

AVVISO n.14881

16 Ottobre 2006

**SeDeX – INV.
CERTIFICATES**

Mittente del comunicato : Borsa Italiana
Societa' oggetto : GOLDMAN SACHS
dell'Avviso
Oggetto : Inizio negoziazione Investment Certificates–
classe B "Goldman Sachs"

Testo del comunicato

Si veda allegato.

Disposizioni della Borsa

Strumenti finanziari:	“Goldman Sachs Quanto Capped Capital Protected Certificates over the GSCI Industrial Metal ER Index”
Emittente:	Goldman Sachs (Jersey) Limited
Garante:	Goldman Sachs Europe
Oggetto:	INIZIO NEGOZIAZIONI IN BORSA
Data di inizio negoziazioni:	18 ottobre 2006
Mercato di quotazione:	Borsa - Comparto SEDEX <i>“segmento investment certificates – classe B”</i>
Orari e modalità di negoziazione:	Negoziazione continua e l’orario stabilito dagli artt. IA.5.1.6 delle Istruzioni
Operatore incaricato ad assolvere l’impegno di quotazione:	Goldman Sachs International Codice specialist: 1118
Modalità di liquidazione dei contratti:	liquidazione a contante garantita il terzo giorno di borsa aperta successivo a quello di conclusione dei contratti.

CARATTERISTICHE SALIENTI DEI TITOLI OGGETTO DI QUOTAZIONE

“Goldman Sachs Quanto Capped Capital Protected Certificates over the GSCI Industrial Metal ER Index”

Quantitativo minimo di negoziazione di ciascuna serie:	vedasi scheda riepilogativa delle caratteristiche dei certificates (colonna “Lotto Neg.”)
Controvalore minimo dei blocchi:	150.000 Euro
Impegno giornaliero ad esporre prezzi denaro e lettera per ciascuna serie:	vedasi scheda riepilogativa delle caratteristiche dei certificates (colonna “N.Lotti M.M.”)
Tipo di liquidazione:	monetaria

Modalità di esercizio:

europeo

DISPOSIZIONI DELLA BORSA ITALIANA

Dal giorno 18 ottobre 2006, i “Goldman Sachs Quanto Capped Capital Protected Certificates over the GSCI Industrial Metal ER Index” verranno inseriti nel Listino Ufficiale, sezione Securitised Derivatives.

Allegati:

- Scheda riepilogativa delle caratteristiche dei certificates;
- Final Terms e Conditions dei certificates;
- Traduzione della Nota di Sintesi.

<i>Serie</i>	<i>Isin</i>	<i>Sigla</i>	<i>SIA</i>	<i>Descrizione</i>	<i>Sottostante</i>	<i>Liv. Rif. Iniz.</i>	<i>Scadenza</i>	<i>Val. Nom.</i>	<i>Ammontare</i>	<i>Lotto Neg.</i>	<i>N. Lott. MM</i>	<i>Cap</i>	<i>Partecipazione</i>
1	GB00B18M3160	GCPC03	405363	GSJIMCPQC100%298,H11	GSCI Industrial Metals Excess Return	298,7399	31/08/2011	100	100000	1	50	155%	100%

Final Terms



Goldman Sachs (Jersey) Limited

100,000 Quanto Capped Capital Protected Certificates over the GSCI® Industrial Metals Excess Return Index (the "Certificates")

To be issued under the Goldman Sachs Europe and Goldman Sachs (Jersey) Limited Programme for the Issuance of Warrants and Certificates
Guaranteed by Goldman Sachs Europe and The Goldman Sachs Group, Inc.
Issue price: EUR 100 per Certificate

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 11 July 2006 (the "**Base Prospectus**") relating to the Programme for the Issuance of Warrants and Certificates of Goldman Sachs (Jersey) Limited ("**GSJ**") and Goldman Sachs Europe ("**GSE**" and together with GSJ, the "**Issuers**" and each an "**Issuer**"). These Final Terms constitute the final terms of the Certificates described herein for the purposes of Article 5.4 of Directive 2003/71/EC (the "**Prospectus Directive**") and must be read in conjunction with the Base Prospectus. Full information on the Issuer, the Guarantors and the Certificates is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing at the registered office of each Issuer and copies may be obtained from the offices of the Programme Agent in London.

The rights attaching to the Certificates are as set out in the Conditions as modified and/or supplemented by the terms set out herein (together, the "**Terms**").

The United Kingdom Listing Authority has been requested to provide the competent authority in the Republic of Italy for the purposes of the Prospectus Directive with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive. Application will be made for the Certificates to be admitted to trading on the Sedex Market of the Italian Stock Exchange.

The Certificates have not been and will not be registered under the U.S. Securities Act of 1933 and, subject to certain exceptions may not be offered or sold within the United States or to, or for the account or benefit of, any U.S. person (as defined in Regulation S under the Securities Act ("**Regulation S**")).

Furthermore, trading in the Certificates has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, and no U.S. person may at any time trade or maintain a position in the Certificates.

The Certificates are not sponsored, endorsed, sold or promoted by Goldman, Sachs & Co. (the "**Index Sponsor**") and the Index Sponsor makes no warranty or representation whatsoever, express or implied, either as to the result to be obtained from the use of the GSCI® Industrial

Metals Excess Return Index (the "**Index**") and/or the figure at which the Index stands at any particular time on any particular day or otherwise. The Index is calculated and published by the Index Sponsor. However, the Index Sponsor shall not be liable (whether in negligence or otherwise) to any person for any error in the Index and the Index Sponsor shall not be under any obligation to advise any person, including, without limitation, a purchaser or vendor of any Certificates, of any error therein.

The use of and reference to the Index in connection with the Certificates have been consented to by the Index Sponsor as the owner and publisher of the Index.

Certificates can be volatile instruments. Purchasers of Certificates implicitly make certain representations and warranties. Accordingly, prospective purchasers of the Certificates should ensure that they understand fully the nature of the instrument and must be prepared fully to sustain a total loss of their investment in the Certificates (see "Risk Factors" in the Base Prospectus).

14 July 2006

Subject as set out below, each of the Issuer and the Guarantors accepts responsibility for the information contained in this document. To the best of the knowledge and belief of the Issuer and the Guarantors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The information relating to the Index has been accurately reproduced from information published by the Index Sponsor. Each of the Issuer and the Guarantors confirms that so far as it is aware and/or is able to ascertain from information published by the Index Sponsor no facts have been omitted which would render the reproduced information inaccurate or misleading.

These Final Terms do not constitute an offer of, or an invitation by or on behalf of the Issuer or the Guarantors to subscribe for or purchase, any of the Certificates and may not be used for or in connection with an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. The distribution of these Final Terms and the offering of the Certificates in certain jurisdictions may be restricted by law. Persons into whose possession these Final Terms come are required by the Issuer and the Guarantors to inform themselves about and to observe any such restrictions. For a description of certain further restrictions on offers and sales of Certificates and the distribution of these Final Terms, see "Selling Restrictions" in the Base Prospectus.

None of the Issuer or the Guarantors intend to provide any post-issuance information and no person is authorised to give any information or to make any representation except as contained in these Final Terms and such information or representation must not be relied upon as having been authorised by or on behalf of the Issuer or the Guarantors or any of their affiliates. The delivery of these Final Terms at any time does not imply that the information in it is correct as at any time subsequent to its date.

Each prospective purchaser of Certificates must ensure that the complexity and risks inherent in the Certificates are suitable for its objectives and any purchase of Certificates should be based upon such investigation and inquiry as such prospective purchaser deems necessary. The Issuer, the Guarantors, Goldman Sachs International or any other subsidiary or affiliate within the Goldman Sachs group of companies and the holders of such Certificates (or their respective brokers, financial or investment advisers) will not be responsible to any other person for providing the protection afforded to clients of The Goldman Sachs Group, Inc., Goldman Sachs (Jersey) Limited, Goldman Sachs Europe or Goldman Sachs International or for providing advice in relation to the offering or issuance of Certificates.

No person should deal in the Certificates unless that person understands the nature of the relevant transaction and the extent of that person's exposure to potential loss. Each prospective purchaser of Certificates should consider carefully whether the Certificates are suitable for it in the light of its circumstances and financial position.

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

As used herein references to "**EUR**" and "**Euro**" are to the single currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended.

For the avoidance of doubt, Condition 3.6 (*Automatic Exercise*) applies for the purposes of the Certificates.

TERMS OF THE CERTIFICATES

Except as set out below, the Certificates will be subject to the Conditions set out in the Base Prospectus and also to the following terms:

A Issue Details

- | | | |
|-----|---|--|
| 1. | (i) Issuer: | Goldman Sachs (Jersey) Limited. |
| | (ii) Guarantors: | Goldman Sachs Europe and The Goldman Sachs Group, Inc. |
| 2. | Title, Number, Put or Call Securities: | 100,000 Quanto Capped Capital Protected Certificates over the GSCI® Industrial Metals Excess Return Index. |
| 3. | European, Bermudan or American Style: | European. |
| 4. | Issue Date: | 31 August 2006. |
| 5. | Final Exercise Date: | Not applicable. |
| 6. | Exercise Period: | Not applicable. |
| 7. | Exercise Date or Exercise Dates: | 31 August 2011. |
| 8. | Multiple Exercise Securities: | Not applicable. |
| 9. | Strike Price: | Not applicable. |
| 10. | Minimum Exercise Number: | 1 Certificate. |
| 11. | Maximum Exercise Number: | Not applicable. |
| 12. | Reference Asset: | GSCI® Industrial Metals Excess Return Index (the " Index "). |
| 13. | Settlement Currency: | Euro. |
| 14. | Settlement Date: | A Business Day, to be determined by the Calculation Agent, which is no more than five Business Days after the Valuation Date (as defined below). |
| 15. | Multiplier: | Not applicable. |
| 16. | Calculation Agent: | Goldman Sachs International. |
| 17. | Additional or Other Programme Agent(s) and specified office(s): | Not applicable. |
| 18. | Relevant Settlement System: | Monte Titoli S.p.A. |

19.	ISIN:	GB00B18M3160.
20.	TIDM:	Not applicable.
21.	SEDOL:	Not applicable.
22.	Code of the Relevant Settlement System, if different:	Not applicable.
23.	Issue Price:	EUR 100 per Certificate.
24.	Commissions, concessions or other similar amounts:	The Issue Price includes an amount shared with a third party, the details of which are available upon request.
25.	Method of Adjustment:	Calculation Agent Adjustment
26.	Consequences of Merger Event:	Not applicable.
27.	Market Disruption Event:	Yes. Condition 20 is applicable.
	(i) Exchange:	Each of the markets or exchanges on which any futures contract, which is, for the time being, a component of the Index, is traded, as determined by the Calculation Agent in its discretion.
	(ii) Relevant Country:	Each country where the relevant Exchange is located.
28.	Settlement Disruption Event:	Not applicable.
29.	Adjustment:	Yes. Condition 23 is applicable.
30.	Payment Disruption Event:	Not applicable.
31.	Listing:	
	(i) Listing:	Italian Stock Exchange.
	(ii) Admission to trading:	Application will be made for the Certificates to be admitted to trading on the Sedex Market of the Italian Stock Exchange.
32.	Financial Centres:	Not applicable. In respect of the Certificates only, the definition of "Business Day" in Condition 28 shall be deemed to be deleted and "Business Day" shall instead have the meaning given to it in part B of these Final Terms.
33.	Additional Selling Restrictions:	Not applicable.

- | | | |
|-----|---|--|
| 34. | Notional Amount per Security (for the purposes of Condition 7): | Not applicable. |
| 35. | Interest Rate (for the purposes of Condition 7): | Not applicable. |
| 36. | Interest Payment Date(s): | Not applicable. |
| 37. | Interest Commencement Date: | Not applicable. |
| 38. | Interest Rate Day Count Fraction (for the purposes of Condition 7): | Not applicable. |
| 39. | Other terms relating to the method of calculating interest (for the purposes of Condition 7): | Not applicable. |
| 40. | Optional Early Redemption: | Not applicable. |
| 41. | Other terms or special conditions: | For the purposes of the Certificates only, options (iv) and (v) of Condition 9.2 shall not apply. |
| 42. | Additional risk factors: | Not applicable. |
| 43. | Interests of natural and legal persons involved in the issue: | Save as discussed in "Distribution Arrangements" in the Prospectus, so far as the Issuer and the Guarantors are aware, no person involved in the issue of the Certificates has an interest material to such issue. |

B Exercise Rights:

- (1) Upon exercise in accordance with the Conditions, each Certificate entitles the Holder to receive on the Settlement Date an amount in the Settlement Currency equal to the Settlement Amount (as defined below) less any Expenses which the Issuer is authorised to deduct pursuant to the Exercise Notice, as applicable.
- (2) The Settlement Amount will be calculated by the Calculation Agent, which expression shall include any successor calculation agent appointed by the Issuer. All determinations made by the Calculation Agent shall be conclusive and binding on the Holders.
- (3) The Certificates do not confer on any Holder any right to receive any equity securities which at any time are included in the Index and the Issuer is not obliged to purchase, hold or deliver any such securities in connection with the Certificates.

"**Business Day**" means any day (other than Saturday or Sunday) on which banks are generally open in Milan for a full range of business and, in cases where payments are to be made through CREST, a day on which CREST is also open for the acceptance and execution of settlement instructions;

"**Cap Level**" means 155 per cent.;

"**Nominal Amount**" means EUR 100;

"**Participation Rate**" means 100 per cent.;

"**Protection Level**" means 100 per cent.;

"**Reference Price (Final)**" means, the official closing level of the Index as calculated and published by the Index Sponsor on the Valuation Date, subject to Condition 18;

"**Reference Price (Initial)**" means, the official closing level of the Index as calculated and published by the Index Sponsor on the Strike Date;

"**Settlement Amount**" means, in respect of each Certificate, an amount in the Settlement Currency equal to the result of the following formula, rounded to the nearest one hundredth of a cent:

$$\text{Nominal Amount} * \text{Max} \left[\text{Protection Level}; \text{Min} \left(\text{CapLevel}; \text{ParticipationRate} * \frac{\text{Reference Price(Final)}}{\text{Reference Price(Initial)}} \right) \right]$$

"**Strike Date**" means 31 August 2006;

"**Valuation Business Day**" means a Business Day on which the Index is calculated and published by the Index Sponsor; and

"**Valuation Date**" means the Exercise Date or, if such day is not a Valuation Business Day, the immediately succeeding Valuation Business Day,

all as calculated and/or determined, if necessary, by the Calculation Agent.

C Offers and Sales

The initial offering period shall be from, and including, 25 July 2006 to, and including, 28 August 2006.

INFORMATION RELATING TO THE INDEX

Index:	GSCI® Industrial Metals Excess Return Index.
Index Sponsor:	Goldman, Sachs & Co.
Description of the Index:	<p>The Index is one of the GSCI Excess Return Index's sub-indices. All sub-indices of the GSCI follow the same rules regarding world production weights, methodology for rolling and other functional characteristics as disclosed in the GSCI manual.</p> <p>For more and detailed information see: http://www.gs.com/gsci in general and http://www.gs.com/gsci/docs/GSCI_Manual_2005_FINAL.pdf in particular).</p>

The GSCI contains as many commodities as possible, with the index rules excluding commodities only to retain liquidity and investability in the underlying futures markets. Currently, the GSCI contains 24 commodities from all commodity sectors: six energy products, five industrial metals, eight agricultural products, three livestock products and two precious metals. This broad range of constituent commodities provides the GSCI with a high level of diversification both across sub-sectors and within each sub-sector. This diversity minimises the effects of highly idiosyncratic events, which have large implications for the individual commodity markets, but are muted when aggregated to the level of the GSCI.

The GSCI Excess Return Index measures the returns accrued from investing in uncollateralised nearby commodity futures. Thus, the GSCI Excess Return Index provides useful representations of returns available to investors from investing in the GSCI.

By design, the GSCI reflects a passive portfolio of long positions in futures. However, unlike a passive equity portfolio, a passive futures portfolio requires regular transactions, for the simple reason that futures expire. Thus, the futures portfolio represented by the GSCI is, in this way, comparable to a bond portfolio of a specific duration.

In the GSCI's case, the maturity of choice is the nearby futures contract (i.e., the contract nearest to expiration). Futures contracts near to expiration are rolled forward (i.e., exchanged for futures contracts with the next applicable expiration date) at the beginning of their expiration months. The commodities in the industrial metals sector tend to be liquid futures contracts that expire every month. Therefore, these commodities are rolled

forward every month. The Index currently consists of futures contracts for aluminium, copper, zinc, nickel and lead.

For the avoidance of doubt, the information contained on the websites mentioned above does not form part of, and is not incorporated by reference in, these Final Terms and none of the Issuer or the Guarantors accepts any responsibility for the accuracy of such information.

Source of pricing information for the Index: Bloomberg Code: GSINER Index; Reuters Code: .GSINER.

ANNEX A

TAXATION

This annex is not intended to be a complete analysis of all tax consequences of the purchase, holding, sale and exercise of the Certificates.

The information stated below is based on the tax legislation in force on the date of the Final Terms. The legislation remains subject to possible changes which could have retrospective effects.

Investors are advised to seek professional advice with regard to the tax regime for the purchase, holding, sale and exercise of the Certificates.

According to Italian Law presently in force, proceeds gained by an Italian resident individual investor, if not obtained through an entrepreneurial activity, which derive from the sale or exercise of Certificates, are subject to taxation. In particular, according to Legislative Decree 21 November 1997, no. 461, which integrates the miscellaneous income provided for by art. 81, first paragraph, of the Presidential Decree 22 December 1986, no. 917 (Italian Income Taxes Consolidated Text), proceeds gained by individual investors resident in Italy if not obtained through an entrepreneurial activity, and deriving from the sale and from the exercise of the Certificates are subject to a substitute tax of 12.50%.

Special rules apply to Certificates held by resident qualified intermediaries under "risparmio amministrato" or the "risparmio gestito" regimes.

It must be finally noted that according to one interpretation of the present law, the Certificates could be qualified as "atypical instruments", subject to taxation at the rate of 27%.

ANNEX B

STANDARD FORM OF WAIVER OF EXERCISE

To be completed by the holder of the Certificates

**"100,000 Quanto Capped Capital Protected Certificates over the GSCI® Industrial Metals Excess Return Index"
(the "Certificates")**

To: Goldman Sachs International
Attn.: Nigel Cobb / Martin Cosgrove
Fax: 0044 207 774.5002
e-mail: eq-edops-traderproc@ny.email.gs.com

Failure properly to complete this Waiver of Exercise or to submit a substantially similar form of Waiver of Exercise shall result in the Waiver of Exercise being treated as null and void.

PLEASE USE BLOCK CAPITALS

1. Details of Holder(s) of the 100,000 Quanto Capped Capital Protected Certificates over the GSCI® Industrial Metals Excess Return Index

- (a) Name:
- (b) Address:
- (c) Facsimile:
- (d) Telephone:

2. Details of Tranche of Certificates

The Tranche of Certificates to which this Waiver of Exercise relates:

3. Waiver of Automatic Exercise

I/We*, being the holder of the Certificates referred to below forming part of the above Tranche of Certificates, hereby waive the automatic exercise of such Certificates in accordance with the terms and conditions thereof.

4. **Number of Certificates**

The Number of Certificates is as follows:

5. **Dated:**

6. **Signed:**

* Delete as appropriate

CONDITIONS OF THE SECURITIES

*The following is the text of the Conditions of the Securities which, as supplemented or varied in accordance with the terms applicable to the relevant Series or Tranche of Securities set out in the relevant Final Terms (the "**Terms**"), will apply to each issue of Securities. Certain administrative procedures in relation to the Securities are set out in the Programme Agreement between, inter alios, the Issuers, the Registrar, the Programme Agent and the Calculation Agent. A copy of the Programme Agreement will be available for inspection at the specified offices of the Programme Agent. The Holders of Securities of any Series are bound by, and are deemed to have notice of, the Conditions and the Terms of such Series of Securities and are deemed to have notice of the provisions of the Programme Agreement applicable to them. Expressions used herein and not defined shall have the meaning given to them in the relevant Terms.*

1. **FORM AND TRANSFER**

1.1 **Form**

The Securities are issued in registered and uncertificated form. The Securities comprise registered Securities which for the time being are uncertificated securities in accordance with the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) as amended from time to time (the "**Regulations**"). The Securities will be issued and transferred in uncertificated form through the Relevant Settlement System. Securities in certificated form will not be issued. The Securities are constituted by and have the benefit of a deed of covenant executed by each of the Issuers and dated 1 July 2005.

1.2 **Title**

Title to the Securities shall pass by transfer and registration in the Register as described in this Condition. Except as ordered by a court of competent jurisdiction or as required by law, the Holder (as defined below) of any Security shall be deemed to be and may be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating the Holder.

1.3 **Holder**

In these Conditions, "**Holder**" means the person in whose name a Security is registered in the Register.

1.4 **Registration**

Subject to the Regulations, the Issuers will cause to be kept a record of securities (as defined in, and in accordance with, the Regulations) (the "**Register**").

1.5 **Transfer of Securities**

Securities may, subject to the terms of the Programme Agreement and to Condition 1.6, be transferred by means of a relevant system in accordance with the Regulations and the rules, practices and procedures of the relevant system.

No transfer of a Security will be valid unless and until entered on the Register of Holders maintained by the Operator (as defined in, and in accordance with, the Regulations). A Security

may be registered only in the name of, and transferred only to, a named person (or persons, not exceeding four in number).

1.6 Formalities Free of Charge

Any transfer pursuant to this Condition 1 will be effected without charge subject to (i) the person making a transfer paying or procuring the payment of any Expenses payable in connection therewith, (ii) the Registrar being satisfied with the identity of the person making such transfer and (iii) such reasonable regulations as the Issuers may from time to time agree with the Registrar. Any transfer will be subject to the provisions of all applicable fiscal or other laws and regulations in effect at the time of such transfer.

2. STATUS AND GUARANTEES

2.1 Status

The Securities represent general contractual obligations of the relevant Issuer and are not secured by any property of such Issuer. The Securities rank equally among themselves and, save for such exceptions as may be provided by Applicable Law, *pari passu* with all other unsecured and unsubordinated obligations of such Issuer but excluding any debts for the time being preferred by Applicable Law and any subordinated obligation.

2.2 Guarantees

The payment obligations of Goldman Sachs (Jersey) Limited, in respect of Securities issued by Goldman Sachs (Jersey) Limited only, are unconditionally and irrevocably guaranteed by Goldman Sachs Europe in its capacity as guarantor pursuant to a deed of guarantee dated 11 July 2006 made by Goldman Sachs Europe in favour of the Holders of Securities issued by Goldman Sachs (Jersey) Limited (the "**GSE Guarantee**").

In addition, the payment obligations of Goldman Sachs Europe, in respect of Securities issued by Goldman Sachs Europe and/or pursuant to the GSE Guarantee, are unconditionally and irrevocably guaranteed by The Goldman Sachs Group, Inc. pursuant to a deed of guarantee dated 11 July 2006 (the "**GSGI Guarantee**" and, together with the GSE Guarantee, the "**Guarantees**") made by The Goldman Sachs Group, Inc. in favour of the Holders of Securities issued or guaranteed by Goldman Sachs Europe (The Goldman Sachs Group, Inc. together with Goldman Sachs Europe in its capacity as guarantor being "**Guarantors**" and each a "**Guarantor**").

3. EXERCISE RIGHTS

3.1 Exercise Period — American Style Securities

Securities designated in the relevant Terms as "American Style" are exercisable on any Business Day (which for the purposes of American Style Securities shall constitute an Exercise Date) during the Exercise Period subject to prior termination of the Securities as provided in Condition 9 or, if applicable, Condition 8.

3.2 Exercise Period — European Style Securities

Securities designated in the relevant Terms as "European Style" are exercisable on the Exercise Date specified in the relevant Terms subject to prior termination of the Securities as provided in Condition 9.

3.3 **Exercise Period — Bermudan Style Securities**

Securities designated in the relevant Terms as "Bermudan Style" are exercisable on any one of two or more Exercise Dates specified in the relevant Terms subject to prior termination of the Securities as provided in Condition 9 or, if applicable, Condition 8.

3.4 **Entitlement**

The rights attaching to each Security on exercise will be as set out in the relevant Terms.

3.5 **Failure to Exercise**

Any Security with respect to which no Exercise Notice has been delivered to the Programme Agent, in the manner set out in Condition 4, at or prior to 10.00 a.m. (Local Time) on the relevant Final Exercise Date shall be automatically exercised on the Final Exercise Date (and the Exercise Date for such Securities will be the Final Exercise Date) subject to and in accordance with the provisions of Condition 3.6.

3.6 **Automatic Exercise**

If the relevant Issuer would have been obliged to make payment of a Settlement Amount on (a) in respect of any European Style Securities, any Exercise Date or (b) in respect of any American Style or Bermudan Style Securities, the Final Exercise Date to the Holder of such Security had such Security been exercised by the relevant Holder, such Security will be automatically exercised on such Exercise Date or such Final Exercise Date, as applicable, and the provisions of Condition 4 shall be deemed to have been observed and will apply in respect of such exercise procedure.

3.7 **Multiple Exercise**

If the Securities are specified in the relevant 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 on each Exercise Date specified in the relevant Terms in accordance with the other provisions of these Conditions. References in these Conditions to "Valuation Date", "Strike Price", "Settlement Date", "Exercise Date", "Exercise Period", "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 "Strike Price", the relevant "Settlement Date", the relevant "Exercise Date", the relevant "Exercise Period", the relevant "Exercise Notice" and the relevant "Automatic Exercise".

3.8 **Open-ended Securities**

This Condition 3.8 is applicable to American Style and Bermudan Style Securities in respect of which no Final Exercise Date is specified in the applicable Terms ("**Open-ended Securities**"). Any such Open-ended Security shall be capable of being exercised by the Holder in accordance with the provisions of Condition 3.2 or 3.3, as applicable and will be capable of being redeemed by the relevant Issuer in accordance with the provisions of Condition 8 and Condition 9.

4. **EXERCISE PROCEDURE**

4.1 **Automatic Exercise**

Where Automatic Exercise applies to Securities pursuant to Condition 3.6 or, as the case may be, Condition 8.4, the relevant Issuer will pay, or will procure payment of the Settlement Amount through the Relevant Settlement System to the relevant Holder in respect of such Securities, less Expenses, if any, payable in connection with such Automatic Exercise, on the Settlement Date.

4.2 Exercise by Holders

4.2.1 *Exercise Notice*

Securities may be exercised by delivery of a duly completed Exercise Notice by the Holder to the Programme Agent (1) (in the case of American Style and Bermudan Style Securities) not later than 10.00 a.m. (Local Time) on any Exercise Date during the Exercise Period or (2) (in the case of European Style Securities) at any time after 10.00 a.m. (Local Time) on the Business Day immediately preceding the relevant Exercise Date but not later than 10.00 a.m. (Local Time) on the relevant Exercise Date:

- (a) specifying the number of Securities of each Series or Tranche being exercised;
- (b) specifying the number of the Participant ID and Member Account at the Relevant Settlement System to be debited with the Securities being exercised and credited with the Settlement Amount or (in any case) any other amount payable by the relevant Issuer to the Holder in connection with the exercise of such Securities;
- (c) irrevocably agreeing to input a properly authenticated dematerialised instruction through the Relevant Settlement System to effect the delivery of the number of Securities being exercised to the Programme Agent on behalf of the relevant Issuer to the account specified in the Exercise Notice against payment by such Issuer of the Settlement Amount for settlement on the Settlement Date;
- (d) authorising the relevant Issuer to deduct any Expenses from the Settlement Amount; and
- (e) certifying that the Securities are not being exercised by or on behalf of a U.S. person or person within the United States and that the Securities are not beneficially owned by a U.S. person or person within the United States.

4.2.2 *Verification of the Holder*

Upon receipt of an Exercise Notice, the Programme Agent will verify that the person exercising the Securities specified therein was, on the relevant Exercise Date, the Holder thereof according to the Register. If the Programme Agent is unable so to verify, such Exercise Notice shall be deemed not to have been given.

4.2.3 *Settlement*

Settlement pursuant to Conditions 4.1 and 4.2.1(c) of the Settlement Amount, after deduction of any Expenses which the relevant Issuer is authorised to deduct, shall be made by the relevant Issuer or the Programme Agent (on its behalf) on the Settlement Date to the Holder's account in the Relevant Settlement System as specified in the Exercise Notice.

4.2.4 *Determination*

Any determination as to whether an Exercise Notice is duly completed and in proper form shall be made by the Programme Agent in its sole and absolute discretion and shall be conclusive and binding on the relevant Issuer, the Guarantor(s), the Programme Agent, the Calculation Agent and the Holder. Any Exercise Notice so determined to be incomplete or not in proper form shall be void. If such Exercise Notice is subsequently corrected to the satisfaction of the Programme Agent, it shall be deemed to be a new Exercise Notice submitted at the time the correction is delivered. The Programme Agent will endeavour to notify the Holder of an Exercise Notice which is incomplete or not in proper form as soon as possible after it becomes aware of the improper exercise.

4.2.5 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 in the manner specified therein and in these Conditions. After delivery of such Exercise Notice, such exercising Holder may not otherwise transfer such Securities. Notwithstanding this, if any Holder does so transfer or attempts so to transfer such Securities, the Holder will be liable to the relevant Issuer for any Expenses suffered or incurred by such Issuer or any of its affiliates through whom it has hedged its position, including those suffered or incurred as a consequence of the Issuer or any of its affiliates through whom it has hedged its position having terminated or commenced any related hedging operations in reliance on the relevant Exercise Notice and subsequently (i) entering into replacement hedging operations in respect of such Securities or (ii) paying any amount on the subsequent exercise of such Securities without having entered into any replacement hedging operations.

4.2.6 Expenses

A Holder exercising a Security shall pay all Expenses, if any, payable in connection with the exercise of the Security.

5. MINIMUM NUMBER OF SECURITIES EXERCISABLE

If Securities are designated as "American Style" or "Bermudan Style" and a Minimum Exercise Number is specified in the relevant Terms, the Securities of such Series or Tranche may only be exercised in the Minimum Exercise Number or such multiples in which such Series or Tranche may be exercised in accordance with the relevant Terms.

6. MAXIMUM NUMBER OF SECURITIES EXERCISABLE

If Securities are designated as "American Style" or "Bermudan Style" and a Maximum Exercise Number is specified in the relevant Terms, then if, following any Exercise Date other than the Final Exercise Date, the relevant Issuer determines in its sole and absolute discretion that more than the Quota were exercised on such Exercise Date, then such Issuer may deem the Valuation Date for the first Quota of Securities of the relevant Series or Tranche exercised by Holders to be the originally applicable Valuation Date for Securities exercised on such Exercise Date, and the Valuation Date for each additional Quota of Securities of the relevant Series or Tranche (or part thereof, in the case of the last amount) exercised to be the respective Valuation Dates applicable to each succeeding date following such Exercise Date on which Securities of the relevant Series or Tranche could have been exercised, until all such Securities exercised on such Exercise Date have been given a Valuation Date. In any case where more than the Quota of Securities of a Series or Tranche are so exercised on the same day, the order of settlement in respect of such Securities shall be at the sole and absolute discretion of the relevant Issuer.

Notwithstanding the foregoing, the relevant Issuer may, at any time, in its sole and absolute discretion, accept more than the Quota of Securities of a Series or Tranche for exercise on any Exercise Date.

7. **INTEREST**

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 Redemption Date, the Redemption 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 Security, an amount calculated by the Calculation Agent as follows:

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

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

"Interest Payment Date" means each date specified as such in the applicable Terms;

"Interest Period" means the period commencing on (and including) the Interest Commencement 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 Terms;

"Interest Rate Day Count Fraction" has the meaning given in the relevant Terms; and

"**Notional Amount per Security**" means the amount specified as such in the applicable Terms.

7.2 Interest Amount

If so specified in the applicable Terms and subject as provided in these Conditions, each Security 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 Security 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 Security will cease to accrue interest from and including the Redemption 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 Redemption Date until such payment or delivery is made, as the case may be. For the avoidance of doubt, no interest on the Securities shall accrue beyond the Redemption 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. OPTIONAL EARLY REDEMPTION

This Condition 8 shall apply to Open-ended Securities only.

8.1 Optional Early Redemption

If this Condition 8 is specified in the relevant Terms as being applicable, then the relevant Issuer may, upon the expiry of the appropriate notice and subject to such conditions as may be specified in the relevant Terms, redeem all (but not some only) of the Securities of the relevant Series.

8.2 Notice of Optional Early Redemption

The appropriate notice referred to in Condition 8.1 is a notice given by the relevant Issuer to the Calculation Agent, the Programme Agent and the Holders of the Securities of the relevant Series (in accordance with Condition 14), which notice shall specify:

- (a) the title of the Series of Securities subject to redemption; and
- (b) the due date for such redemption (the "**Optional Early Redemption Date**"), which shall be a Business Day which is not less than thirty days, or such other number of days as may be specified in the relevant Terms, after the date on which such notice is validly given in accordance with Condition 14.

Any such notice shall be irrevocable, and the delivery thereof shall oblige the Issuer to make the redemption therein specified.

9. TERMINATION BY THE ISSUERS

9.1 Termination Events

Each of the Issuers shall have the right to terminate its obligations under the Securities, by giving notice to the Holders, the Programme Agent and the Calculation Agent, if it determines in its sole and absolute discretion in good faith that its performance thereunder has become unlawful or impractical in whole or in part as a result of (i) any change in national or international financial, political or economic conditions or currency exchange rates, or (ii) compliance in good faith by the relevant Issuer with any Applicable Law (the circumstances referred to in (i) and (ii) hereafter referred to as "**Termination Events**").

9.2 Additional Termination Events

Each of the Issuers shall have the right to terminate its respective obligations under the Securities, by giving notice to the relevant Holders, the Programme Agent and the Calculation Agent, if it determines in its sole and absolute discretion in good faith that (i) any Nationalisation, Insolvency or Merger Event has resulted in Cancellation and Payment, (ii) any other circumstances set out in the relevant Terms have occurred, or (iii) any action has been taken by a taxing authority, or brought in a court of competent jurisdiction, or a Change in Tax Law has occurred, or (iv) any event occurs which causes or is reasonably likely to cause any Expenses to arise (by whomsoever payable) or (v) there is insufficient liquidity in the market for the Reference Asset to permit the Hedging Entity to enter into hedging transactions relating to the Reference Assets in order to hedge such Issuer's obligations under the Securities in an acceptable or a commercially satisfactory manner (the circumstances referred to in (i), (ii), (iii) or (iv) or (v) hereafter referred to as "**Additional Termination Events**").

9.3 Payments upon Termination Events and Additional Termination Events

If a Termination Event or Additional Termination Event occurs, the relevant Issuer will cause to be paid to each Holder in respect of each relevant Security held by it an amount determined by the Calculation Agent in its sole and absolute discretion as representing the fair market value of such Security immediately prior to such termination (ignoring, in the case of a Termination Event, such illegality or impracticality) or an amount otherwise determined by the Calculation Agent in its sole and absolute discretion as specified in the relevant Terms. Payment will be made through the Relevant Settlement System and shall be notified to the Holders in accordance with the procedure set out in Condition 14. Such amount will be payable by the relevant Issuer to the Holder net of any Expenses that arise on termination whether or not required by any Applicable Law to be deducted or withheld from the payment.

10. PRESCRIPTION

Claims against either of the Issuers or, as the case may be, the Guarantor(s) for payment of any amount 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.

11. PURCHASE

The Issuers, the Guarantors or any of their respective affiliates 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 or resold or surrendered for cancellation.

12. AGENTS, AMENDMENTS, CALCULATION AGENT AND CALCULATIONS

12.1 Changes in Agents

The Issuers reserve the right at any time (and in relation to all Securities or, as the case may be, the Securities of a given Series or Tranche) to vary or terminate the appointment of the Programme Agent, the Registrar and the Calculation Agent and to appoint other or additional Programme Agents, Registrars and/or Calculation Agents, provided that in relation to Securities listed on the official list of the FSA and admitted to trading on the London Stock Exchange's regulated market for listed securities (or any other stock exchange), there will always be a Programme Agent with a specified office in London (or in such other place as is required by such other stock exchange), so long as such Securities are so listed, and provided that (in relation to all Securities) there will always be a Programme Agent, a Registrar and a Calculation Agent. Notice of any variation or termination of appointment and of any changes in the specified office of any Programme Agent, Registrar and Calculation Agent will be given to the Holders in accordance with the procedures set out in Condition 14. In acting under the Programme Agreement, the Programme Agent, the Registrar and the Calculation Agent are acting solely as agents of the Issuers and do not assume any obligations or duty to, or any relationship of agency or trust for or with, the Holders.

12.2 Amendments

The Programme Agreement may be amended by the parties thereto, without the consent of the Holders if, in the opinion of such parties, the amendment will not materially and adversely affect the interests of the Holders. If it shall come to the attention of the Issuers that the terms of the Securities contain an error or omission such that they do not represent the intended terms of the Securities on the basis of which the Securities were sold and have since traded, the relevant Issuer may execute and deliver to the relevant Holders a correction notice (in accordance with the procedures set out in Condition 14) setting out the error or omission and the manner in which it is to become corrected. Upon receipt of such notice by the Holders, such correction shall be deemed to have been effective for all purposes from the issue date of the Securities and will be binding on all Holders.

12.3 Calculation Agent

All calculation functions required of the Calculation Agent under these Conditions may be delegated to any such person as the Calculation Agent, in its sole and absolute discretion, may decide.

12.4 Calculations

The Calculation Agent shall have no responsibility for errors or omissions in any calculations and determinations made hereunder, whether caused by negligence or otherwise and all such calculations and determinations shall (save in the case of manifest error) be final and binding on the Issuers, the Guarantors, the Programme Agents and the Holders.

13. FURTHER ISSUES

The Issuers shall be at liberty from time to time without the consent of the Holders to create and issue further Securities of any Series or Tranche so as to form a single series with the Securities of that Series or Tranche.

14. **NOTICES**

All notices to Holders will be valid, in the case of a Series of Securities admitted to the official list of the FSA and to trading on the London Stock Exchange's regulated market for listed securities (or any other stock exchange), if published in one daily newspaper of general circulation in the United Kingdom (expected to be the Financial Times) (or such other publication required by such stock exchange). Any such notice shall be deemed to have been given on the date of such publication or, if so published more than once or on different dates, on the date of the first such publication.

15. **ADJUSTMENTS AFFECTING REFERENCE ASSETS LISTED, QUOTED OR COMPILED ON A STOCK EXCHANGE**

The relevant Terms may include additional adjustment provisions relating to Reference Assets listed, quoted or compiled on any stock exchange and conferring authority upon the relevant Issuer to switch or substitute any adjustment provisions applicable to the Reference Assets in these Conditions with the adjustment provisions provided in the relevant Terms.

16. **MODIFICATIONS**

The Programme Agreement may be amended by the parties thereto and the Securities may be amended by the relevant Issuer without the consent of the Holders if, in the reasonable opinion of such Issuer, the amendment (i) is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) will not materially and adversely affect the interests of the Holders or the modalities of exercise. Any such modification shall take effect by notice to the Holders in accordance with Condition 14.

17. **TAXATION**

Neither the Issuers nor the Guarantors will be liable for or otherwise obliged to pay (and the Holder will be liable for) any Expenses which may arise as a result of the ownership, transfer or exercise, or termination by the relevant Issuer of its obligations under any Securities.

18. **GOVERNING LAW**

The Securities and the Programme Agreement shall be governed by and construed in accordance with English law.

19. **CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

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

20. **MARKET DISRUPTION EVENTS**

If there is a Market Disruption Event in respect of any relevant Index or Share (as defined in the relevant Terms) on a Valuation Date:

- (a) in the case of Securities on a single Index or Securities on a single Share, the Valuation Date shall be the first succeeding Exchange Business Day on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the eight Exchange Business Days immediately following the Scheduled Valuation Date. In that case, (i) that eighth Exchange Business Day shall be deemed to be the

Valuation Date, notwithstanding the Market Disruption Event, and (ii) the Calculation Agent shall determine:

- (i) in respect of Securities on a single Index, the level of the Index as of the Valuation Time on that eighth Exchange Business Day determined in accordance with the formula for and method of calculating the Index last in effect prior to the commencement of the Market Disruption Event using the Exchange traded price (or, if trading in the relevant security has been materially suspended or materially limited, its good faith estimate of the Exchange traded price that would have prevailed but for that suspension or limitation) as of the Valuation Time on that eighth Exchange Business Day of each security comprised in the Index; and
 - (ii) in respect of Securities on a single Share, its good faith estimate of the Exchange traded price for the Share that would have prevailed but for that Market Disruption Event as of the Valuation Time on that eighth Exchange Business Day;
- (A) in the case of Securities on a Basket of Indices, the Valuation Date for each Index not affected by a Market Disruption Event shall be the Scheduled Valuation Date and the Valuation Date for each Index affected by a Market Disruption Event shall be the first succeeding Exchange Business Day on which there is no Market Disruption Event relating to that Index, unless there is a Market Disruption Event relating to that Index on each of the eight Exchange Business Days immediately following the Scheduled Valuation Date. In that case, (i) that eighth Exchange Business Day shall be deemed to be the Valuation Date for the relevant Index notwithstanding the Market Disruption Event, and (ii) the Calculation Agent shall determine the level of that Index, as of the Valuation Time on that eighth Exchange Business Day in accordance with the formula for and method of calculating that Index last in effect prior to the commencement of the Market Disruption Event using the Exchange traded price (or, if trading in the relevant security has been materially suspended or materially limited, its good faith estimate of the Exchange traded price that would have prevailed but for that suspension or limitation) as of the Valuation Time on that eighth Exchange Business Day of each security comprised in that Index; and
- (B) in the case of Securities on a Basket of Shares, the Valuation Date for each Share not affected by a Market Disruption Event shall be the Scheduled Valuation Date and the Valuation Date for each Share affected by a Market Disruption Event shall be the first succeeding Exchange Business Day on which there is no Market Disruption Event relating to that Share, unless there is a Market Disruption Event relating to that Share on each of the eight Exchange Business Days immediately following the Scheduled Valuation Date. In that case, (i) that eighth Exchange Business Day shall be deemed to be the Valuation Date for the relevant Share notwithstanding the Market Disruption Event, and (ii) the Calculation Agent shall determine its good faith estimate of the Exchange traded price for that Share that would have prevailed but for that Market Disruption Event as of that eighth Exchange Business Day.

20A. MARKET DISRUPTION EVENTS IN RESPECT OF FUND SECURITIES

20A.1 Market Disruption in Respect of Fund Securities on a Single Fund Interest

If, in respect of any Fund Security on a single Fund Interest, there is a Market Disruption Event in respect of the relevant Fund Interest, the Valuation Date shall be the first succeeding Valuation Business Day on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the eight Exchange Business Days immediately following the Scheduled Valuation Date. In that case, (i) that eighth Exchange Business Day shall be deemed to be the Valuation Date, notwithstanding the Market Disruption Event, and (ii) the Calculation Agent shall determine, in good faith and in a commercially reasonable manner, its estimate of the price for the relevant Fund Interest that would have prevailed but for that Market Disruption Event as of the Valuation Time on that eighth Valuation Business Day.

20A.1 Market Disruption in Respect of Fund Securities on a Basket of Fund Interests

If, in respect of any Fund Security on a basket of Fund Interests, there is a Market Disruption Event in respect of any of the Fund Interests included in the Basket, the Valuation Date for each Fund Interest not affected by a Market Disruption Event shall be the Scheduled Valuation Date and the Valuation Date for each Fund Interest affected by a Market Disruption Event shall be the first succeeding Valuation Business Day on which there is no Market Disruption Event relating to that Fund Interest, unless there is a Market Disruption Event relating to that Fund Interest on each of the eight Exchange Business Days immediately following the Scheduled Valuation Date. In that case, (i) that eighth Valuation Business Day shall be deemed to be the Valuation Date for the relevant Fund Interest notwithstanding the Market Disruption Event, and (ii) the Calculation Agent shall determine, in good faith and in a commercially reasonable manner, its estimate of the price for the relevant Fund Interest that would have prevailed but for that Market Disruption Event as of the Valuation Time on that eighth Valuation Business Day.

21. PAYMENT DISRUPTION EVENTS AND PAYMENT EVENT CUT-OFF DATE

21.1 Payment Disruption Event

If the Calculation Agent shall, at any time and from time to time, determine that an event beyond the control of the Hedging Entity (a "**Payment Disruption Event**") has occurred or will occur as a result of which the Hedging Entity is not able or would not be able to sell or otherwise realise all or any part of the Reference Assets held by the Hedging Entity to hedge the relevant Issuer's obligations in respect of the Securities prior to or on any date on which payments in respect of such Securities shall fall due, then the Calculation Agent shall as soon as practicable notify the Holders of the relevant Securities of the occurrence of a Payment Disruption Event in accordance with Condition 22 whereupon the provisions of Condition 21.2 shall become applicable.

Without prejudice to the generality of the foregoing, each of the following events shall constitute a Payment Disruption Event:

- (i) the delivery of the Further Shares, arising on the occurrence of a Potential Adjustment Event;
- (ii) the occurrence of an FX Disruption Event;
- (iii) the occurrence of an Objection to Registration Event;

- (iv) the application is pending with the relevant Issuer of the Reference Assets for the registration of the transfers of the Reference Assets to or from the Hedging Entity;
- (v) an application is pending for the dematerialisation of the Reference Assets; and
- (vi) any law or regulation is imposed which affects the Hedging Entity's status as a holder of the Reference Assets.

21.2 Consequences of Payment Disruption Event

Upon the occurrence of a Payment Disruption Event:

- 21.2.1 the Exercise Date, the Settlement Date or any other date on which the Securities may be exercised or on which any amount shall be due and payable in respect of the relevant Securities shall, subject to Condition 21.3, be extended to a date falling 14 calendar days (or such other date as may be determined in its sole and absolute discretion by the Calculation Agent and notified to the Holders in accordance with Condition 22) after the date on which the Payment Disruption Event ceases to exist, if relevant, and on which the Hedging Entity is able to, or would be able to, sell or otherwise realise all of the Reference Assets held by the Hedging Entity to hedge the relevant Issuer's obligations in respect of the relevant Securities and notice thereof shall be given to the relevant Holders in accordance with Condition 22;
- 21.2.2 the relevant Issuer's obligation to pay the Settlement Amount or any such other amounts in respect of the relevant Securities, subject to Condition 21.3, shall be postponed until 14 calendar days (or such other date as may be determined in its sole and absolute discretion by the Calculation Agent and notified to the Holders in accordance with Condition 22) after the date on which the Payment Disruption Event ceases to exist, if relevant, or, if later, the date on which the Hedging Entity is able to, or would be able to, sell or otherwise realise all of the Reference Assets held by the Hedging Entity to hedge such Issuer's obligation in respect of the relevant Securities. Notwithstanding the foregoing, if the Hedging Entity is able to sell or otherwise realise a part but not all of the Reference Assets held by the Hedging Entity to hedge the relevant Issuer's obligation in respect of the relevant Securities, such Issuer may, in its sole and absolute discretion, satisfy in part its obligation to pay the amounts as may be due and payable under the relevant Securities by making a partial payment(s) based upon the relevant amount of the Reference Assets that the Hedging Entity has been able to sell or otherwise realise (the "**Partial Proceeds**") in respect of the relevant Securities (the "**Partial Payments**"). Any Partial Payments paid by the relevant Issuer to the Holders will be calculated by the Calculation Agent in its sole and absolute discretion and shall be paid to the Holders pro rata to the proportion of the aggregate outstanding principal amount of the Securities held by the relevant Holder. In the event that any Partial Payment is made by such Issuer, the Calculation Agent may, in its sole and absolute discretion, make any such corresponding adjustment to any variable relevant to the settlement or payment terms of the relevant Securities as it deems necessary and shall notify the relevant Holders thereof in accordance with Condition 22; and
- 21.2.3 for the avoidance of doubt and notwithstanding any provisions to the contrary, (i) any such payments made in accordance with this Condition shall be made after deduction of any Expenses incurred or to be incurred by the Calculation Agent or the relevant

Issuer in connection with or arising from the resolution of the relevant Payment Disruption Event(s) (including, without limitation, any additional custodial fees); and (ii) no accrued interest shall be paid by the relevant Issuer in respect of any delay which may occur in the payment of any amounts due and payable under the Securities as a result of the operation of this Condition 21.

21.3 Payment Event Cut-Off Date

If a Payment Disruption Event still exists on the Payment Event Cut-Off Date and there remain Reference Assets held by the Hedging Entity to hedge the relevant Issuer's obligations in respect of the Securities which have not been sold or otherwise realised before such Payment Event Cut-Off Date, then the Exercise Date, the Settlement Date or any other date on which any amount in relation to any of the Securities shall be due and payable for the relevant Securities shall fall on the Payment Event Cut-Off Date and the value of the remaining Reference Assets held by the Hedging Entity which are still subject to the Payment Disruption Event or have not been sold or realised by the Hedging Entity shall be deemed to be zero. Thereafter, such Issuer shall have no obligations whatsoever under the relevant Securities.

22. NOTICE OF MARKET DISRUPTION EVENT AND PAYMENT DISRUPTION EVENT

22.1 Market Disruption Event

The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders of the existence of a Market Disruption Event on any day that but for the occurrence or existence of a Market Disruption Event would have been a Valuation Date.

22.2 Payment Disruption Event

The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders of the existence of a Payment Disruption Event on any day that but for the occurrence or existence of a Payment Disruption Event would have been a Settlement Date.

23. ADJUSTMENTS TO INDEX FOR ALL SECURITIES ON A SINGLE INDEX AND SECURITIES ON A BASKET OF INDICES

23.1 Adjustments to Index

23.1.1 If, in respect of Securities on a single Index or Securities on a Basket of Indices, a relevant Index is (i) not calculated and announced by the Sponsor (as defined in the relevant Terms) but is calculated and announced by a successor sponsor acceptable to the Calculation Agent, or (ii) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of that Index, then that Index will be deemed to be the Index so calculated and announced by that successor sponsor or that successor index, as the case may be.

23.1.2 If (i) on or prior to any Valuation Date in respect of Securities on a single Index or Securities on a Basket of Indices, a relevant Index sponsor makes a material change in the formula for or the method of calculating that Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalisation and other routine events) or (ii) on any Valuation Date in respect of Securities on a single Index or Securities on a Basket of Indices, the sponsor fails to calculate and announce

a relevant Index (including any successor index), then the Calculation Agent shall calculate the relevant Settlement Amount using, in lieu of a published level for that Index, the level for that Index as at that Valuation Date as determined by the Calculation Agent in its sole and absolute discretion in accordance with the formula for and method of calculating that Index last in effect prior to that change or failure, but using only those securities that comprised that Index immediately prior to that change or failure (other than those securities that have since ceased to be listed on any relevant Exchange).

23.2 Cessation of Index

23.2.1 If the Calculation Agent determines, in its sole and absolute discretion, that it is not reasonably practicable (taking into account the costs involved) to calculate or continue to calculate the Index on the basis of Condition 23.1.2 above, the Calculation Agent may re-base the Securities on a single index or Basket of Indices against another index determined by the Calculation Agent, in its sole and absolute discretion, to be a comparable index.

23.2.2 If the Calculation Agent determines in its sole and absolute discretion that there is not such a comparable index, the relevant Issuer may elect to terminate the Securities by giving notice to the Holders in accordance with Condition 14 of such situation and the fair market value, as determined by the Calculation Agent in its sole and absolute discretion, of such Securities and the fair market value so determined to be payable in respect of a Security shall be payable on the date specified in such notice.

24. ADJUSTMENTS AFFECTING SECURITIES ON A SINGLE SHARE AND SECURITIES ON A BASKET OF SHARES

24.1 Adjustments

24.1.1 "**Method of Adjustment**" means a method for determining the appropriate adjustment to make to the terms of Securities on a single Share or Securities on a Basket of Shares upon the occurrence of an event having, in the determination of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the relevant Shares.

24.1.2 If "**Options Exchange Adjustment**" is specified as the Method of Adjustment in the relevant Terms, then following each adjustment to the settlement terms of options on any relevant Shares traded on any Options Exchange, the Calculation Agent will make the corresponding adjustments, if any, to any one or more of:

- (a) in respect of Securities on a single Share, the Strike Price, the Multiplier and the number of Reference Assets;
- (b) in respect of Securities on a Basket of Shares, the Strike Price, the Multiplier and the number of Reference Assets and the number of such Shares comprised in the Basket;

and, in any case, any other variable relevant to the exercise, settlement or payment terms of the Securities, which adjustment will be effective as of the date determined by the Calculation Agent in its sole and absolute discretion to be the effective date of the corresponding adjustment made by the Options Exchange. If options on the

relevant Shares are not traded on the Options Exchange, the Calculation Agent will make such adjustment, if any, to any one or more of the relevant variables referred to above or any other variable relevant to the exercise, settlement or payment terms of the Securities as the Calculation Agent determines in its sole and absolute discretion appropriate, with reference to the rules of and precedents (if any) set by the Options Exchange, to account for the diluting or concentrative effect of any event that, in the determination of the Calculation Agent would have given rise to an adjustment by the Options Exchange if such options were so traded.

24.1.3 If "**Calculation Agent Adjustment**" is specified as the Method of Adjustment in the relevant Terms (or if no Method of Adjustment is specified in the relevant Terms), then following the declaration by the issuer of the relevant Share of the terms of any Potential Adjustment Event, the Calculation Agent may (in its sole and absolute discretion) determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Shares and, if so, will:

- (a) make the corresponding adjustment(s), if any, to any one or more of:
 - (i) in respect of Securities on a single Share, the Strike Price, the Multiplier and the number of Reference Assets;
 - (ii) in respect of Securities on a Basket of Shares, the Strike Price, the Multiplier and the number of Reference Assets and the number of such Shares comprised in the Basket,

and, in any case, any other variable relevant to the exercise, settlement or payment terms of the Securities as the Calculation Agent determines in its sole and absolute discretion appropriate to account for that diluting or concentrative effect; and

- (b) determine the effective date(s) of such adjustment(s).

The determination of the Calculation Agent or the relevant Issuer (as the case may be) shall be binding on the Issuer, the Calculation Agent and the Holders.

24.1.4 "**Options Exchange**" means, in respect of Securities for which Options Exchange Adjustment is the applicable Method of Adjustment and/or the applicable consequence of one or more types of Merger Event under Condition 24.3 below, the exchange or quotation system specified as such in the relevant Terms or any successor to such exchange or quotation system or, if no such exchange or quotation system is specified, the exchange or exchanges on which options contracts or futures contracts on the relevant Shares are traded in the determination of the Calculation Agent.

24.1.5 "**Potential Adjustment Event**" means:

- (a) a subdivision, consolidation or reclassification of relevant Shares (unless a Merger Event), or a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue (a "**Bonus Issue**" or "**Stock Split**");
- (b) a distribution or dividend to existing holders of the relevant Shares of (A) such Shares, or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation equally or proportionately with such payments to holders of such Shares, or (C) any other type of securities,

rights or warrants or other assets, in any case for payment (cash or other) at less than the prevailing market price as determined by the Calculation Agent in its sole and absolute discretion (together with any Shares received under (a) above, the "**Further Shares**") (a "**Rights Issue**");

- (c) any payment or dividend (or equivalent) whether in cash or otherwise which is expressed by the issuer of Shares to be a capital distribution, extraordinary dividend, extraordinary distribution, special dividend, special distribution or any return of value to holders of the Shares that in the sole and absolute discretion of the Calculation Agent represents a return exceeding a normally distributed dividend or any analogous or similar term including without limitation a repurchase by the issuer of Shares of any of its issued share capital or class thereof (a "**Capital Distribution**");
- (d) a distribution to existing holders of Shares (a "**Spin-Off Event**") of equity securities of an issuer other than the issuer of the Shares (the "**Spin-Off Securities**"), or subdivision of the Shares (a "Subdivision") into two or more separately quoted classes of equity securities (such new class(es) of equity securities, the "**Reclassified Securities**");
- (e) a cancellation of the Shares as a result of a demerger (as determined by the Calculation Agent in its sole and absolute discretion) (a "**Demerger Event**");
- (f) any change in (i) the listing status of the Share or (ii) the Exchange (as determined by the Calculation Agent in its sole and absolute discretion) (a "**Listing Event**"); and
- (g) any other event (other than a Merger Event) that may have, in the sole and absolute opinion of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the relevant Shares.

24.1.6

- (a) In the event of a Bonus Issue or Stock Split the Calculation Agent may adjust the Multiplier and the Strike Price by applying the following formulae:

$$\text{Adjusted Multiplier} = \text{Multiplier} \times \frac{l}{r}$$

$$\text{Adjusted Strike Price} = \text{Strike Price} \times r$$

Where

$$"r" = \frac{\text{Number of shares in issue immediately prior to the Bonus Issue or Stock Split}}{\text{Number of shares in issue immediately after the Bonus Issue or Stock Split}}$$

- (b) In the event of a Rights Issue the Calculation Agent may adjust the Multiplier and the Strike Price by applying the following formulae:

$$\text{Adjusted Multiplier} = \text{Multiplier} \times r$$

$$\text{Adjusted Strike Price} = \text{Strike Price} \times \frac{l}{r}$$

where:

$$"r" = \frac{\text{Closing Cum Rights Share Price}}{\text{Closing Cum Rights Share Price}(\text{Rights Share Price} \times \text{Rights Per Share})}$$

"Closing Cum Rights Share Price" means the closing price of one Share on the first dealing day on which the Shares are traded on the Exchange cum the relevant Rights Issue;

"Rights Share Price" means the price of the issued right to which a holder of the share is entitled pursuant to the Rights Issue as determined (in its sole and absolute discretion) by the Calculation Agent; and

"Rights Per Share" means the number of issued rights to which a holder of one Share is entitled pursuant to the Rights Issue.

- (c) In the event of a Capital Distribution the Calculation Agent may (in its sole and absolute discretion) (i) adjust the Multiplier and the Strike Price to compensate for the dilutive effect of the relevant distribution comprising the Capital Distribution or (ii) substitute the Share with a basket comprising the Share and the cash or other distribution to which a holder of a Share would be entitled to receive in such Capital Distribution by virtue of such holding.
- (d) In the event of a Spin-Off Event or Subdivision (i) the Calculation Agent may (in its sole and absolute discretion) substitute the Share with a basket representing Spin-Off Securities and/or Reclassified Securities corresponding to the amount of Spin-Off Securities and/or Reclassified Securities which each holder of a Share would receive following a Spin-Off Event or Subdivision or (ii) the relevant Issuer may (in its sole and absolute discretion) terminate its obligations under the Security and pay to the Holder an amount equal to the Intrinsic Value of such Security.

For the purposes of this Condition 24.1.6:

"Intrinsic Value" means (in the sole and absolute discretion of the Calculation Agent) (a) in respect of call Securities, the amount by which the price of the Reference Asset exceeds the Strike Price adjusted by the Multiplier, subject to a minimum of zero and (b) in respect of put Securities, the amount by which the Strike Price exceeds the price of the Reference Asset adjusted by the Multiplier, subject to a minimum of zero.

- (e) In the event of a Demerger Event (i) the Calculation Agent may (in its sole and absolute discretion) substitute the Share with a basket representing the shares of the successor companies ("**Successor Shares**") corresponding to the notional amount or number of Successor Shares which each holder of a Share would receive following a Demerger Event or (ii) the relevant Issuer may (in its sole and absolute discretion) terminate its obligations under the Security and pay to the Holder an amount equal to the Intrinsic Value.
- (f) In the event of a Listing Event, the relevant Issuer may (in its sole and absolute discretion) terminate its obligations under the Security and pay to the Holder an amount equal to the Intrinsic Value.

24.2 Merger Event

"Merger Date" means, in respect of a Merger Event and any relevant Shares, the date which is the earlier of:

- (a) a date specified by the Calculation Agent (at its sole and absolute discretion) which falls on or after the date on which such Merger Event occurred; and
- (b) the date upon which all holders of the relevant Shares (other than, in the case of a take over offer, Shares owned or controlled by the offeror) have agreed or become obliged to transfer their Shares.

"Merger Event" means in respect of any relevant Shares:

- (a) any offer by, invitation to make an offer by, or other arrangement with, a person (the **"Bidder"**):
 - (i) to reclassify or change all or substantially all such Shares that, if accepted, made or effected (and, in the case of an invitation made, accepted) by or with all or substantially all holders of such Shares, would result in a transfer of or an irrevocable commitment to transfer all or substantially all of such Shares outstanding or in a cancellation of all or substantially all such Shares outstanding on terms that new shares are issued to the Bidder or any entity controlled, directly or indirectly, by the Bidder;
 - (ii) to consolidate, amalgamate or merge the issuer of the Shares with or into another entity (other than a consolidation, amalgamation or merger in which such issuer is the continuing entity and which would not result in any such reclassification or change of all or substantially all of such Shares outstanding); or
 - (iii) to take over all or substantially all such Shares that, if accepted, made or effected (and, in the case of an invitation made, accepted) by all or substantially all holders of such Shares, would result in a transfer of or an irrevocable commitment to transfer all or substantially all such Shares (other than such Shares owned or controlled by the Bidder),

which, in any such case,

- (b) the Calculation Agent determines, in its sole and absolute direction, has been accepted or implemented such that:
 - (i) an amount of such Shares of the relevant issuer of the Shares sufficient to constitute control of the relevant issuer of the Shares, or of any shares issued in respect of such Shares of the relevant issuer of the Shares are controlled, directly or indirectly, by (or on behalf of), the Bidder; or
 - (ii) the issuer of the Shares consolidates, amalgamates or merges with or into another entity; or
 - (iii) an amount of such Shares of the relevant issuer of the Shares sufficient to constitute control of the relevant issuer of the Shares, are taken over, directly or indirectly, by or on behalf, of the Bidder,

in each case, if the Calculation Agent determines, in its sole and absolute discretion, that such event occurs on or before the final Valuation Date. For the purposes of this provision, references to Shares in the phrase "all or substantially all the Shares" and analogous expressions shall exclude (x) those Shares controlled directly or indirectly by or on behalf of the Bidder and (y) those Shares held by persons in respect of which it is unlawful, under the laws of any jurisdiction, to make any such offer, invitation to offer, arrangement or take over.

24.3 Consequences of Merger Events

24.3.1 In respect of each Merger Event, the following terms have the meanings given below:

"Share-for-Share" means, in respect of a Merger Event, that the consideration for the relevant Shares consists (or, at the option of the holder of such Shares, may consist) solely of New Shares:

- (a) **"Share-for-Other"** means, in respect of a Merger Event, that the consideration for the relevant Shares consists solely of Other Consideration;
- (b) **"Share-for-Combined"** means, in respect of a Merger Event, that the consideration for the relevant Shares consists of Combined Consideration;
- (c) **"New Shares"** means shares (whether of the offeror or a third party);
- (d) **"Other Consideration"** means cash and/or any securities (other than New Shares) or assets (whether of the offeror or a third party); and
- (e) **"Combined Consideration"** means New Shares in combination with Other Consideration.

24.3.2 In respect of each Share-for-Share Merger Event, if, under the relevant Terms, the consequence specified is:

- (a) **"Alternative Obligation"**, then on or after the relevant Merger Date, (A) in the case of Securities on a single Share, the number of New Shares to which a holder of the number of Shares equal to the number of Shares represented by the relevant Security would be entitled upon consummation of the Merger Event will be deemed the number of Shares and, if necessary, the Calculation Agent will adjust any relevant terms accordingly and (B) in the case of Securities on a Basket of Shares, the Basket will be adjusted to include the number of New Shares to which a holder of the number of Shares equal to the number of the Shares comprised in the Basket immediately prior to the occurrence of the Merger Event would be entitled upon consummation of the Merger Event and the New Shares will be deemed "Shares" and, if necessary, the Calculation Agent will adjust any relevant terms accordingly;
- (b) **"Cancellation and Payment"**, then in the case of Securities on a single Share or Securities on a Basket of Shares, the Securities will be cancelled as of the Merger Date and the Issuer will pay to the Holder the amount specified in Condition 7.3; or
- (c) **"Other Adjustment"**, then the Calculation Agent shall make such other adjustment, in its sole and absolute discretion, as it considers appropriate.

24.3.3 In respect of each Share-for-Other Merger Event or Share-for-Combined Merger Event if, under the relevant Terms, the consequence specified is:

- (a) "**Alternative Obligation**", then on or after the relevant Merger Date, (A) in the case of Securities on a single Share, the amount of Other Consideration to which a holder of the number of Shares equal to the number of Shares represented by the relevant Security would be entitled upon consummation of the Merger Event will be deemed the Reference Asset and, if necessary, the Calculation Agent will adjust any relevant terms accordingly and (B) in the case of Securities on a Basket of Shares, the Basket will be adjusted to include the amount of Other Consideration to which a holder of the number of Shares equal to the number of the Shares comprised in the Basket immediately prior to the occurrence of the Merger Event would be entitled upon consummation of the Merger Event and the Other Consideration will be deemed "Shares" and, if necessary, the Calculation Agent will adjust any relevant terms accordingly;
- (b) "**Cancellation and Payment**", then in the case of Securities on a single Share or Securities on a Basket of Shares, the Securities will be cancelled as of the Merger Date and the relevant Issuer will pay to the Holder the amount specified in Condition 9.3; or
- (c) "**Other Adjustment**", then the Calculation Agent shall make such other adjustment, in its sole and absolute discretion, as it considers appropriate.

24.3.4 The Calculation Agent shall, upon making any of the adjustments set forth in this Condition 24 notify each Holder (in accordance with the provisions of Condition 14) of such adjustment as soon as reasonably practicable.

24.4 Settlement following a Merger Event

If New Shares or Other Consideration are required to be valued in relation to a Merger Event under the Securities, the New Shares or Other Consideration will be valued by the Calculation Agent on each Valuation Date, in a commercially reasonable manner.

24.5 Election of Combined Consideration

In respect of any Share-for-Combined Merger Event, to the extent that a holder of Shares represented by the relevant number of Securities could elect for the Combined Consideration then:

- 24.5.1 if a holder of Shares could elect to receive New Shares as part of the Combined Consideration, then the Combined Consideration shall be deemed to be New Shares to the maximum value permitted; and
- 24.5.2 if a holder of Shares could make any other election, the composition of the Combined Consideration shall be determined by the Calculation Agent in its sole and absolute discretion.

24.6 Nationalisation or Insolvency

24.6.1 The following terms have the meanings given below:

- (a) "**Nationalisation**" of Shares means that all the Shares or all the assets or substantially all the assets of an issuer of Shares are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity; and
 - (b) "**Insolvency**" means that by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency of or any analogous proceeding affecting an issuer of Shares, (A) all the Shares of that issuer are required to be transferred to a trustee, liquidator or other similar official or (B) holders of the Shares of that issuer become legally prohibited from transferring them.
- 24.6.2 The Calculation Agent shall, upon becoming aware of the occurrence of a Nationalisation or Insolvency affecting Shares to which a Security relates (an "**Affected Security**"), notify the Holder as soon as reasonably practicable under the circumstances of such event.
- 24.6.3 In respect of Securities on a single Share, upon a Nationalisation or an Insolvency, the Affected Securities will be cancelled on a date as notified by the Calculation Agent to the Holder by notice to the Programme Agent and the relevant Issuer will pay to the Holder the amount specified in Condition 9.3.
- 24.6.4 In respect of Securities on a Basket of Shares, upon a Nationalisation or an Insolvency, the relevant Issuer may, in its sole and absolute discretion, either:
 - (a) cancel the Affected Security on a date as notified by the Calculation Agent to the Holder by notice to the Programme Agent, in which event such Issuer shall pay to the Holder the amount specified in Condition 9.3; or
 - (b) elect not to cancel the Affected Security, in which event, on a day as notified by the Calculation Agent to the Holder by notice to the Programme Agent:
 - (i) such Issuer shall pay to the Holder the amount of the fair market value as determined by the Calculation Agent in its sole and absolute discretion of the Affected Security, insofar as such Affected Security relates to the Shares affected by the Nationalisation or Insolvency (the "**Affected Shares**") (but not further or otherwise), or an amount determined by the Calculation Agent in its sole and absolute discretion as specified in the relevant Terms, and such amount so determined to be payable in respect of such Affected Security shall be payable on the date specified in such notice; and
 - (ii) the Calculation Agent shall make such adjustment to the exercise, settlement, payment or other variation to the terms of the Affected Security as it, taking into account the removal of the Affected Share from the Basket by virtue of the partial cancellation and payment effected under (i) above, in its sole and absolute discretion, considers appropriate.

25. **ADJUSTMENTS AFFECTING SECURITIES ON INTEREST RATES**

The relevant Interest Rate shall be defined in accordance with the relevant Terms. If, on or prior to any Valuation Date, the Calculation Agent is unable to obtain the relevant Interest Rate, the Calculation Agent may re-base the Securities on Interest Rates against another interest rate

determined by the Calculation Agent, in its sole and absolute discretion, to be a comparable interest rate.

If the Calculation Agent determines in its sole and absolute discretion that there is not such a comparable interest rate, the relevant Issuer may elect to terminate the Securities by giving notice to the Holders in accordance with Condition 14 of such situation and the fair market value, as determined by the Calculation Agent in its sole and absolute discretion, of such Securities on Interest Rates shall be payable on the date specified in such notice.

26. **ADJUSTMENTS AFFECTING SECURITIES ON FOREIGN EXCHANGE RATES**

Unless otherwise specified in the Terms, the relevant Foreign Exchange Rate shall be defined in the relevant Terms. If, on or prior to any Valuation Date, the Calculation Agent is unable to obtain the Foreign Exchange Rate, the Calculation Agent may re-base the Securities on Foreign Exchange Rates against another foreign exchange rate determined by the Calculation Agent, in its sole and absolute discretion, to be a comparable foreign exchange rate.

If the Calculation Agent determines in its sole and absolute discretion that there is not such a comparable foreign exchange rate, the relevant Issuer may elect to terminate the Securities by giving notice to the Holders in accordance with Condition 14 of such situation and the fair market value, as determined by the Calculation Agent in its sole and absolute discretion, of such Securities shall be payable on the date specified in such notice.

27. **ADJUSTMENTS AFFECTING SECURITIES RELATED TO DEPOSITARY RECEIPTS OR DEPOSITARY SHARES**

This Condition 27 shall apply to Securities ("**Depositary Securities**") for which all or any of the Reference Assets are depositary receipts or depositary shares ("**Reference Asset Depositary Instruments**") evidencing or representing shares or other securities ("**Related Securities**").

If any action is taken in accordance with the terms of the deposit agreement constituting a Reference Asset Depositary Instrument which has had a dilutive or concentrative effect on the theoretical value of such Reference Asset Depositary Instrument or otherwise affects or would affect the rights and entitlements of holders of such Reference Asset Depositary Instrument under or in respect of such Reference Asset Depositary Instrument, including (without limitation) the payment to holders of such Reference Asset Depositary Instrument of any amount other than in respect of dividends ordinarily payable under Related Securities, the Calculation Agent (i) shall make such adjustment(s) to the exercise, settlement or payment terms of the Depositary Securities which relate to such Reference Asset Depositary Instrument as the Calculation Agent determines in its sole and absolute discretion appropriate to account for the effect of such action and (ii) shall determine the effective date(s) of such adjustment(s).

28. **ADJUSTMENTS AFFECTING SECURITIES RELATED TO COLLECTIVE INVESTMENT SCHEMES**

This Condition 28 shall apply to Fund Securities.

28.1 **Potential Adjustment Events**

In respect of any Fund (as defined in the relevant Terms) or any Replacement Fund (as applicable), the Calculation Agent shall determine whether or not at any time a Potential Adjustment Event (as defined below) has occurred in respect of the Fund or any Replacement Fund (as applicable) and, where it determines that such an event has occurred, the Calculation

Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Fund or any Replacement Fund (as applicable) and, if so, will make the corresponding adjustment as it reasonably determines to be appropriate, if any, to any amount that is payable in respect of the Securities and/or any other adjustment and, in any case, any other variable relevant to the payment terms of the Securities as the Calculation Agent reasonably determines to be appropriate to account for that diluting or concentrative effect and will determine the effective date(s) of such adjustment(s).

Upon making any such adjustment(s) set out in this Condition 28, the Calculation Agent shall give notice as soon as reasonably practicable to the Holders of the relevant Securities, giving details of the Potential Adjustment Event concerning the Fund or Replacement Fund (as applicable), whether the Potential Adjustment Event has had a diluting or concentrative effect on the theoretical value of the Fund or Replacement Fund (as applicable) and what corresponding adjustments (if any) the Calculation Agent has made concerning any amount that is payable in respect of the Securities, any variable relevant to the payment terms of the Securities and/or any other relevant terms of the Securities.

For the purposes hereof:

"Potential Adjustment Event" means:

- (a) a subdivision, consolidation or reclassification of units or shares (as the case may be) of the Fund or any Replacement Fund (as applicable) (unless a Merger Event) or a free distribution or dividend of any such units or shares (as the case may be) to existing holders by way of bonus, capitalisation or similar issue; or
- (b) a distribution or dividend to existing holders of the units or shares (as the case may be) of the Fund or any Replacement Fund (as applicable) of (i) such units or shares (as the case may be) or (ii) other units or shares (as the case may be) or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Fund or any Replacement Fund (as applicable) equally or proportionately with such payments to holders of such units or shares (as the case may be) of the Fund or Replacement Fund (as applicable) or (iii) any other type of units or shares (as the case may be), securities, rights or warrants or other assets, in any case for payment (cash or otherwise) at less than the prevailing market price as determined by the Calculation Agent; or
- (c) an extraordinary dividend; or
- (d) a call by the Fund or the Management Company in respect of units or shares (as the case may be) that are not fully paid; or
- (e) a repurchase by the Fund or the Management Company of units or shares (as the case may be) of the Fund or Replacement Fund (as applicable) and whether the consideration for such repurchase is cash, securities or otherwise; or
- (f) any other similar event that may have a diluting or concentrative effect on the theoretical value of the units or shares (as the case may be) of the Fund or Replacement Fund (as applicable).

Save that, if, in respect of (a) to (f) inclusive above, an event occurs that constitutes both a Potential Adjustment Event and a Lock-In Event (as defined below) such event shall constitute a Lock-In Event and not a Potential Adjustment Event.

28.2 Substitution by Fund and Substitution by Index

Following the occurrence (as determined by the Calculation Agent) of any Merger Event, Lock-In Event or Insolvency (each as defined below) in respect of the Fund (the "**Affected Fund**") in relation to which, or the units or shares (as the case may be) of which, a Merger Event, Lock-In Event or Insolvency has occurred, the Calculation Agent shall notify the Issuer and the Programme Agent who shall promptly notify the Holders, and the Calculation Agent may, (a) designate a date, as of which an appropriate alternative investment fund (the "**Replacement Fund**") managed by the same Management Company as the Management Company of the Affected Fund selected by the Calculation Agent (the units or shares (as the case may be) of which Replacement Fund shall be denominated in such currency as the Calculation Agent may select) shall replace the Affected Fund for the purposes of the Securities and (b) make such adjustment as it determines to be appropriate, if any, to any variable, calculation methodology, valuation, settlement, payment terms or any other terms and conditions in relation to the Securities to account for the replacement of the Affected Fund by the Replacement Fund (provided that, if the Calculation Agent is unable to select a Replacement Fund or upon the occurrence of any Merger Event, Lock-In Event or Insolvency in respect of a Replacement Fund (the "**Affected Replacement Fund**") the Calculation Agent may select, for the purposes of replacing the Affected Fund or Affected Replacement Fund (as the case may be), a replacement index (the "**Replacement Index**") that it determines to be appropriate and the Calculation Agent shall notify the Issuer and the Programme Agent, who shall notify the Holders, and the Calculation Agent shall make such adjustment as it determines to be appropriate, if any, to any variable, calculation methodology, valuation, settlement, payment terms or any other terms and conditions in relation to the Securities to account for the replacement of the Affected Fund or Affected Replacement Fund (as the case may be), by the Replacement Index).

For the purposes of this Condition 28:

"**Insolvency**" means, in respect of the Fund or any Replacement Fund (as applicable), (A) that by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency of or any analogous proceeding affecting the Fund or the Management Company in respect of the Fund or any Replacement Fund (as applicable) (i) all the units or shares (as the case may be) of the Fund or any Replacement Fund (as applicable) are required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the units or shares (as the case may be) of the Fund or any Replacement Fund (as applicable) become legally prohibited from transferring them or (B) any voluntary or involuntary winding-up or termination occurs in respect of the Fund or any Replacement Fund (as applicable);

"**Lock-In Event**" means, in respect of the Fund or any Replacement Fund (as applicable), the occurrence of any one or more of the following events, as determined by the Calculation Agent:

- (a) there is a fundamental change to the main investment objective of the Fund or any Replacement Fund (as applicable) from that as set out in respect of the Fund or Replacement Fund (as applicable) on the Issue Date of the Securities;

- (b) the currency denomination of the Fund or any Replacement Fund (as applicable) is amended in accordance with its rules so that the net asset value in respect of the Fund or Replacement Fund (as applicable) is no longer calculated in the same currency as at the Issue Date of the Securities;
- (c) the Issuer, any of its affiliates or any hedging counterparty would be required to pay a subscription fee in respect of a purchase of units or shares (as the case may be) of the Fund or any Replacement Fund (as applicable) or would incur any redemption fee in respect of a sale of units or shares (as applicable) of the Fund or any Replacement Fund (as applicable) in relation to the Issuer's, any of its affiliates, or such hedging counterparty's hedging activities in relation to the Securities (other than in any such case, a dilution or SDRT level imposed in accordance with the prospectus for the Fund or any Replacement Fund);
- (d) the Management Company in respect of the Fund or Replacement Fund (as applicable) fails for reasons other than of a technical or operational nature to calculate the net asset value in respect of the Fund or any Replacement Fund (as applicable) for eight consecutive Valuation Business Days and the reason for such failure is as a consequence of any decision to liquidate or dissolve the Fund or any Replacement Fund (as applicable);
- (e) the activities of the Fund or any Replacement Fund (as applicable) or, to the extent relevant to the management of the Fund or any Replacement Fund (as applicable), its Management Company are placed under review by its regulators for reasons of wrongdoing, breach of any rule or regulation or other similar reason;
- (f) there is any change in the regulatory or tax treatment applicable with respect to the Fund or any Replacement Fund (as applicable) which could have an economic impact for the Issuer, any of its affiliates or any hedging counterparty as a holder of an interest, if any, in the Fund or any Replacement Fund (as applicable);
- (g) any suspension of or limitation imposed on trading of the Fund or any Replacement Fund (as applicable) (by reason of liquidity restrictions or otherwise) if, in any such case, such suspension or limitation is, in the determination of the Calculation Agent, material; and
- (h) the Issuer, any of its affiliates, or any hedging counterparty would be obliged (whether by the relevant Management Company or otherwise) to redeem all or some of the units or shares (as applicable) of the Fund or any Replacement Fund (as applicable) that it is holding in relation to its hedging activities in respect of the Securities;

"Merger Event" means, in respect of any units or shares (as the case may be) of the Fund or any Replacement Fund (as applicable), any:

- (a) reclassification or change of such units or shares (as the case may be) of the Fund or any Replacement Fund (as applicable) that results in a transfer of or an irrevocable commitment to transfer all or, in the determination of the Calculation Agent, substantially all of such units or shares (as the case may be) outstanding; or
- (b) consolidation, amalgamation or merger of the Fund with or into another issuer of units or shares (as the case may be) in funds (other than a consolidation, amalgamation or merger in which such Fund is the continuing entity and which does not result in any

such reclassification or change of all of such units or shares (as the case may be) outstanding); or

- (c) other takeover offer for such units or shares (as the case may be) that results in a transfer of or an irrevocable commitment to transfer all or, in the determination of the Calculation Agent, substantially all such units or shares (as the case may be) (other than such units or shares (as the case may be) owned or controlled by the offeror),

in each case if the Merger Date is on or before the Maturity Date.

"Merger Date" means, in respect of a Merger Event, the date upon which all or, in the determination of the Calculation Agent, substantially all holders of the units or shares (as the case may be) of the Fund or such Replacement Fund (as applicable) (other than, in the case of a takeover offer, units or shares (as the case may be) owned or controlled by the offeror) have agreed or have irrevocably become obliged to transfer their units or shares (as the case may be) of the Fund or such Replacement Fund (as applicable).

29. **ADJUSTMENTS FOR OTHER REFERENCE ASSETS**

The relevant Terms may include additional provisions specifying adjustments for Reference Assets not addressed in these Conditions or amending the adjustments for Reference Assets specified in these Conditions.

30. **DEFINITIONS**

The following capitalised terms shall have the meanings set out below:

"Additional Termination Event" has the meaning ascribed to it in Condition 9.2;

"Affected Fund" has the meaning ascribed to it in Condition 28.2;

"Affected Replacement Fund" has the meaning ascribed to it in Condition 28.2;

"Affected Shares" has the meaning ascribed to it in Condition 24.6;

"Affected Security" has the meaning ascribed to it in Condition 24.6;

"Alternative Obligation" has the meaning ascribed to it in Condition 24.3;

"American Style" has the meaning ascribed to it in Condition 3.1;

"Applicable Law" means any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative or judicial authority or power;

"Automatic Exercise" means a provision in the relevant Terms specifying that Securities not exercised prior to the Final Exercise Date shall be deemed to have been exercised on the Final Exercise Date;

"Basket" a basket composed of two or more Reference Assets in defined proportions and/or amounts, as specified in the relevant Terms, if applicable;

"Bermudan Style" has the meaning ascribed to it in Condition 3.3;

"Bidder" has the meaning ascribed to it in Condition 24.2;

"Bonus Issue or Stock Split" has the meaning ascribed to it in Condition 24.1;

"Business Day" means any day (other than Saturday or Sunday) on which banks are generally open in London (and such additional and/or such alternative principal financial centres as may be specified in the relevant Terms) for a full range of business and in cases where payments are to be made through the Relevant Settlement System, a day on which the Relevant Settlement System is also open for the acceptance and execution of settlement instructions;

"Calculation Agent" means Goldman Sachs International and includes any alternative calculation agent appointed from time to time in respect of a Series of Securities identified as such in the relevant Terms;

"Cancellation and Payment" has the meaning ascribed to it in Condition 24.3;

"Capital Distribution" has the meaning ascribed to it in Condition 24.1;

"Certificate" means a certificate or any other instrument of any kind issued under these Conditions by the relevant Issuer and the obligations of such Issuer and the Guarantor(s) under it;

"Change of Tax Law" means the enactment, promulgation, execution or ratification of, or any change in or amendment to, any law (or in the application or official interpretation of any law);

"Closing Cum Rights Share Price" has the meaning ascribed to it in Condition 24.1;

"Conditions" means these conditions of the Securities;

"Combined Consideration" has the meaning ascribed to it in Condition 24.3;

"Consequences of Merger Events" has the meaning ascribed to it in Condition 24.3;

"CREST" means the dematerialised securities trading system operated by CRESTCo Limited;

"Demerger Event" has the meaning ascribed to it in Condition 24.1;

"Depository Securities" has the meaning ascribed to it in Condition 27;

"European Style" has the meaning ascribed to it in Condition 3.2;

"Exchange" means the stock exchange on which the relevant Shares are quoted for trading or the trading market or system upon which the relevant Indices are compiled or calculated as applicable;

"Exchange Business Day" means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day on the relevant Exchange other than a day on which the trading on such exchange is scheduled to close prior to its regular weekday closing time;

"Exercise Date" means the Exercise Date or Exercise Date(s) specified in the relevant Terms or (in the case of any Security where the Reference Asset includes a Share or an Index) where any such Exercise Date is not an Exchange Business Day, the next succeeding Exchange Business Day, or (in the case of any other Security) where any such Exercise Date is not a Business Day, the next succeeding Business Day;

"Exercise Notice" means a notice in writing, or by fax confirmed in writing, in the form (with such amendments as the relevant Issuer may specify) set out in the Programme Agreement (copies of which may be obtained from the Programme Agents);

"Exercise Period" means the period from, but excluding, the Issue Date to and including the Final Exercise Date;

"Expenses" means all expenses, costs, charges, tax, duties, withholding or other payments, including, without limitation, all stamp, issue, registration or securities transfer or other similar taxes or duties or governmental charges;

"Final Exercise Date" means the Final Exercise Date specified in the relevant Terms, or (in the case of any Security where the Reference Asset includes a Share or an Index) where any such Final Exercise Date is not an Exchange Business Day, the next succeeding Exchange Business Day, or (in the case of any other Security) where any such Final Exercise Date is not a Business Day, the next succeeding Business Day;

"Final Terms" means the final terms of the Securities of any Series which set forth the pricing and other information concerning such Securities not expressly stated in these Conditions;

"Foreign Exchange Rate" means a Reference Asset that is a foreign exchange rate;

"FSA" means the United Kingdom Financial Services Authority;

"Fund" means an undertaking for collective investment in transferable securities (a fund, including, without limitation, a unit trust or an investment fund constituted by a limited partnership);

"Fund Interest" means a Reference Asset which is a share, unit, security or other interest in any Fund;

"Fund Securities" means Securities for which all or any of the Reference Assets are Fund Interests;

"Further Shares" has the meaning ascribed to it in Condition 24.1;

"FX Disruption Event" means:

- (a) an event in relation to a Relevant Reference Asset Jurisdiction which has the effect of preventing, restricting or delaying the Calculation Agent from:
 - (i) converting the Relevant Currency into the Settlement Currency through customary legal channels; or
 - (ii) converting the Relevant Currency into the Settlement Currency at a rate at least as favourable as the rate for domestic institutions located in the Relevant Reference Asset Jurisdiction; or
 - (iii) delivering the Settlement Currency from accounts inside the Relevant Reference Asset Jurisdiction to accounts outside the Relevant Reference Asset Jurisdiction; or

- (iv) delivering the Relevant Currency between accounts inside the Relevant Reference Asset Jurisdiction or to a party that is a non-resident of the Relevant Reference Asset Jurisdiction; or
- (b) the imposition by the Relevant Reference Asset Jurisdiction (or any political or regulatory authority thereof) of any capital controls, or the publication of any notice of an intention to do so, which the Calculation Agent determines in its sole and absolute discretion is likely materially to affect the Securities, and notice thereof is given by the relevant Issuer to the Holders in accordance with Condition 22; or
- (c) the implementation by the Relevant Reference Asset Jurisdiction (or any political or regulatory authority thereof) or the publication of any notice of an intention to implement any changes to the laws or regulations relating to foreign investment in the Relevant Reference Asset Jurisdiction (including, but not limited to, changes in tax laws and/or laws relating to capital markets and corporate ownership), which the Calculation Agent determines in its sole and absolute discretion are likely to affect materially the relevant Issuer's ability to hedge its obligations under the Securities;

"Guarantor" means each of Goldman Sachs Europe (if applicable) and The Goldman Sachs Group, Inc. (together, the **"Guarantors"**);

"Hedging Entity" means the relevant Issuer or any affiliate(s) of that Issuer (including, for the avoidance of doubt, Goldman Sachs International) or any entity (or entities) acting on behalf of that Issuer) which is engaged in any underlying or hedging transactions relating to the Reference Assets in order to hedge that Issuer's obligations under the Securities;

"Holder" has the meaning ascribed to it in Condition 1.3;

"Index" or **"Indices"** means a Reference Asset that is an index;

"Insolvency", in respect of Securities on a single share or a Basket of Shares, has the meaning ascribed to it in Condition 24.6 or, in respect of Fund Securities, has the meaning ascribed to it in Condition 28.2;

"Interest Rate" or **"Rates"** means a Reference Asset that is an interest rate;

"Intrinsic Value" has the meaning ascribed to it in Condition 24.1;

"Issue Date" means the date on which the relevant Securities are issued;

"Issuer" means either of Goldman Sachs Europe or Goldman Sachs (Jersey) Limited and together, the **"Issuers"**;

"Listing Event" has the meaning ascribed to it in Condition 24.1;

"Local Time" means the time in London;

"Lock-in Event" has the meaning ascribed to it in Condition 28.2;

"London Stock Exchange" means the London Stock Exchange plc;

"Management Company" means, in relation to a Fund, the entity specified as such in the relevant Terms;

"Market Disruption Event" means:

- (a) in respect of an Index relating to Securities on a single Index or Securities on a Basket of Indices, the occurrence or existence on any Exchange Business Day during the one-half hour period that ends at the relevant Valuation Time of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the relevant Exchange or otherwise), (i) on the relevant Exchange(s) in securities that comprise 20 per cent. or more of the level of the relevant Index, or (ii) in options, contracts or futures contracts on the relevant Index if, in any such case, such suspension or limitation is, in the sole and absolute determination of the Calculation Agent, material. For the purpose of determining whether a Market Disruption Event exists at any time, if trading in a security included in the Index is materially suspended or materially limited at that time, then the relevant percentage contribution of that security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that security relative to (y) the overall level of the Index, in each case immediately before that suspension or limitation;
- (b) in respect of Shares relating to Securities on a single Share or Securities on a Basket of Shares, the occurrence or existence on any Exchange Business Day during the one-half hour period that ends at the relevant Valuation Time of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the relevant Exchange or otherwise) in (i) the Shares on the Exchange or (ii) any options, contracts or futures contracts relating to the Shares if, in any such case, that suspension or limitation is, in the sole and absolute determination of the Calculation Agent, material; and
- (c) in respect of a Fund, the failure by the Management Company in respect of that Fund (or any party acting on its behalf) to calculate and publish the net asset value of that Fund on any day that would, but for such failure, have been a Valuation Business Day;

"Maximum Exercise Number" means the maximum number of Securities which may be exercised on any Exercise Date, as specified in the relevant Terms;

"Merger Date", in respect of Securities on a single Share or a Basket of Shares, has the meaning ascribed to it in Condition 24.2 or, in respect of Fund Securities, has the meaning ascribed to it in Condition 28.2;

"Merger Event", in respect of Securities on a single Share or a Basket of Shares, has the meaning ascribed to it in Condition 24.2 or, in respect of Fund Securities, has the meaning ascribed to it in Condition 28.2;

"Method of Adjustment" has the meaning ascribed to it in Condition 24.1;

"Minimum Exercise Number" means the minimum number of Securities which may be exercised on any Exercise Date as specified in the relevant Terms;

"Multiplier" means the multiplier specified as such in the relevant Terms;

"Nationalisation" has the meaning ascribed to it in Condition 24.6;

"New Shares" has the meaning ascribed to it in Condition 24.3;

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

"Optional Early Redemption Date" has the meaning ascribed to it in Condition 9.2;

"Options Exchange" has the meaning ascribed to it in Condition 24.1;

"Options Exchange Adjustment" has the meaning ascribed to it in Condition 24.1;

"Other Adjustment" has the meaning ascribed to it in Condition 24.3;

"Other Consideration" has the meaning ascribed to it in Condition 24.3;

"Partial Payments" has the meaning ascribed to it in Condition 21.2;

"Partial Proceeds" has the meaning ascribed to it in Condition 21.2;

"Payment Disruption Event" has the meaning ascribed to it in Condition 21.1;

"Payment Event Cut-Off Date" means the latest to occur of the date which is one year after the Exercise Date or Settlement Date or any other date on which the Securities may be exercised or any date on which any amount under the Securities shall be due and payable, in each case, but for the operation of Condition 21, or as determined by the Calculation Agent acting in its sole and absolute discretion and as specified herein;

"Potential Adjustment Event", in respect of Securities on a single Share or a Basket of Shares, has the meaning ascribed to it in Condition 24.1 or, in respect of Fund Securities, has the meaning ascribed to it in Condition 28.1;

"Proceedings" means any legal action or proceedings arising out of or in connection with the Securities;

"Quota" means the Maximum Exercise Number of Securities of a Series (or, where a Series is constituted by two or more Tranches and the relevant Terms so provide, a Tranche);

"Reclassified Securities" has the meaning ascribed to it in Condition 24.1;

"Redemption Date" has the meaning ascribed to it in the relevant Terms, subject always to Condition 3.7 (if applicable);

"Reference Asset" or "Reference Assets" means as specified in the relevant Terms;

"Register" has the meaning ascribed to it in Condition 1.4;

"Registrar" means Lloyds TSB Registrars or such other registrar as may be appointed by the Issuers from time to time;

"Regulations" means the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) as amended from time to time;

"Related Securities" has the meaning ascribed to it in Condition 27;

"Relevant Currency" means the currency in which the Reference Assets are denominated as specified in the relevant Terms;

"Relevant Reference Asset Jurisdiction" means the jurisdiction(s) specified in the relevant Terms;

"Relevant Settlement System" means CREST and/or such other settlement system as may be specified in the relevant Terms in addition to, or in place of, CREST;

"Replacement Fund" has the meaning ascribed to it in Condition 28.2;

"Rights Issue" has the meaning ascribed to it in Condition 24.1;

"Rights Per Share" has the meaning ascribed to it in Condition 24.1;

"Rights Share Price" has the meaning ascribed to it in Condition 24.1;

"Scheduled Valuation Date" means the original date that, but for the Market Disruption Event, would have been the Valuation Date;

"Security" means a Warrant or a Certificate;

"Series" means any series of the Securities;

"Settlement" means payment of the Settlement Amount, in cash, as specified in the relevant Terms;

"Settlement Amount" means the settlement amount specified in the relevant Terms, as applicable;

"Settlement Currency" means the currency specified as such in the relevant Terms;

"Settlement Date" means, unless otherwise specified in the relevant Terms and subject to there not having occurred a Payment Disruption Event, in relation to payment of the Settlement Amount, the date specified or otherwise determined as provided in the relevant Terms or, if such day is not a Business Day then the next succeeding Business Day, provided that in the case of Securities on a Basket of Indices or Securities on a Basket of Shares, if as a result of a Market Disruption Event there is more than one Valuation Date with respect to Indices or Shares comprised in the Basket, then the Settlement Date shall be determined by reference to the Valuation Date which is the last to occur. Notwithstanding the above, in the event of an occurrence of a Payment Disruption Event, the provisions of Condition 22 shall apply;

"Settlement Disruption Event" means the event or events specified as such in the relevant Terms;

"Share" or "Shares" means a Reference Asset that is a share, stock or other equity instrument;

"Share-for-Combined" has the meaning ascribed to it in Condition 24.3;

"Share-for-Other" has the meaning ascribed to it in Condition 24.3;

"Share-for-Share" has the meaning ascribed to it in Condition 24.3;

"Spin-Off Event" has the meaning ascribed to it in Condition 24.1;

"Spin-Off Securities" has the meaning ascribed to it in Condition 24.1;

"Strike Price" means the price specified as such in the relevant Terms;

"Subdivision" has the meaning ascribed to it in Condition 24.1;

"Successor Shares" has the meaning ascribed to it in Condition 24.1;

"Termination Event" has the meaning ascribed to it in Condition 9.1;

"Terms" means the terms of the Securities set out in these Conditions and in the relevant Final Terms regarding any Series or Tranche, as applicable;

"Tranche" means any tranche of the Securities;

"Reference Asset Depositary Instrument" has the meaning ascribed to it in Condition 27;

"Valuation Business Day" means a day specified as such in the relevant Terms;

"Valuation Date" means for Securities in respect of which Exercise Date(s) is/are specified, the Exercise Date relating to each exercise of such Securities, or otherwise as specified in the relevant Terms;

"Valuation Time" means the valuation time specified in the relevant Terms;

"Warrant" means a warrant issued under these Conditions by the relevant Issuer and the obligations of such Issuer and the Guarantor(s) under it;

"Programme Agent" means Lloyds TSB Registrars, a division of Lloyds TSB Bank plc, and includes any successor or additional agent or any other such agent identified as such in the relevant Terms; and

"Programme Agreement" means the Amended and Restated Programme Agreement between the Issuers, the Registrar, the Programme Agent, the Calculation Agent and the other parties named therein, dated 11 July 2006 (as amended or supplemented from time to time).

NOTA DI SINTESI DEL PROGRAMMA E DEGLI STRUMENTI FINANZIARI

La seguente nota di sintesi (la "Nota di Sintesi") deve essere letta come introduzione al Prospetto di Base ed è integrata dalle informazioni più dettagliate riportate altrove nello Prospetto di Base. Qualsiasi decisione di investimento dovrebbe basarsi sull'esame del presente Prospetto di Base completo. Qualora sia proposto un ricorso dinanzi all'autorità giudiziaria di uno Stato Membro dello Spazio Economico Europeo in merito alle informazioni contenute nel Prospetto di Base, l'investitore ricorrente potrebbe essere tenuto, a norma del diritto nazionale dello Stato Membro in questione, a sostenere le spese di traduzione del Prospetto di Base prima dell'inizio del procedimento. La responsabilità civile incombe sulle persone che hanno redatto la Nota di Sintesi soltanto qualora la stessa Nota risulti fuorviante, imprecisa o incoerente se letta congiuntamente alle altre parti del presente Prospetto di Base. I termini usati nella presente Nota di Sintesi ma non definiti, avranno il significato ad essi attribuito nelle Condizioni.

Emittenti: Goldman Sachs (Jersey) Limited ("**GSJ**") e Goldman Sachs Europe ("**GSE**").

GSJ è stata costituita come società di capitali quotata in borsa con responsabilità limitata ai sensi delle leggi del Jersey in data 12 marzo 2003 ed è iscritta al registro delle imprese al numero di registrazione 84992. La sede legale di GSJ è in 22 Grenville Street, St. Helier, Jersey JE4 8PX. L'attività commerciale di GSJ consiste nell'emissione di Strumenti Finanziari, nella stipula di contratti e accordi contemplati nel presente Prospetto di Base e nell'esercizio dei diritti e nell'esecuzione degli impegni previsti in ciascuno di detti contratti e accordi e di altre operazioni ad essi connesse.

GSE è una società di diritto inglese costituita nel 1985. Si occupa attualmente della fornitura di servizi (in qualità di agente) nell'ambito di operazioni di prestito titoli. GSE è disciplinata dalla Financial Services Authority ai sensi del Financial Services and Markets Act del 2000. La sede legale di GSE è in Peterborough Court, 133 Fleet Street, Londra EC4A 2BB.

Sia GSJ che GSE sono controllate indirette di The Goldman Sachs Group, Inc. ("**GSGI**"), la casa madre del gruppo di società di Goldman Sachs.

Garanti: GSE (relativamente a Strumenti Finanziari emessi da GSJ) e GSGI (relativamente a Strumenti Finanziari emessi o garantiti da GSE).

GSGI è quotata alla Borsa di New York dal 1999 e insieme alle sue controllate è un'azienda leader a livello globale nei settori dell'investment banking, delle operazioni in titoli e dell'investimento, fornisce una vasta gamma di servizi in tutto il mondo e vanta una clientela consistente e diversificata che include società di capitali, istituti finanziari, governi e privati con ingenti patrimoni. GSGI è una società di capitali statunitense costituita ai sensi delle leggi dello Stato del Delaware. La sede centrale di GSGI è situata in 85 Broad Street, New York, New York 10004.

Registrar e Agente del Programma:	Lloyds TSB Registrars.
Agente per il Calcolo:	Goldman Sachs International (" GSI ").
Metodo di emissione:	Gli Strumenti Finanziari saranno emessi in serie (ciascuna, una " Serie "). Ogni Serie può comprendere una o più tranche (ciascuna una " Tranche ") emesse nelle stesse o in diverse date di emissione. Ogni Tranche sarà emessa e sarà soggetta ai termini e alle condizioni (il " Regolamento ") stabiliti nel Regolamento e integrate dalle condizioni supplementari eventualmente stabilite nelle relative Condizioni Definitive.
Prezzo di emissione:	Gli Strumenti Finanziari possono essere emessi a un qualsiasi prezzo di emissione, che sarà specificato nel relativo Regolamento.
Regime di distribuzione:	Gli Emittenti intendono emettere gli Strumenti Finanziari ad una collegata di GSE (che si prevede sarà GSI). GSI agirà in qualità di operatore dedicato e market maker negli Strumenti Finanziari. Un mercato negli Strumenti Finanziari sarà prevedibilmente creato soltanto da GSI o da un'altra collegata degli Emittenti.
Status degli Strumenti Finanziari:	Gli Strumenti Finanziari costituiranno impegni non subordinati e non garantiti del relativo Emittente, avranno tutti pari grado e, fatta eccezione per taluni impegni cui la legge applicabile assegna priorità, saranno di pari grado rispetto a tutti gli altri impegni presenti e futuri in essere non garantiti e non subordinati del relativo Emittente.
Forma e Trasferimento di Strumenti Finanziari:	Gli Strumenti Finanziari saranno emessi e trasferiti esclusivamente in forma registrata e non certificata tramite il sistema di negoziazione di titoli dematerializzati gestito da CRESTCo Limited, noto come CREST, e/o da un altro sistema o da sistemi di liquidazione supplementari eventualmente specificati nel relativo Regolamento. Gli Strumenti Finanziari saranno costituiti da, e beneficeranno di, un Deed of Covenant sottoscritto da ciascuno degli Emittenti, copie del quale saranno disponibili in visione, durante il normale orario di lavoro, presso gli uffici dell'Agente del Programma a Londra. Nessun trasferimento di Strumenti Finanziari sarà valido a meno che e fintantoché non venga registrato nel Registro dei Portatori. Uno Strumento Finanziario può essere registrato soltanto a nome di, e trasferito unicamente a, un soggetto di cui sia fornito il nome (o soggetti, non superiori a quattro).
Esercizio degli Strumenti Finanziari:	Fatte salve le disposizioni più dettagliate delle Condizioni e del Regolamento, il Portatore di ogni Strumento Finanziario avrà diritto a ricevere un importo in contanti (l' " Importo di Liquidazione ") dall'Emittente o dal Garante/dai Garanti, a seconda del caso, calcolato in conformità alle relative Condizioni e

al relativo Regolamento. Gli Strumenti Finanziari saranno specificati nel Regolamento applicabile come di "Tipo americano", "Tipo europeo" o "Tipo bermudiano". Gli Strumenti Finanziari di Tipo americano saranno esercitabili in qualsiasi Giorno Lavorativo durante un determinato Periodo di esercizio, quelli di Tipo europeo saranno esercitabili in una determinata Data di Esercizio, mentre quelli di Tipo bermudiano saranno esercitabili in una qualsiasi di due o più Date di esercizio specificate. Gli Strumenti Finanziari possono inoltre essere definiti nel Regolamento applicabile come Strumenti Finanziari a esercizio multiplo, ossia Strumenti Finanziari che possono essere esercitati una volta in ciascuna Data di Esercizio specificata. Gli Strumenti Finanziari danno origine a opzioni esercitabili dal relativo Portatore. Nessun Portatore ha l'obbligo di esercitare i propri Strumenti Finanziari né, in assenza di tale esercizio e salvo quanto stabilito in seguito, il relativo Emittente o, a seconda del caso, il/i relativo/i Garante/Garanti hanno alcun obbligo di pagare un qualsiasi importo in ordine agli Strumenti Finanziari. In caso di esercizio di Strumenti Finanziari, il Portatore è tenuto a certificare che gli stessi non vengono esercitati da parte di o per conto di un soggetto statunitense o un soggetto che risieda negli Stati Uniti e che detti Strumenti Finanziari non sono posseduti a beneficio di un soggetto statunitense o da un soggetto residente negli Stati Uniti.

Gli Strumenti Finanziari possono essere esercitati tramite la consegna all'Agente del Programma di una Dichiarazione di Esercizio debitamente compilata da parte del Portatore o, qualora il relativo Emittente sia stato obbligato a effettuare il pagamento di un Importo di Liquidazione (a) in ordine a Strumenti Finanziari di Tipo europeo, in qualsiasi Data di Esercizio o (b) in ordine a Strumenti Finanziari di Tipo americano o bermudiano, in una qualsiasi Data di Esercizio finale, al Portatore di tale Strumento Finanziario nel caso in cui lo stesso sia stato esercitato dal relativo Portatore, detto Strumento Finanziario sarà automaticamente esercitato in detta Data di Esercizio o Data di Esercizio Finale, a seconda del caso. Nel relativo Regolamento l'Emittente interessato può specificare un numero massimo o minimo di Strumenti Finanziari esercitabili in qualsiasi data. Nel caso di esercizio di Strumenti Finanziari, vi sarà un periodo di sfasamento tra il momento in cui un Portatore fornisce le istruzioni per l'esercizio e il momento in cui viene determinato l'Importo di Liquidazione applicabile relativo a detto esercizio. Durante tali periodi il valore del Sottostante può variare in misura significativa; dette variazioni potrebbero diminuire l'Importo di Liquidazione relativamente agli Strumenti Finanziari esercitati e di conseguenza tale importo potrebbe essere pari a zero.

Garanzie:

Il pagamento puntuale di tutte le somme di volta in volta dovute da GSJ in ordine agli Strumenti Finanziari emessi dalla stessa sono incondizionatamente e irrevocabilmente garantiti da GSE in qualità di Garante in conformità a un

Atto di garanzia datato 11 luglio 2006. Inoltre, il pagamento puntuale di tutte le somme di volta in volta dovute da GSE in ordine agli Strumenti Finanziari emessi o garantiti dalla stessa sono incondizionatamente e irrevocabilmente garantiti da GSIG in conformità a un atto di garanzia datato 11 luglio 2006. Gli impegni di ogni Garante ai sensi della Garanzia rappresentano impegni diretti, non subordinati, non garantiti e irrevocabili del relativo Garante e hanno pari grado rispetto a tutti gli altri impegni diretti, non subordinati e non garantiti dello stesso.

Illegalità:

Qualora il relativo Emittente stabilisca che il suo esercizio di Strumenti Finanziari sia diventato del tutto o in parte illegittimo o impraticabile per qualsiasi motivo, tale Emittente ha facoltà di cancellare detti Strumenti Finanziari e, se consentito dalla legge applicabile, pagare al portatore degli stessi un importo pari al loro equo valore di mercato.

Eventi di Turbativa:	Il Regolamento relativo a ciascuna Serie di Strumenti Finanziari dovrà specificare gli eventuali Eventi di Turbativa dei Pagamenti, della Liquidazione e del Mercato applicabili a detti Strumenti Finanziari. Qualora l'Agente per il Calcolo stabilisca a sua discrezione il verificarsi di un Evento di Turbativa dei Pagamenti, della Liquidazione o del Mercato, ciò potrebbe comportare il differimento per un determinato periodo della Data di Esercizio, della Data di Valutazione e/o della Data di Liquidazione. L'Agente per il Calcolo potrebbe inoltre avere diritto a valutare il relativo Sottostante basandosi sulla sua stima, effettuata in buona fede, del prezzo di detto Sottostante che avrebbe prevalso se non si fosse verificata la turbativa.
Correzioni:	In conformità alle Condizioni, in seguito al verificarsi di taluni eventi specificati relativamente a un qualsiasi Sottostante al quale si riferisce una Serie di Strumenti Finanziari, l'Agente per il Calcolo può avere diritto ad apportare correzioni a detto Sottostante o a sostituirlo a sua discrezione.
Regime Fiscale:	Salvo quanto diversamente stabilito nel relativo Regolamento, i Portatori sono tenuti al versamento di imposte, ivi inclusa la ritenuta d'acconto, dovute in relazione agli Strumenti Finanziari.
Quotazione:	Se specificato nel relativo Regolamento, può essere presentata domanda di ammissione degli Strumenti Finanziari emessi secondo il Programma al listino ufficiale della Financial Services Authority e alla negoziazione sul mercato regolamentato della Borsa di Londra per Strumenti Finanziari quotati. Gli Strumenti Finanziari possono inoltre essere quotati su qualsiasi altra borsa o possono non essere quotati. Il Relativo Regolamento in ordine a ciascuna Serie di Strumenti Finanziari dovrà specificare l'eventuale borsa sulla quale gli stessi saranno quotati.
Legge Applicabile:	Gli Strumenti Finanziari saranno creati ai sensi della Legge d'Inghilterra e disciplinati dalla stessa.
Vincoli alla Vendita:	In alcune giurisdizioni, tra cui Stati Uniti e Jersey (vedere la sezione " Vincoli alla Vendita " sotto riportata), esistono vincoli sulla vendita di Strumenti Finanziari e sulla distribuzione del materiale di offerta. Ulteriori vincoli, ivi inclusi quelli sul trasferimento, possono essere applicabili in relazione a una particolare Tranche di Strumenti Finanziari e saranno riportati nel relativo Regolamento.
Fattori di rischio:	Acquistando Strumenti Finanziari, ciascun Portatore dichiara e garantisce implicitamente agli Emittenti e al/ai relativo/i Garante/i, e suppone che la complessità e i rischi inerenti agli Strumenti Finanziari siano adeguati ai propri obiettivi. Un soggetto dovrebbe negoziare Strumenti Finanziari soltanto qualora comprenda la natura delle relative operazioni e la portata

della propria esposizione a una perdita potenziale. I potenziali acquirenti di Strumenti Finanziari dovrebbero avere esperienza in opzioni e in operazioni su opzioni, dovrebbero comprendere i rischi di operazioni che coinvolgono i relativi Strumenti Finanziari e dovrebbero prendere una decisione di investimento soltanto dopo un attento esame, insieme ai propri consulenti, dell'idoneità di detti Strumenti Finanziari alla luce della propria particolare situazione finanziaria, di tutte le informazioni stabilite nel presente documento, dei dati relativi ai relativi Strumenti Finanziari riportati nel Regolamento applicabile e del particolare Sottostante al quale il valore dei relativi Strumenti Finanziari può essere connesso. Essi dovrebbero consultare il proprio consulente legale, fiscale, contabile e altri consulenti indipendenti affinché questi possano assisterli nello stabilire l'idoneità di un loro investimento negli Strumenti Finanziari o nel caso essi avessero dubbi circa il contenuto del presente Prospetto di Base. Le operazioni in Strumenti Finanziari fuori borsa possono comportare rischi maggiori rispetto a operazioni in Strumenti Finanziari negoziati in borsa. Il mercato per gli Strumenti Finanziari potrebbe essere limitato e ciò potrebbe avere un impatto negativo sul loro valore e/o sulla capacità di un Portatore di alienare gli stessi. Né gli Emittenti né il Garante hanno direttamente o indirettamente rilasciato, e non rilasciano, a un qualsiasi potenziale acquirente di Strumenti Finanziari, alcuna garanzia relativamente ai meriti o alla performance degli Strumenti Finanziari. Gli Emittenti non hanno inoltre alcun obbligo né si impegnano in alcun modo a costituire un mercato negli o a riacquistare gli Strumenti Finanziari. Gli Strumenti Finanziari implicano un livello elevato di rischio che può includere i rischi di tassi di interesse, rischi societari, di mercato, di cambio, di valore temporale e/o rischi politici. I potenziali acquirenti di Strumenti Finanziari dovrebbero essere consapevoli del fatto che i loro Strumenti Finanziari potrebbero non avere alcun valore alla loro scadenza o al loro esercizio e pertanto dovrebbero essere preparati a sostenere una perdita totale del prezzo di acquisto dei loro Strumenti Finanziari. Tale rischio riflette la natura di uno Strumento Finanziario quale attività il cui valore può diminuire nel tempo e che può essere privo di valore al momento della scadenza. Supponendo che tutti gli altri fattori si mantengano costanti e che non vi sia alcuna forma di protezione del capitale nei termini del relativo Strumento Finanziario come stabilito nel rispettivo Regolamento, quanto più uno Strumento Finanziario è "out of the money" e quanto più esso è vicino alla scadenza, tanto maggiore sarà il rischio che gli acquirenti di detti Strumenti Finanziari possano perdere, integralmente o in parte, il proprio investimento. Per una descrizione più dettagliata dei rischi associati agli Strumenti Finanziari, si rimanda alla sezione "Fattori di rischio" che segue.

**Considerazioni
sulle leggi del**

Gli Strumenti Finanziari descritti nel presente Prospetto di Base non costituiscono un fondo comune di investimento ai fini della Legge sui

Jersey: **Fondi Comuni di Investimento (Jersey) del 1988 e successivi emendamenti, in quanto essi sono prodotti di investimento concepiti per investitori finanziariamente esperti, con una conoscenza specifica e un'esperienza nell'investimento, in grado di valutare completamente i rischi implicati nell'effettuare simili investimenti e che posseggono risorse finanziarie sufficienti a consentire loro di sopportare eventuali perdite che potrebbero subire in conseguenza di simili investimenti. La Commissione per i Servizi Finanziari del Jersey (Jersey Financial Services Commission) non ritiene che questi investimenti siano adeguati a qualsiasi altro tipo di investitori.**

Un qualsiasi soggetto che intenda investire negli Strumenti Finanziari descritti nel presente Prospetto di Base dovrebbe consultare i propri consulenti indipendenti e assicurarsi di avere completamente compreso tutti i rischi associati a un simile investimento e di avere risorse finanziarie sufficienti a sopportare una qualsiasi perdita che potrebbe derivare dallo stesso.

Potenziali conflitti d'interesse: Alcune collegate degli Emittenti e dei Garanti (ivi inclusa GSI) possono di volta in volta informare gli emittenti del Sottostante in merito a operazioni che le stesse dovranno stipulare o che effettueranno coinvolgendo uno o più Sottostanti per i conti di loro proprietà e per altri conti sotto la loro gestione. Tali operazioni possono avere un effetto positivo o negativo sul valore di detti Sottostanti e pertanto sul valore degli Strumenti Finanziari ai quali si riferiscono. Alcune collegate degli Emittenti e dei Garanti (ivi inclusa GSI) possono inoltre essere controparti in operazioni di copertura degli impegni del relativo Emittente e, laddove applicabile, degli impegni del Garante in ordine a qualsiasi Tranche di Strumenti Finanziari. Di conseguenza potrebbero insorgere determinati conflitti di interesse sia tra dette collegate che tra gli interessi delle stesse e quelli dei Portatori.