuer may deem the Exercise Date for the first Maximum Exercise Number of the Securities exercised by such Holder or group of Holders to be such date and the Exercise Date for each additional tranche of Maximum Exercise Number of the Securities (or part thereof, in the case of the last tranche) exercised by such Holder or group of Holders to be each succeeding Business Day thereafter until there shall have been an Exercise Date in respect of all such Securities exercised by such Holder or group of Holders; provided that no such Exercise Date shall fall later than the Expiration Date. In any case where the Issuer determines that more than the Maximum Exercise Number of Securities are so exercised on the same day by a Holder or group of Holders acting in concert, the order of settlement in respect of such Securities shall be at the discretion of the Issuer. The Maximum Exercise Number may be waived on any occasion by the Issuer in its absolute discretion and may be amended from time to time by the Issuer by notice to the Holders in accordance with Condition 16.

7. **CERTIFICATES - INTEREST** (This Condition 7 applies only to Certificates.)

7.1 **Definitions**

For the purposes of this Condition 7:

"**Actual/360**" means the actual number of days in the Interest Period divided by 360;

"**Actual/365**" or "**Actual/Actual (ICMA)**" means the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366; and (ii) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

"**Actual/365 (Fixed)**" means the actual number of days in the Interest Period divided by 365;

"**30/360 (Floating)**" or "**360/360**" or "**Bond Basis**" means the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month or (ii) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a month comprising 30 days);

"**30E/360**" or "**Eurobond Basis**" means the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 months each comprising 30 days without regard to the date of the first day or last day of the Interest Period, unless in the case of an Interest Period ending on the Expiration Date, the Expiration Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a month comprising 30 days);

"**Interest Amount**" means, in respect of each Interest Period and each Certificate, an amount calculated by the Calculation Agent as follows:

Notional Amount per Certificate x Interest Rate x Interest Rate Day Count Fraction;

"**Interest Payment Date**" means each date specified in the applicable Final Terms;

"**Interest Period**" means the period commencing on (and including) the Issue Date to (but excluding) the first Interest Payment Date and each period commencing on (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date;

"**Interest Rate**" means the rate specified as such in the applicable Final Terms;

"**Interest Rate Day Count Fractions**" has the meaning given in the relevant Final Terms; and

"Notional Amount per Certificate" means the amount specified as such in the applicable Final Terms.

7.2 **Interest Amount**

If so specified in the applicable Final Terms and subject as provided in these Conditions, each Certificate pays interest from and including the Issue Date at the Interest Rate payable in arrears on each Interest Payment Date. The amount payable in respect of each Certificate on each Interest Payment Date will be the Interest Amount for the Interest Period ending on (but excluding) such Interest Payment Date.

If an Interest Amount is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated on the basis of the number of days from and including the most recent Interest Payment Date (or, if none, the Issue Date) to but excluding the relevant payment date and the Interest Rate Day Count Fraction specified in the applicable Final Terms

7.3 **Accrual of Interest**

Each Certificate will cease to accrue interest from and including the Expiration Date unless payment of the Cash Settlement Amount and/or delivery of any Physical Settlement Amount due on redemption is improperly withheld or refused by the Issuer in which case interest shall continue to accrue from the Expiration Date until such payment or delivery is made, as the case may be. For the avoidance of doubt, no interest on the Certificates shall accrue beyond the Expiration Date in the event that delivery of any Physical Settlement Amount is postponed due to the occurrence of a Physical Settlement Disruption Event or otherwise as provided for in these Conditions or the applicable Final Terms.

8. **MARKET DISRUPTION**

8.1 **Definitions**

For the purposes of this Condition 8:

"Clearing System Business Day" means any day on which the principal domestic clearance system customarily used for settling trades in the Deliverable Assets is (or but for the occurrence of a Physical Settlement Disruption Event, would have been) open for the acceptance and execution of settlement instructions and, in the case of Securities held or to be held in the VPC System, a day in Sweden which is not a Sunday or a public holiday or, with respect to the payment of promissory notes, is equivalent to a public holiday, and days on which banks in Sweden are open for business;

"Disrupted Day" means, in respect of a Valuation Asset which is a Share or an Index, any Trading Day on which the relevant Disruption Market fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred. If any of the market or exchanges on which the Traded Market Factors are traded is not open for trading on the Valuation Date, the Valuation Date may be extended (in accordance with Condition 8);

"Disruption Market" has the meaning given in the relevant Final Terms;

"Disruption Market Business Day" means any Trading Day on which the relevant Disruption Market is open for trading during their respective regular trading sessions, notwithstanding such Disruption Market closing prior to its scheduled closing time;

"Market Disruption Event" means, in respect of a Valuation Asset which is a Share or an Index, the occurrence or existence of:

- (i) any suspension of or limitation imposed on trading by the relevant Disruption Market or otherwise and whether by reason of movements in price exceeding limits permitted by such Disruption Market in relation to (i) the relevant Valuation Assets on such Disruption Market; which the Calculation Agent determines is material;
- (ii) any event (other than Early Closure (as defined below)) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, the relevant Valuation Assets on the relevant Disruption Market, which the Calculation Agent determines is material;
- (iii) the closure of the relevant Disruption Market on any Disruption Market Business Day prior to its scheduled closing time ("**Early Closure**"), unless such earlier closing time is announced by such Disruption Market at least one hour prior to the earlier of (a) the actual closing time for the regular trading session on such Disruption Market; and (b) the submission deadline for orders to be entered into the relevant Disruption Market (if applicable);
- (iv) any change in national or international financial, political or economic conditions or currency exchange rates or exchange controls, the effect of which is, in the judgment of the Calculation Agent, so material and adverse as to make it impracticable or inadvisable to proceed with the calculation of the Settlement Amount or (if applicable) the transfer of the Deliverable Assets on the terms and in the manner contemplated by these Conditions; or
- (v) circumstances under which the Issuer, the Guarantor or any of their affiliates is unable, or in the reasonable opinion of the Calculation Agent it is commercially impracticable for the Issuer, the Guarantor or any of its affiliates for any reason whatsoever, to sell, hold, transfer or trade the relevant Valuation Assets;

"Trading Day" means a day (other than a Saturday or Sunday) on which each Disruption Market is scheduled to be open for trading for their respective regular trading sessions; and

"Valuation Assets" has the meaning given in the relevant Final Terms.

8.2 **Postponement of Valuation Date upon Occurrence of a Market Disruption Event**

If, in the opinion of the Calculation Agent, any day which but for this Condition 8 would be a Valuation Date is a Disrupted Day in respect of a Valuation Asset which is a Share

or an Index, then the Valuation Date in respect of such Share or Index, as the case may be, may, at the discretion of the Calculation Agent, be postponed to the first following Trading Day that is not a Disrupted Day in respect of such Share or Index, as the case may be, provided that, but subject to Condition 8.2, in no event shall such Valuation Date be postponed until later than the eighth Trading Day following the relevant original Valuation Date and, if such eighth Trading Day is a Disrupted Day in respect of such Share or Index, as the case may be, (i) such eighth Trading Day shall be deemed to be the Valuation Date in respect of such Share or Index, as the case may be, notwithstanding that such day is a Disrupted Day and (ii) the relevant Settlement Amount shall be calculated using the fair market value of the relevant Valuation Asset as determined by the Calculation Agent at or about 4:00 p.m. (London time) on such eighth Trading Day (or as soon as practicable thereafter) in its absolute discretion. If, any Valuation Date occurs after the Expiration Date as a result of the occurrence of a Disrupted Day, then (i) the relevant Settlement Date or, as the case may be, Physical Settlement Date or (ii) the occurrence of an Extraordinary Event or a Potential Adjustment Event (each as defined in Condition 10A) shall in each case be determined by reference to the last such Valuation Date as though it were the Expiration Date. If Condition 3.6 is specified in the relevant Final Terms as being applicable payment of the Settlement Amount shall satisfy in full the Issuer's obligations in respect of the relevant Security and the Issuer will be under no obligation to deliver the Deliverable Asset(s).

8.3 **Physical Settlement Disruption Event**

If the Calculation Agent determines that any event has occurred as a result of which the Issuer cannot, or it is commercially impracticable for the Issuer to, effect Physical Settlement of all or any of the Deliverable Assets (a "**Physical Settlement Disruption Event**") on the Physical Settlement Date, then the Physical Settlement Date shall be the first succeeding Clearing System Business Day on which there is no Physical Settlement Disruption Event provided that, but subject to Condition 8.2, if the Physical Settlement Disruption Event is continuing on the fourteenth Clearing System Business Day following the originally designated Physical Settlement Date, the Issuer shall require the relevant Holder to accept, in lieu of delivery of the Deliverable Assets in respect of each Security exercised, payment of the Physical Settlement Disruption Amount on the third Business Day following the fourteenth Clearing System Business Day following the originally designated Physical Settlement Date. Payments made by the Issuer will be made subject to any applicable fiscal or other laws and regulations.

9. **POSTPONEMENT OF SETTLEMENT DATE ON THE OCCURRENCE OF A FOREIGN EXCHANGE DISRUPTION EVENT**

If this Condition 9 is specified in the relevant Final Terms as being applicable then, if the Calculation Agent determines that on a Valuation Date an FX Disruption Event (as defined below) has occurred and is continuing, the date for determination of the FX Rate shall be postponed until the first Business Day on which such FX Disruption Event ceases to exist (the "**FX Establishment Date**") and the Settlement Date in respect of the Securities shall be postponed to the Business Day which falls the same number of Business Days after the FX Establishment Date as the Settlement Date was originally scheduled to be after the Valuation Date (the "**Postponed Settlement Date**").

If an FX Disruption Event has occurred and is continuing on the Postponed Settlement Date (including any Settlement Date postponed due to a prior FX Disruption Event), then the Postponed Settlement Date shall be further postponed until the first Business Day following the date on which such FX Disruption Event ceases to exist.

For the avoidance of doubt, if an FX Disruption Event coincides with a Market Disruption Event or a Physical Settlement Disruption Event, as the case may be, the provisions of this Condition 9 shall take effect only after such postponements or adjustments have been made as a result of such Market Disruption Event or Physical Settlement Disruption Event in accordance with Condition 8 and, notwithstanding the provisions of Condition 8, the Issuer's payment obligation of the Settlement Amount shall continue to be postponed in accordance with the provisions of this Condition 9.

For the purposes of this Condition 9:

"FX Disruption Event" means the occurrence of an event that makes it impossible through legal channels for the Issuer or its affiliates to either:

- (i) convert the Relevant Currency into the Settlement Currency, or
- (ii) deliver the Settlement Currency from accounts within the Relevant Country to accounts outside such jurisdiction, or
- (iii) deliver the Relevant Currency between accounts within the Relevant Country to a person that is a non-resident of that jurisdiction;

"FX Rate" means, unless otherwise specified in the relevant Final Terms, the exchange rate (determined by the Calculation Agent in good faith and in a commercially reasonable manner) for the sale of Relevant Currency for Settlement Currency on the Valuation Date or other date on which such exchange rate falls to be determined in accordance with the provisions of this Condition 9 expressed as a number of units of Relevant Currency per unit of Settlement Currency;

"Relevant Country" has the meaning given in the relevant Final Terms; and

"Relevant Currency" has the meaning given in the relevant Final Terms.**ADJUSTMENTS**

10.1 **Adjustments - All Securities**

The Issuer reserves the right to make such adjustments or to distribute to the Holders such rights in connection with the Securities as it reasonably believes are appropriate in circumstances where an event or events occur (including, without limitation, the introduction of any new currency or replacement of any national currency) which the Issuer believes (in its absolute discretion and notwithstanding any adjustments previously made to the Securities) should, in the context of the issue of Securities and its obligations thereunder, give rise to such adjustment or distribution, provided that such adjustment is considered by the Calculation Agent to be appropriate for the purpose of ensuring the economic value attributable to such Security (as determined by the Calculation Agent in its absolute discretion) should be as nearly as practicable the same

after as before such event or events occurred (without considering the individual circumstances of any Holder or the tax or other consequences of such adjustment in any particular jurisdiction) or is required to take account of provisions of the laws of the relevant jurisdiction or the practices of any relevant market.

10A. ADJUSTMENTS: EQUITY-LINKED SECURITIES

This Condition 10A is applicable only in relation to Securities specified in the relevant Final Terms as being "Equity-Linked Warrants" or "Equity-Linked Certificates" (as the case may be) or, if in the relevant Final Terms the Securities are specified as being "Equity-Linked and Index-Linked Warrants" or "Equity-Linked and Index-Linked Certificates" (as the case may be), this Condition 10A is applicable only in relation to the Deliverable Assets and/or Valuation Assets which are Shares.

10A.1 Definitions

For the purposes of this Condition 10A:

"Adjustment Assets" means each Deliverable Asset and each Valuation Asset;

"Announcement Date" means, in each case as determined by the Calculation Agent, (a) in the case of a Merger Event, the date of the first public announcement of a firm intention to engage in a transaction (whether or not subsequently amended) that leads to the Merger Event, (b) in the case of a Tender Offer, the date of the first public announcement of a firm intention to purchase or otherwise obtain the requisite number of voting shares (whether or not subsequently amended) that leads to the Tender Offer, (c) in the case of a Nationalisation the date of the first public announcement to nationalise (whether or not subsequently amended) that leads to the Nationalisation, (d) in the case of Insolvency, the date of the first public announcement of the institution of a proceeding or presentation of a petition or passing of a resolution (or other analogous procedure in any jurisdiction) that leads to the Insolvency, or (e) in the case of a Delisting, the date of the first public announcement by the Disruption Market that the Shares will cease to be listed, traded or publicly quoted as described in the definition of "Delisting". If, in any case, such announcement is made after the actual closing time for the regular trading session on the Disruption Market, without regard to any after hours or any other trading outside of such regular session hours, the Announcement Date shall be deemed to be the next following Trading Day;

"Closing Date" means a Merger Date, Tender Offer Date, or the date of the occurrence of a Nationalisation, Insolvency or Delisting (each as determined by the Calculation Agent) as the case may be;

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

(ii) has, on the determination of the Calculation Agent, comparable liquidity in the Shares to the Disruption Market;

"Extraordinary Dividend" means any amount determined by the Calculation Agent to be an Extraordinary Dividend;

"Extraordinary Event" means a Merger Event, Tender Offer, Nationalisation, Insolvency, Delisting or any Additional Disruption Event as specified in the relevant Final Terms;

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

"Insolvency Filing" means that the Relevant Company 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 judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or it consents to such a petition provided that proceedings or petitions presented by creditors and not consented to by the Relevant Company 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 is determined by the Calculation Agent;

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

which Physical Settlement applies, the later to occur of the Expiration Date and the final Physical Settlement Date or (b) in any other case, the Final Valuation Date;

"Nationalisation" means that all the Shares or all the assets or substantially all the assets of the Relevant Company are nationalized, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity or instrumentality thereof;

"Potential Adjustment Event" means any of the following in respect of the Relevant Company:

- (i) a subdivision, consolidation or reclassification of the Shares (unless resulting in a Merger Event), or, a free distribution or dividend of any Shares to existing holders by way of bonus, capitalisation or similar issue;
- (ii) a distribution, issue or dividend to existing holders of the 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 Relevant Company equally or proportionately with such payments to holders of the Shares, or (c) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Relevant Company 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;
- (iii) an Extraordinary Dividend;
- (iv) a call by the Relevant Company in respect of Shares that are not fully paid;
- (v) a repurchase by the Relevant Company or any of its subsidiaries of Shares, whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- (vi) in respect of the Relevant Company, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of the Relevant Company pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value, as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or
- (vii) any other event that may have a diluting or concentrative effect on the theoretical value of the Shares;

"Relevant Company" means, in respect of any Adjustment Asset, the issuer of such Adjustment Asset;

"Shares" means the Adjustment Assets issued by the Relevant Company;

"Tender Offer" means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the company, 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; and

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

10A.2 Adjustments following Certain Events

10A.2.1 *Potential Adjustment Event*

- (i) Following the declaration by the Relevant Company of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Shares, and if so, then the Calculation Agent may: (i) make such corresponding adjustment(s) to the terms of the Securities as the Calculation Agent determines appropriate to account for that diluting or concentrative effect (provided that no adjustments will be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relative to the Share) and (ii) determine the effective date(s) of the adjustment(s); or
- (ii) if the Calculation Agent determines that no adjustment that it could make under (i) will produce a commercially reasonable result, notify the Holders, in accordance with Condition 15, that the Securities shall be cancelled and an amount determined by the Calculation Agent in accordance with Condition 10A.2.8 will be paid by the Issuer in respect of each Security.

10A.2.2 *Merger Event and Tender Offer Related Definitions*

In respect of each Merger Event or Tender Offer (as applicable), the following terms have the meanings given below:

- (i) **"Share-for-Share"** means, (i) in respect of a Merger Event or Tender Offer, that the consideration for the Shares consists (or, at the option of the holder of such Shares, will consist) solely of New Shares, and (ii) a Reverse Merger;
- (ii) **"Share-for-Other"** means, in respect of a Merger Event or Tender Offer, that the consideration for the Shares consists solely of Other Consideration;
- (iii) **"Share-for-Combined"** means, in respect of a Merger Event or Tender Offer, that the consideration for the Shares consists of Combined Consideration;
- (iv) **"New Shares"** means ordinary or common shares whether of the entity or person (other than the Relevant Company) involved in the Merger Event or the

making of the Tender Offer or a third party, that are, or that as of the Merger Date or Tender Offer Date are promptly scheduled to be (i) publicly quoted, traded or listed on an exchange or quotation system located in the same country as the Disruption Market (or, where the Disruption Market is within the European Union, in any member state of the European Union), and (ii) not subject to any currency exchange controls, trading restrictions or other trading limitations;

- (v) **"Other Consideration"** means cash and/or any securities (other than New Shares) or assets (whether of the entity or person (other than the Relevant Company) involved in the Merger Event or the making of the Tender Offer or a third party); and
- (vi) **"Combined Consideration"** means New Shares in combination with Other Consideration.

10A.2.3 *Adjustments following a Share-for-Share Merger Event or Tender Offer*

In respect of each Share-for-Share Merger Event or Share-for-Share Tender Offer (as applicable) on or after the relevant Merger Date or relevant Tender Offer Date (as applicable) the Calculation Agent may either:

- (i) (a) make such adjustment to the terms of the Securities as the Calculation Agent determines appropriate to account for the economic effect on the Securities of such Merger Event or Tender Offer (as applicable) (including adjustments to account for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Shares or to the Securities), which may, but need not, be determined by reference to the adjustment(s) made in respect of such Merger Event or Tender Offer (as applicable) by an options exchange, and (b) determine the effective date of that adjustment; or
- (ii) if the Calculation Agent determines that no adjustment that it could make under (i) will produce a commercially reasonable result, notify the Holders, in accordance with Condition 15, that the Securities shall be cancelled and an amount determined by the Calculation Agent in accordance with Condition 10A.2.8 will be paid by the Issuer in respect of each Security.

10A.2.4 *Adjustments following a Share-for-Other Merger Event or Tender Offer*

Following the occurrence of a Share-for-Other Merger Event or Share-for-Other Tender Offer (as applicable) the Securities may be cancelled as of the Merger Date or the Tender Offer Date (as applicable), in which event the Issuer will pay each Holder an amount per Security determined in accordance with Condition 10A.2.8.

10A.2.5 *Adjustments following a Share-for-Combined Merger Event or Tender Offer*

In respect of each Share-for-Combined Merger Event or Share-for-Combined Tender Offer (as applicable):

- (a) in respect of that portion of the consideration that consists of New Shares (as determined by the Calculation Agent) the Calculation Agent may either:
 - (i) (a) make such adjustment to the terms of the Securities as the Calculation Agent determines appropriate to account for the economic effect on the Securities of such Merger Event or Tender Offer (as applicable) (including adjustments to account for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Shares or to the Securities), which may, but need not be determined by reference to the adjustment(s) made in respect of such Merger Event or Tender Offer (as applicable) by an options exchange, and (b) determine the effective date of that adjustment; or
 - (ii) if the Calculation Agent determines that no adjustment that it could make under (i) will produce a commercially reasonable result, notify the Holders, in accordance with Condition 15, that the Securities may be cancelled and an amount determined by the Calculation Agent in accordance with Condition 10A.2.8 will be paid by the Issuer in respect of each Security.
- (b) in respect of that portion of the consideration that consists of Other Consideration (as determined by the Calculation Agent) each Security may be cancelled as of the Merger Date or Tender Offer Date (as applicable), in which event the Issuer will pay each Holder an amount per Security in respect of such portion determined in accordance with Condition 10A.2.8.

In respect of any Share-for-Combined Merger Event or Tender Offer (as applicable) (i) to the extent that the Calculation Agent determines that composition of the Combined Consideration could be determined by a holder of such number of Shares as the Calculation Agent determines to be represented by a Security (the "**Relevant Number**") and a holder of the Relevant Number of Shares could receive New Shares as part of the Combined Consideration, the Combined Consideration shall be deemed to be New Shares to the maximum value permitted (as determined by the Calculation Agent), and (ii) if a holder could make any election with respect to the composition of Combined Consideration other than New Shares, the Calculation Agent will, in its sole discretion, determine the composition.

10A.2.6 *Settlement following a Merger Event or Tender Offer*

If Other Consideration is required to be valued in relation to a Security to which Cash Settlement applies that has been adjusted following a Merger Event or Tender Offer, the Other Consideration will be valued by the Calculation Agent on each Valuation Date. For the avoidance of doubt, the provisions herein relating to Market Disruption Events will not apply to Other Consideration.

If New Shares are required to be delivered in relation to a Security to which Physical Settlement applies that has been adjusted following a Merger Event or Tender Offer, the Issuer shall deliver (or procure the delivery of) the relevant New Shares in accordance with the terms of settlement set out herein, provided that if on the relevant Physical

Settlement Date a holder of the Shares would not yet have received the New Shares to which it is entitled, the Physical Settlement Date with respect to such New Shares will be postponed to the first Clearing System Business Day falling on or after the first day on which a holder of the Shares, having received the new Shares, would be able to deliver such New Shares to another party (as determined by the Calculation Agent).

If Other Consideration is required to be delivered in relation to a Security to which Physical Settlement applies that has been adjusted following a Merger Event or Tender Offer, then the Issuer will deliver (or procure the delivery of) the relevant Other Consideration in a commercially reasonable manner (as determined by the Calculation Agent) as soon as reasonably practicable after the later of (i) the relevant Physical Settlement Date, and (ii) the first day on which a holder of the Shares having received the Other Consideration, would be able to deliver such Other Consideration to another party (as determined by the Calculation Agent).

10A.2.7 *Nationalisation, Insolvency and Delisting*

Upon the occurrence of a Nationalisation, Insolvency or Delisting, the Securities may, at the option of the Issuer, be cancelled as of the Announcement Date in whole or in part, in which event the Issuer will pay each Holder an amount per Security (or part thereof) calculated in accordance with Condition 10A.2.8.

10A.2.8 *Cancellation and Payment*

Amounts to be determined in accordance with this Condition 10A.2.8 shall be determined by the Calculation Agent in its sole and absolute discretion. For the avoidance of doubt, a Holder shall not be required to pay any amount to the Issuer as a result of the cancellation, in whole or in part, of its Security.

Any amount payable by the Issuer in respect of an Additional Disruption Event or an Extraordinary Event shall be paid not later than three Business Days following the date that notice of the determination by the Calculation Agent of such amount (denominated in the Settlement Currency) as determined by the Calculation Agent is effective.

10A.2.9 *Additional Disruption Events*

"Additional Disruption Event" means an Insolvency Filing or either of the events set forth below:

"Change in Law" means that, on or after the Issue Date (a) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (b) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines in good faith that (i) it has become illegal to hold, acquire or dispose of Shares or (ii) the Issuer will incur a materially increased cost in performing its obligations under the Securities (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position); or

"Hedging Disruption" means that the Issuer (or any affiliate of the Issuer) 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 price risk of the Issuer entering into and performing its obligations with respect to the Securities, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

10A.2.10 *Consequences of an Additional Disruption Event*

Upon the occurrence of a Change in Law or Insolvency Filing the Issuer may elect to cancel the Securities upon at least two Valuation Business Days' notice given in accordance with Condition 15, specifying the date of such cancellation (or such lesser notice as may be required to comply with the Change of Law), in which event each Security will be cancelled and the Calculation Agent will determine the amount payable by the Issuer to Holders in respect of each Security in accordance with Condition 10A.2.8.

Upon the occurrence of a Hedging Disruption the Issuer may elect, while the Hedging Disruption is continuing, to cancel the Securities, upon at least two Valuation Business Days' notice to Holders, given in accordance with Condition 15, specifying the date of such cancellation, in which event the Calculation Agent will determine the amount payable by the Issuer to Holders in respect of each Security in accordance with Condition 10A.2.8.

10B. **ADJUSTMENTS: INDEX-LINKED SECURITIES**

This Condition 10B is applicable only in relation to Securities specified in the relevant Final Terms as being "Index-Linked Warrants" or "Index-Linked Certificates" (as the case may be) or, if in the relevant Final Terms the Securities are specified as being "Equity Linked and Index-Linked Warrants" or "Equity Linked and Index-Linked Certificates" (as the case may be), this Condition 10B is applicable only in relation to the Deliverable Assets and/or Valuation Assets which are included in an Index.

10B.1 **Definitions**

For the purposes of this Condition 10B:

"Announcement Date" means, in the case of an Index Disruption or Index Cancellation, the date of the first public announcement by the Index Sponsor of any adjustment or cancellation as described in this Condition 10B that leads to the Index Disruption or Index Cancellation and in the case of an Index Modification, the Exchange Business Day immediately prior to the effective date of the Index Modification;

"Index" has the meaning given in the relevant Final Terms, subject as provided in this Condition 10B;

"Index Publisher" has the meaning given in the relevant Final Terms; and

"Index Sponsor" has the meaning given in the relevant Final Terms.

10B.2 **Change of Index Sponsor**

If an Index Sponsor ceases to calculate an Index but such Index or another index (which in the opinion of the Calculation Agent is reasonably comparable to such Index) is calculated and publicly announced by another party (the "**Substitute Sponsor**"), then the relevant Index shall mean such Index or, as the case may be, such comparable index as calculated and publicly announced by such Substitute Sponsor.

10B.3 **Change of Index Publisher**

If an Index Publisher ceases to publish an Index but such Index or another index (which in the opinion of the Calculation Agent is reasonably comparable to the Index) is published by another party (the "**Substitute Publisher**"), then the relevant Index shall mean such Index or, as the case may be, such comparable index as published by such Substitute Publisher.

10B.4 **Change in the Index**

If an Index Sponsor changes the numerical form or the method of calculation of an Index or in any other way modifies such Index (other than in accordance with the published policies of such Index Sponsor at the date of issue of the Securities), then, for the purposes of the Securities, the Calculation Agent may adjust the formula for calculating such Index (the "**Formula**") with effect from (and including) the date on which such change or modification takes effect, so that such Index calculated in accordance with such adjustment, would be as near as practicable to that value which it would have been had such change or modification not taken effect, and thereafter the relevant Index and the Formula shall be construed by reference to such Index as so changed and the Formula as so adjusted.

10B.5 **No Calculation or Publication of the Index**

In the event that an Index is not calculated and/or publicly announced by any person or party on any Valuation Date, then the relevant Settlement Amount shall be calculated by the Calculation Agent based on the formula and method of calculation used in calculating such Index (subject as provided in Condition 10B.4) as of the date such Index was last so calculated using the prices on the relevant Disruption Markets on the relevant day of the Valuation Assets used at the date such Index was last so calculated. If the prices of any such Valuation Assets are not available at the close of business on any relevant Disruption Market on the relevant day the Calculation Agent shall, to the extent practicable, compute the relevant Settlement Amount on the basis that such Valuation Assets not trading on that date shall be valued at the last publicly reported price at which such Valuation Assets traded.

10B.6 **Market Disruption Event**

If a Market Disruption Event (as defined in Condition 8) occurs in respect of a security included in an Index at any time, then the Calculation Agent may base the relevant percentage contribution of that security to the level of such Index on a comparison of (i) the portion of the level of such Index attributable to that security and (ii) the overall level

of such Index, in each case immediately before the occurrence of such Market Disruption Event.

11. **ILLEGALITY**

The Issuer shall have the right to terminate the Securities if it shall have determined in its absolute discretion that its performance thereunder shall have become unlawful in whole or in part as a result of compliance in good faith by the Issuer with any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power ("**applicable law**"). In such circumstances the Issuer will, if and to the extent permitted by applicable law, pay to each Holder in respect of each Security held by him an amount determined by the Calculation Agent as representing the fair market value of such Security immediately prior to such termination (ignoring such illegality). Payment will be made to the Relevant Clearing System in respect of Securities held in a Clearing System, or to the Registrar in respect of Non-Cleared Securities, in such manner as shall be notified to the Holders in accordance with Condition 15.

12. **PURCHASE BY THE ISSUER**

The Issuer may at any time purchase Securities at any price in the open market or by tender or private treaty. Any Securities so purchased may be held, surrendered for cancellation or reissued or resold, and Securities so reissued or resold shall for all purposes be deemed to form part of the original series of Securities.

13. **PROGRAMME AGENTS AND CALCULATION AGENT**

The Issuer reserves the right at any time to vary or terminate the appointment of the Calculation Agent or any Programme Agent, provided that (a) so long as any Security which is held in a Clearing System is outstanding, there will at all times be a Principal Programme Agent and a Calculation Agent, (b) so long as any Non-Cleared Security is outstanding, there will at all times be a Registrar and a Calculation Agent, and (c) so long as any Securities are listed on the Luxembourg Stock Exchange (or any other stock exchange), there will be a Programme Agent with a specified office in Luxembourg (or in such other place as is required by the rules of such other stock exchange). Notice of any termination of appointment and of any changes in the specified office of a Programme Agent or a Calculation Agent will be given to Holders in accordance with Condition 15. In acting under the Programme Agreement, each Programme 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 Holders.

14. **LIMITED RECOURSE**

If this Condition 14 is specified in the relevant Final Terms as being applicable then, to the extent that any sums in the Relevant Currency or any Deliverable Assets or any cash dividends in respect of any Adjustment Assets are not actually received by the Issuer, the Guarantor or any of their affiliates pursuant to the Hedge Positions in sufficient time to enable the Issuer to pay the Settlement Amount in full on the Settlement Date, or the Physical Settlement Disruption Amount in full on the due date therefor, or any cash

dividends or, as the case may be, to deliver the Deliverable Assets in full on the Physical Settlement Date, the Issuer's obligation to pay the Settlement Amount, cash dividends or the Physical Settlement Disruption Amount, or to deliver the Deliverable Assets under the Securities, and any Holders' entitlement to secure the Settlement Amount, cash dividends, the Physical Settlement Disruption Amount or the Deliverable Assets in respect of the Securities, is strictly limited to such amounts or Deliverable Assets actually obtained and received by the Issuer under such Hedge Positions, and payment or delivery of Deliverable Assets to Holders (if any) shall only be made following such time and to the extent that the Issuer is in full possession and receipt of amounts or Deliverable Assets under such Hedge Positions.

15. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Holders to create and issue further Securities so as to form a single series with the Securities of any particular series.

16. NOTICES

16.1 In respect of Securities held in Euroclear and/or Clearstream, Luxembourg, all notices to Holders of such Securities will be valid if notified to Euroclear and Clearstream, Luxembourg (save where another means of effective communication has been specified in the relevant Final Terms).

16.2 In respect of any Tranche of VPC Registered Securities, the Swedish Programme Agent shall, upon receipt of instructions from the Issuer, forward information and notices that the Swedish Programme Agent has obtained from the Issuer to the VPC Holders. Such notices may, at the discretion of the Issuer, either be published in at least one Swedish daily newspaper with nation-wide coverage in the Kingdom of Sweden or be sent to the Swedish Programme Agent who will forward the notice to the VPC System for delivery to each VPC Holder according to the address in the VPC Register.

16.3 In respect of Securities that are listed on the Luxembourg Stock Exchange (or any other stock exchange) and the rules of such exchange so require, all notices to the Holders of such Securities will be valid if published in a daily newspaper of general circulation in Luxembourg which is expected to be the *d'Wort* (or such other publication as required by the rules of such other stock exchange) or on the website of the Luxembourg Stock Exchange (www.bourse.lu).

16.4 In respect of Non-Cleared Securities, all notices to Non-Cleared Holders of such Securities will be valid if made publicly available on the Issuer's web site and/or by electronic communication to the relevant Non-Cleared Holders (save where another means of effective communication has been specified in the relevant Final Terms).

Any such notice shall be deemed to have been given on the date of such notification or publication or, if notified or published more than once, on the date of the first such notification or publication.

17. MODIFICATIONS

The Programme Agreement may be amended by the parties thereto and the Securities may be amended by the Issuer with the approval of the Calculation Agent but without the consent of the Holders if, in the reasonable opinion of the Issuer and the Calculation Agent the amendment (a) is of a formal, minor or technical nature or is made to correct a manifest error, or (b) will not materially and adversely affect the interests of the Holders. For the avoidance of doubt, this Condition 17 shall not apply to any adjustments made in accordance with Condition 10 (Adjustments). Any such modification shall take effect by notice to the Holders in accordance with Condition 16.

18. **SUBSTITUTION**

Each of the Issuer and the Calculation Agent may at any time, without the consent of the Holders, assign or delegate all of its rights and obligations under the Securities, in whatever form it determines may be appropriate, to a partnership, corporation, trust or other organisation in whatever form which succeeds to all or substantially all of its assets and business and which assumes such obligations by contract, operation of law or otherwise, whereupon each of them shall be relieved of and fully discharged from all obligations under the Securities, whether such obligations arose before or after such assignment or delegation and assumption.

19. **PRESCRIPTION**

Claims against the Issuer or, as the case may be, the Guarantor for payment in respect of the Securities shall be prescribed and become void unless made within five years from the Settlement Date and no claims shall be made after such date.

20. **TAXATION**

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

21. **GOVERNING LAW**

The Securities shall be governed by and construed in accordance with the laws of England. The Guarantee shall be governed by and construed in accordance with New York law.

22. **THIRD PARTY RIGHTS**

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

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