

NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH DIRECTIVE 2003/71/EC FOR THE ISSUE OF NOTES DESCRIBED BELOW.

PRICING SUPPLEMENT

The Pricing Supplement dated 03 January 2017

**UBS AG,
acting through its London branch**

Issue of GBP 2,000,000 Automatic Early Redeemable Notes linked to the FTSE 100 Index and the EURO STOXX 50 Index due 2026 under the Euro Note Programme

PART A – CONTRACTUAL TERMS

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

The expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Listing Particulars dated 22 June 2016, which constitutes a base listing particulars for the purposes of admission to trading on the Luxembourg Stock Exchange's Euro MTF Market; and a technical annex of index linked conditions and risk factors (Version 4, September 2016) including adjustment and disruption provisions (the "**Index Linked Conditions**"). This document constitutes the Pricing Supplement of the Notes described herein and must be read in conjunction with such Base Listing Particulars and the Index Linked Conditions.

Full information on the Issuer and the offer of the Notes described herein is only available on the basis of the combination of this Pricing Supplement and the Base Listing Particulars. The Base Listing Particulars is available for viewing at www.ise.ie and copies may be obtained from the offices of the Paying Agents, The Bank of New York Mellon, acting through its London Branch, One Canada Square, London E14 5AL, The Bank of New York Mellon (Luxembourg) S.A., Vertigo Building – Polaris, 2-4 rue Eugène Ruppert, L-2453 Luxembourg and The Bank of New York Mellon SA/NV Dublin Branch, 4th Floor, Hanover Building, Windmill Lane, Dublin 2, Ireland.

An investment in the Notes involves certain risks. Noteholders should read and understand the risk factors in the Base Listing Particulars and the Index Linked Conditions. Noteholders should understand that such risk factors are not exhaustive.

The Notes have not and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or any state securities laws in the United States and are being offered and sold outside the United States to non-US persons (as such terms are defined in Regulation S under the Securities Act ("Regulation S")) in reliance on the exemption from registration provided pursuant to Regulation S. The Notes (a) may not be offered, sold or otherwise transferred within the United States or to the account of any US Person (as defined in Regulation S under the Securities Act) and (b) may be offered, sold or otherwise transferred only to transferees that are Non-United States Persons (as defined by the Commodity Futures Trading Commission). Notes sold in reliance on Regulation S will initially be represented by one or more permanent global notes in registered form without interest coupons (each, a

"Regulation S Global Note"), deposited with or on behalf of a common depository for Euroclear or Clearstream. Beneficial interests in a Regulation S Global Note may be held only through Euroclear or Clearstream, except in the limited circumstances described in the Base Listing Particulars. Investors may hold their interests in a Regulation S Global Note directly through Euroclear or Clearstream, if they are participants in such systems, or indirectly through organizations which are participants in such systems.

Issue Price and Commissions

The Issue Price in respect of the Notes may not be an accurate reflection of the market value of the Notes as at the Issue Date. The price at which the Notes may be sold in secondary market transactions may be lower or higher than the Issue Price. In particular, the Issue Price in respect of the Notes may take into account, amongst other things, any commissions, fees or other compensation payable in connection with the Notes. More generally, fees and commissions may be paid to third parties in respect of the Notes – further details can be requested from the Issuer.

No Secondary Market

No secondary market for the Notes currently exists, nor is one likely to develop. Noteholders should have the ability and intent to hold the Notes until their Maturity Date. It is the current practice (but not the legal obligation) of UBS AG and/or its affiliates ("UBS"), in respect of notes for which UBS is the Arranger, to quote on request a live price, which it might pay/charge for early termination of any note of this type that it issues. A live unwind price may be affected by, amongst other things, then-current market conditions, including but not limited to, liquidity and market standard denomination. UBS is under no obligation to hold a price quoted for any length of time unless this is agreed at the time of giving the quote.

Hedging Activities

UBS' hedging activities related to the Notes may have an impact on the price of the underlying Indices and may affect the likelihood that any relevant level is crossed. UBS has policies and procedures designed to minimise the risk that officers and employees are influenced by any conflicting interest or duty and that confidential information is improperly disclosed or made available.

1.	Issuer:	UBS AG, acting through its London branch
2.	(i) Series Number:	15157/17
	(ii) Tranche Number:	1
	(iii) Date on which the Notes become fungible:	Not Applicable
3.	Currency or Currencies/Specified Currency:	Pounds Sterling (" GBP ")
4.	Aggregate Nominal Amount:	
	(i) Series:	GBP 2,000,000
	(ii) Tranche:	GBP 2,000,000
5.	Issue Price:	100 per cent. of the Aggregate Nominal Amount
6.	(i) Specified Denominations:	Registered Notes
		GBP 100,000 and integral multiples of GBP 1.00 in excess

thereof

No Notes in definitive form will be issued with a denomination below the minimum Specified Denomination

A Noteholder who holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a nominal amount of Notes such that its holding amounts to the minimum Specified Denomination.

	(ii)	Calculation Amount:	GBP 1.00
	(iii)	Calculation Agent:	UBS AG, London Branch
7.	(i)	Issue Date:	03 January 2017
	(ii)	Interest Commencement Date:	Issue Date
8.		Maturity Date:	5 (five) Business Days following the Final Valuation Date. The Maturity Date is scheduled to be 31 December 2026.
9.		Interest Basis:	Fixed (contingent – see Schedule 1 and item 16 below).
10.		Redemption/Payment Basis:	Other – Index Linked Redemption (see Schedule 1).
		Knock-in Event:	Applicable – see Redemption Amount and the Index Linked Conditions.
		Final Valuation Knock-in Basis:	Applicable – see Redemption Amount and the Index Linked Conditions.
		Continuous Observation Knock-in Basis:	Not Applicable
		Closing Level Observation Knock-in Basis:	Not Applicable
11.		Change of Interest or Redemption/Payment Basis:	Not Applicable
12.		Put/Call Options:	Not Applicable
13.		Status of the Notes:	Senior
14.		Date Board approval for issuance of Notes obtained:	Not Applicable
15.		Method of distribution:	Non-syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16.	Fixed Rate Note Provisions:	Applicable
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Interest will only be paid on the Notes in the circumstances set out in Schedule 1 and in the event that those circumstances do not exist, Noteholder(s) will not receive any interest and interest will be deemed not to have accrued on the Notes.

For the purposes of Condition 9(e), "principal" shall not include any amount of interest.

(i)	Rate of Interest:	See Schedule 1.
(ii)	Interest Payment Date(s):	5 (five) Business Days following each Observation Date; including, for the avoidance of doubt, the Maturity Date. See Schedule 1.
(iii)	Fixed Coupon Amount(s):	Not Applicable
(iv)	Broken Amount:	Not Applicable
(v)	Day Count Fraction:	Not Applicable
(vi)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	See Schedule 1.

17.	Floating Rate Note Provisions:	Not Applicable
18.	Zero Coupon Note Provisions:	Not Applicable
19.	Index/Credit-Linked Note Provisions:	Not Applicable
20.	Dual Currency Note Provisions:	Not Applicable

PROVISIONS RELATING TO REDEMPTION

21.	Redemption Amount:	See Schedule 1.
22.	Redemption at the option of the Issuer:	Not Applicable
23.	Redemption at the option of the Noteholders:	Not Applicable
24.	Tax Redemption Amount:	If the Notes are redeemed as a result of the Issuer being required to pay Additional Amounts then the Redemption Amount will be an amount equal to the Early Redemption Amount.
25.	Optional Redemption Amount:	Not Applicable
26.	Optional Redemption Date:	Not Applicable
27.	Notice period for notice to the Noteholders in the case of redemption at the option of the Issuer:	Not Applicable
28.	Notice period for redemption at the	Not Applicable

option of the Noteholders:

- | | | |
|-----|---|--|
| 29. | Minimum/Higher Redemption Amount: | Not Applicable |
| 30. | Other Redemption details: | See Schedule 1. |
| 31. | Final Redemption Amount of each Note: | The Redemption Amount |
| 32. | Early Redemption Amount: Early Redemption Amount(s) of each Note payable on event of default or other early redemption and/or the method of calculating the same: | Condition 7(i)(ii) will apply and the Early Redemption Amount will be, in respect of each nominal amount of Notes equal to the Calculation Amount, the fair market value of such Notes, less a pro rata share of the costs of unwinding any related underlying hedging arrangements, as determined by the Calculation Agent on a day selected by the Calculation Agent which such day must be at least 5 (five) Business Days prior to the due date for early redemption. For the purposes of determining the fair market value of the Notes in the case of an event of default, the Issuer will be deemed to be able to meet its obligations in full as these fall due. In no circumstances will any amount of interest be payable in respect of the Notes on an early redemption of the Notes and interest will be deemed to have ceased to accrue as of the previous Interest Payment Date on which an amount of interest was payable (or, if none, the Issue Date). |

GENERAL PROVISIONS APPLICABLE TO THE NOTES

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| 33. | Applicability of Condition 8(e): | Not Applicable |
| 34. | Form of Notes: | Registered Notes:

Unrestricted Global Note registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg. |
| 35. | New Global Note: | No |
| 36. | New Safekeeping Structure: | Not Applicable |
| 37. | Business Days: | London

Pounds Sterling |
| | Business Day Convention: | Following Business Day Convention |
| 38. | Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): | Not Applicable |
| 39. | Details relating to Partly Paid Notes: | Not Applicable |
| | amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, | |

including any right of the Issuer to
forfeit the Notes and interest due on late
payment:

- | | | |
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| 40. | Redenomination applicable: | No |
| 41. | Exchangeability applicable: | No |
| 42. | Other final terms or special conditions: | See Schedule 1 and Annex (Index Linked Conditions and Risk Factors). |

LISTING AND ADMISSION TO TRADING APPLICATION

This Pricing Supplement comprises the final terms required for the Notes described herein to be admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange pursuant to the Euro Note Programme of UBS AG.

GOVERNING LAW

English law

PLACE OF JURISDICTION

England

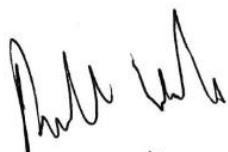
Signed on behalf of the Issuer



Thomas Shaw
Executive Director
Sales & Trading Legal

By:

Duly authorised



Richard Lamb
Executive Director
Sales & Trading Legal

By:

Duly authorised

PART B – OTHER INFORMATION

1. LISTING

- (i) Listing: Euro MTF Market of the Luxembourg Stock Exchange
- (ii) Admission to trading: Application has been made for the Notes to be admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange with effect from 03 January 2017.
- No guarantee is given that the Notes will be listed and admitted to trading on the Issue Date.

2. RATINGS

Ratings: The Notes shall not be rated.

3. DISTRIBUTION

- If syndicated, names and address of Managers and underwriting commitments: Not Applicable
- If non-syndicated, name and address of Purchaser: UBS Limited, 5 Broadgate, London EC2M 2QS, United Kingdom
- Total commission and concession: Not Applicable
- U.S. Selling Restrictions: Reg S Compliance Category 2. TEFRA Not Applicable
- Additional Selling Restrictions: Not Applicable

4. RESPONSIBILITY STATEMENT

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

5. OPERATIONAL INFORMATION

- ISIN Code: XS1514188132
- Common Code: 151418813
- Intended to be held in a manner which would allow Eurosystem eligibility: No. Whilst the designation is specified as "no" at the date of this Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper (and registered in the name of a nominee of one of the ICSDs acting as common safekeeper). Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.
- Any clearing system(s) and the: Euroclear Bank S.A/N.V./Clearstream Banking société

relevant identification number(s):	anonyme
Delivery:	Delivery against payment
Names and addresses of additional Paying Agent(s) (if any):	Not Applicable

SCHEDULE 1

Terms used in this Schedule 1 and not otherwise defined have the meaning given in the Index Linked Conditions and the provisions of this Pricing Supplement (including Schedule 1) are subject to and should be read together with the *Index Linked Conditions*. ***Certain specified payment and, if applicable, delivery dates may be delayed in accordance with the provisions of the Index Linked Conditions.***

1. Contingent Interest Amount

Provided that the Notes have not previously been redeemed or purchased and cancelled:

- (a) if the Calculation Agent determines that, on an Observation Date_(n), the Index Closing Level of each of the Indices is equal to or greater than its respective Contingent Coupon Level then, in respect of each Note of a nominal amount equal to the Calculation Amount, the Interest Amount will be determined by the Calculation Agent in accordance with the following formula and will be payable on the immediately following Interest Payment Date:

Interest Amount = Calculation Amount x Rate of Interest

Rate of Interest means 2.25 per cent.

- (b) otherwise, no amount of interest will be payable of such Interest Payment Date.

2. Mandatory Early Redemption

Provided that the Notes have not previously been redeemed or purchased and cancelled, if a Mandatory Early Redemption Event has occurred with respect to an Observation Date_(n):

- (a) the Notes will redeem early on the Mandatory Early Redemption Date;
- (b) the Mandatory Early Redemption Amount will be paid in respect of each Note of a nominal amount equal to the Calculation Amount on the Mandatory Early Redemption Date; and
- (c) other than the amount of interest, if any, payable on the Interest Payment Date immediately following such Observation Date_(n) pursuant to Paragraph 1 (Contingent Interest Amount) above, no further amount of interest will be payable in respect of the Notes following such Interest Payment Date or, if no amount of interest is then payable, the previous Interest Payment Date on which an amount of interest was payable (or, if none, the Issue Date).

Mandatory Early Redemption Amount means the Calculation Amount.

Mandatory Early Redemption Date means the day that is 5 (five) Business Days following the relevant Observation Date_(n) on which a Mandatory Early Redemption Event occurs.

A **Mandatory Early Redemption Event** will be deemed to occur if the Calculation Agent determines that, on any Observation Date_(n), other than the first three Observation Dates and the Final Valuation Date (i.e. starting from from 22 December 2017), the Index Closing Level of each of the Indices is equal to or greater than its respective Mandatory Early Redemption Level.

3. Redemption Amount

Provided that the Notes have not previously been redeemed or purchased and cancelled, a Redemption Amount in respect of each Note of a nominal amount equal to the Calculation Amount will be payable on the Maturity Date and will be equal to the amount determined by the Calculation Agent in accordance with the following provisions as:

either

(a) if a Knock-in Event has not occurred, the Calculation Amount;

or

(b) if a Knock-in Event has occurred, an amount determined in accordance with the following:

$$\text{Calculation Amount} \times \text{Min}_{i=1 \text{ to } 2} \left(\frac{\text{IndexFinal}_i}{\text{IndexInitial}_i} \right)$$

A "**Knock-in Event**" will occur if the Calculation Agent determines that, on the Final Valuation Date (the "**Knock-in Determination Date**"), the Index Closing Level of any Index is less than its respective Knock-in Level.

4. Reference levels and dates

Contingent Coupon Level, Knock-in Level, Initial Level and Mandatory Early Redemption Level mean, in respect of an Index_i, the level specified for such Index under the appropriate heading in the "Underlyings and Levels" table below.

IndexInitial_i means, in respect of an Index_i, the level specified for such Index under the heading "Initial Level" in the "Underlyings and Levels" table below.

IndexFinal_i means, in respect of an Index_i, the Index Closing Level of such Index on the Final Valuation Date.

Underlyings and Levels

Index _i	Initial Level	Contingent Coupon Level	Mandatory Early Redemption Level	Knock-in Level
<i>FTSE 100 Index</i> (Bloomberg: <i>UKX Index</i>) ("Index₁")	7063.68	5650.944	7416.864	4238.208
<i>EURO STOXX 50 Index</i> (Bloomberg: <i>SX5E Index</i>) ("Index₂"), a Multi-Exchange Index	3269.51	2615.608	3432.9855	1961.706

Trade Date means 27 October 2016.

Initial Valuation Date means 22 December 2016.

Observation Date_(n) means the 22nd of each March, June, September and December from 22 March 2017 (n=1) to the Final Valuation Date (n=40).

Final Valuation Date means 22 December 2026.

5. Additional Disruption Events

The following Additional Disruption Events apply to the Notes: (i) Change in Law; (ii) Exchange-traded Contract Event; (iii) FX Disruption; (iv) Hedging Disruption; and (v) Increased Cost of Hedging.

INDEX DISCLAIMERS

FTSE 100 Index (Bloomberg: UKX Index)

The Securities are not in any way sponsored, endorsed, sold or promoted by FTSE International Limited (“FTSE”), the London Stock Exchange Plc (the “Exchange”) or The Financial Times Limited (“FT”) (together the “Licensor Parties”) and none of the Licensor Parties make any claim, prediction, warranty or representation whatsoever, expressly or impliedly, either as to (i) the results to be obtained from the use of the FTSE 100 INDEX (the “Index”) (upon which the note is based), (ii) the figure at which the Index is said to stand at any particular time on any particular day or otherwise, or (iii) the fitness or suitability of the Index for the particular purpose to which it is being put in connection with the securities. None of the Licensor Parties have provided or will provide any financial or investment advice or recommendation in relation to the Index to UBS AG or to its customers or clients. The Index is calculated by FTSE or its agent. None of the Licensor Parties shall be liable (whether in negligence or otherwise) to any person for any error in the Index and none of the Licensor Parties shall be under any obligation to advise any person of any error therein.

All rights in the Index vest in FTSE. “FTSE®” is a trade mark of the Exchange and the FT and is used by FTSE under licence.

EURO STOXX 50 Index (Bloomberg: SX5E Index)

STOXX and its licensors have no relationship to the Issuer, other than the licensing of the EURO STOXX 50 Index and the related trademarks for use in connection with the products.

STOXX and its Licensors do not:

Sponsor, endorse, sell or promote the products.

Recommend that any person invest in the products or any other securities.

Have any responsibility or liability for or make any decisions about the timing, amount or pricing of products.

Have any responsibility or liability for the administration, management or marketing of the products.

Consider the needs of the products or the owners of the products in determining, composing or calculating the relevant index or have any obligation to do so.

STOXX and its Licensors will not have any liability in connection with the products. Specifically, STOXX and its Licensors do not make any warranty, express or implied and disclaim any and all warranty about:

The results to be obtained by the products, the owner of the products or any other person in connection with the use of the relevant index and the data included in the relevant index;

The accuracy or completeness of the relevant index and its data;

The merchantability and the fitness for a particular purpose or use of the relevant index and its data;

STOXX and its Licensors will have no liability for any errors, omissions or interruptions in the relevant index or its data;

Under no circumstances will STOXX or its Licensors be liable for any lost profits or indirect, punitive, special or consequential damages or losses, even if STOXX or its Licensors knows that they might occur.

The licensing agreement between UBS AG and STOXX is solely for their benefit and not for the benefit of the owners of the products or any other third parties.

ANNEX
INDEX LINKED CONDITIONS AND RISK FACTORS

INDEX LINKED CONDITIONS AND RISK FACTORS

PART 1

INDEX LINKED CONDITIONS

1. Interpretation

If these additional terms and conditions for index linked Notes (the "**Index Linked Conditions**") are annexed to any Pricing Supplement (the "**applicable Pricing Supplement**") in relation to a Series of Notes (the "**Index Linked Notes**"), the Conditions (as completed and/or amended by the applicable Pricing Supplement) will be subject to these Index Linked Conditions. The "**Conditions**" will have the meaning given in the applicable Pricing Supplement. In the event of any inconsistency between the Conditions of the Index Linked Notes and the Index Linked Conditions, the Index Linked Conditions shall prevail. In the event of any inconsistency between (i) the Conditions of the Index Linked Notes and/or the Index Linked Conditions and (ii) the other provisions of the applicable Pricing Supplement, the applicable Pricing Supplement shall prevail. The Index Linked Conditions set out below may also be annexed to any term sheet for information.

Terms not otherwise defined in these Index Linked Conditions will have the meaning given in the Conditions.

2. Definitions

For the purposes of these Index Linked Conditions:

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

"**Averaging Date**" means each date specified as an Averaging Date in the applicable Pricing Supplement or, if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day. If any such day is a Disrupted Day:

- (a) if "**Omission**" is specified as applying in the applicable Pricing Supplement, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant level or price provided that, if through the operation of this provision there would not be an Averaging Date, then the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant level or price on the final Averaging Date, as if such Averaging Date were a Valuation Date that was a Disrupted Day; or
- (b) if "**Postponement**" is specified as applying in the applicable Pricing Supplement, then the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or

- (c) if "**Modified Postponement**" is specified as applying in the applicable Pricing Supplement then:
- (i) where the Index Linked Notes relate to a single Index, the Averaging Date shall be the first succeeding Valid Date (as defined below). If the first succeeding Valid Date has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date in respect of the originally designated Averaging Date (the "**Scheduled Averaging Date**"), then (A) that eighth Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant level or price for that Averaging Date in accordance with sub-paragraph (a)(ii) of the definition of "Valuation Date" below; and
 - (ii) where the Index Linked Notes relate to a Basket of Indices, the Averaging Date for each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Averaging Date and the Averaging Date for each Index affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date (as defined below) in relation to such Index. If the first succeeding Valid Date in relation to such Index has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date, then (A) that eighth Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date) in relation to such Index, and (B) the Calculation Agent shall determine the relevant level or price for that Averaging Date in accordance with sub-paragraph (b)(ii) of the definition of "Valuation Date" below.

For the purposes of these Index Linked Conditions "**Valid Date**" means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date does not or is deemed not to occur.

If an Averaging Date is deemed to fall after the Scheduled Averaging Date and any date specified in the applicable Pricing Supplement for payment or delivery of any amount calculated by reference to a value determined in respect of such Averaging Date would thereby fall before the second Business Day immediately following that delayed Averaging Date, such relevant date for payment or delivery will be delayed until the second Business Day immediately following such delayed Averaging Date.

"**Basket of Indices**" means, subject to adjustment in accordance with these Index Linked Conditions, the indices specified in the applicable Pricing Supplement.

"**Component Security**" means, in respect of a Multi-Exchange Index, each component security in such Index.

"**Disrupted Day**" means (a) where the relevant Index is not specified in the applicable Pricing Supplement to be a Multi-Exchange Index, any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred or (b) where the relevant Index is specified in the applicable Pricing Supplement to be a Multi-Exchange Index, any Scheduled Trading Day on which (i) the Index Sponsor fails to publish the level of the Index, (ii) the Related Exchange fails to open for trading during its regular trading session or (iii) a Market Disruption Event has occurred.

"**Early Closure**" means:

- (a) in relation to an Index which is not specified in the applicable Pricing Supplement as being a Multi-Exchange Index, the closure on any Exchange Business Day of any relevant Exchange(s) relating to securities that comprise 20 per cent. or more of the level of the relevant Index or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time, the Knock-in Valuation Time, the Knock-out Valuation Time, the Trigger Event Valuation Time or the Mandatory Early Redemption Valuation Time, as the case may be, on such Exchange Business Day; or
- (b) in relation to an Index which is specified in the applicable Pricing Supplement as being a Multi-Exchange Index, the closure on any Exchange Business Day of the Exchange in respect of any Component Security or the Related Exchange prior to its Scheduled Closing Time unless such earlier closing is announced by such Exchange or Related Exchange, as the case may be, at least one hour prior to the earlier of (a) the actual closing time for the regular trading session on such Exchange or Related Exchange, as the case may be, on such Exchange Business Day, or (b) the submission deadline for orders to be entered into on the relevant Exchange or Related Exchange system for execution at the relevant Valuation Time, Knock-in Valuation Time, Knock-out Valuation Time, Trigger Event Valuation Time or Mandatory Early Redemption Valuation Time, as the case may be, on such Exchange Business Day.

"Exchange" means:

- (a) in relation to an Index which is not specified in the applicable Pricing Supplement as being a Multi-Exchange Index, each exchange or quotation system specified as such for such Index in the applicable Pricing Supplement or, where not so specified, the primary exchange(s) or quotation system(s) on which the securities comprising the Index are listed, any successor to any such exchange or quotation system or any substitute exchange or quotation system to which trading in the securities comprising such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the securities comprising such Index on such temporary substitute exchange or quotation system as on the original Exchange), each as determined by the Calculation Agent; and
- (b) in relation to an Index which is specified in the applicable Pricing Supplement as being a Multi-Exchange Index, in respect of each Component Security, the principal stock exchange on which such Component Security is principally traded, as determined by the Calculation Agent.

"Exchange Business Day" means (i) in the case of Index Linked Notes relating to a single Index, Exchange Business Day (Single Index Basis) or (ii) in the case of Index Linked Notes relating to a Basket of Indices, (a) Exchange Business Day (All Indices Basis) or (b) Exchange Business Day (Per Index Basis), as specified in the applicable Pricing Supplement or otherwise applicable in accordance with these Index Linked Conditions, provided that, if no such specification is made in the applicable Pricing Supplement or Exchange Business Day (Per Index Basis) is not otherwise applicable in accordance with these Index Linked Conditions, Exchange Business Day (All Indices Basis) will apply.

"Exchange Business Day (All Indices Basis)" means, in respect of a Basket of Indices, any Scheduled Trading Day on which (i) in respect of each Index other than a Multi-Exchange Index, the Exchange and each Related Exchange, if any, in respect of all such Indices comprised in the Basket of Indices are open for trading during their respective regular trading session(s), notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time and (ii) in respect

of each Multi-Exchange Index, (a) the Index Sponsor publishes the level of that Multi-Exchange Index and (b) each Related Exchange, if any, is open for trading during its regular trading session, in each case, in respect of all Multi-Exchange Indices comprised in the Basket of Indices, notwithstanding any such Related Exchange closing prior to its Scheduled Closing Time.

"Exchange Business Day (Per Index Basis)" means (i) in respect of any Index other than a Multi-Exchange Index, any Scheduled Trading Day on which the relevant Exchange and each Related Exchange, if any, in respect of such Index are open for trading during their regular trading session(s), notwithstanding any such relevant Exchange or Related Exchange closing prior to its Scheduled Closing Time or (ii) in respect of any Multi-Exchange Index any Scheduled Trading Day on which (a) the Index Sponsor publishes the level of such Index and (b) each Related Exchange, if any, in respect of such Index is open for trading during its regular trading session, notwithstanding any such Related Exchange closing prior to its Scheduled Closing Time.

"Exchange Business Day (Single Index Basis)" means any Scheduled Trading Day on which (i) in respect of an Index other than a Multi-Exchange Index, the Exchange and each Related Exchange, if any, are open for trading during their regular trading session(s), notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time or (ii) in respect of a Multi-Exchange Index (a) the Index Sponsor publishes the level of such Multi-Exchange Index and (b) each Related Exchange, if any, is open for trading during its regular trading session, notwithstanding any such Related Exchange closing prior to its Scheduled Closing Time.

"Exchange Disruption" means:

- (a) in relation to an Index which is not specified in the applicable Pricing Supplement as being a Multi-Exchange Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, on any relevant Exchange(s) in securities that comprise 20 per cent. or more of the level of the relevant Index, or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Index on any relevant Related Exchange; or
- (b) in relation to an Index which is specified in the applicable Pricing Supplement as being a Multi-Exchange Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for: (i) any Component Security on the Exchange in respect of such Component Security; or (ii) futures or options contracts relating to the Index on the relevant Related Exchange.

"Index" and **"Indices"** mean, subject to adjustment in accordance with the Index Linked Conditions, the indices or index specified in the applicable Pricing Supplement and related expressions shall be construed accordingly.

"Index Closing Level" means, in respect of an Index and subject to these Index Linked Conditions and to "Valuation Date", "Observation Date", "Knock-in Determination Date", "Knock-out Determination Date", "Trigger Event Observation Date" and "Mandatory Early Redemption Valuation Date" below and "Averaging Date" above, as the case may be, an amount equal to the official closing level (which shall be deemed to be an amount in the Index Currency) of such Index as determined by the Calculation Agent on (i) if Averaging is not specified in the applicable Pricing Supplement, the Valuation Date, an Observation Date, a Knock-in Determination Date, a Knock-out Determination Date, a Trigger Event Observation Date or a Mandatory Early Redemption Valuation Date, as the case may be, or (ii) if Averaging is specified in the applicable Pricing Supplement, an Averaging Date.

"Index Currency" means, subject to adjustment in accordance with the Index Linked Conditions, the currency in which the relevant Index Closing Level is quoted or published by the Index Sponsor or the currency most closely associated with such Index, as determined by the Calculation Agent in its sole discretion.

"Index Level" means, in respect of an Index and a time on a Scheduled Trading Day and subject to these Index Linked Conditions, the level of such Index at such time on such day as determined by the Calculation Agent.

"Index Sponsor" means, in relation to an Index, the corporation or other entity that (i) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to such Index and (ii) announces (directly or through an agent) the level of such Index on a regular basis during each Scheduled Trading Day, as determined by the Calculation Agent in its sole discretion.

"Multi-Exchange Index" means an Index specified as such in the applicable Pricing Supplement.

"Observation Cut-Off Date" means, in respect of each Scheduled Observation Date, the eighth Scheduled Trading Day immediately following the relevant Scheduled Observation Date.

"Observation Date" means each Observation Date specified in the applicable Pricing Supplement, or if such date is not a Scheduled Trading Day the first Scheduled Trading Day thereafter unless, in the opinion of the Calculation Agent such day is a Disrupted Day. If any such day is a Disrupted Day, then:

- (a) where the Index Linked Notes relate to a single Index, that Observation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the Scheduled Trading Days immediately following the Scheduled Observation Date up to and including the Observation Cut-Off Date is a Disrupted Day. In that case, (i) the Observation Cut-Off Date shall be deemed to be that Observation Date (notwithstanding the fact that such day is a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant level or price in the manner set out in the applicable Pricing Supplement or, if not set out or if not practicable, determine the relevant level or price by determining the level of the Index as of the Valuation Time on the Observation Cut-Off Date by reference to such source(s) and/or methodology(ies) as it deems appropriate in its sole discretion which may include, without limitation, applying (subject to paragraph 4 of these Index Linked Conditions below) the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the Observation Cut-Off Date of each security comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on the Observation Cut-Off Date, its good faith estimate of the value for the relevant security as of the Valuation Time on the Observation Cut-Off Date); or
- (b) where the Index Linked Notes relate to a Basket of Indices, that Observation Date for each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Observation Date and that Observation Date for each Index affected (each an **"Affected Index"**) by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Index, unless each of the Scheduled Trading Days immediately following the Scheduled Observation Date up to and including the Observation Cut-Off Date is a Disrupted Day relating to the Affected Index. In that case, (i) the Observation Cut-Off Date shall be deemed to be that Observation Date for the Affected Index (notwithstanding the fact that such day is a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant level or price using, in relation to the Affected Index, the level of that Index determined in the manner set out in the applicable Pricing Supplement or, if not set out or if not practicable, using the level of that Index as of the Valuation Time on

the Observation Cut-Off Date as determined by the Calculation Agent by reference to such source(s) and/or methodology(ies) as it deems appropriate in its sole discretion which may include, without limitation, applying (subject to paragraph 4 of these Index Linked Conditions) the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the Observation Cut-Off Date of each security comprised in that Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on the Observation Cut-Off Date, its good faith estimate of the value for the relevant security as of the Valuation Time on the Observation Cut-Off Date).

If an Observation Date is deemed to fall after the Scheduled Observation Date and any date specified in the applicable Pricing Supplement for payment or delivery of any amount calculated by reference to a value determined in respect of such Observation Date would thereby fall before the second Business Day immediately following that delayed Observation Date, such relevant date for payment or delivery will be delayed until the second Business Day immediately following such delayed Observation Date.

"Observation Period" means the period or periods specified as such in the applicable Pricing Supplement.

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

"Scheduled Averaging Date" means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been an Averaging Date.

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

"Scheduled Observation Date" means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been an Observation Date.

"Scheduled Trading Day" means (i) in the case of Index Linked Notes relating to a single Index, Scheduled Trading Day (Single Index Basis) or (ii) in the case of Index Linked Notes relating to a Basket of Indices, (a) Scheduled Trading Day (All Indices Basis) or (b) Scheduled Trading Day (Per Index Basis), as specified in the applicable Pricing Supplement or otherwise applicable in accordance with these Index Linked Conditions, provided that, if no such specification is made in the applicable Pricing Supplement or Scheduled Trading Day (Per Index Basis) is not otherwise applicable in accordance with these Index Linked Conditions, Scheduled Trading Day (All Indices Basis) will apply.

"Scheduled Trading Day (All Indices Basis)" means in respect of a Basket of Indices, any day on which (i) in respect of each Index other than a Multi-Exchange Index, the Exchange and each Related Exchange, if any, in respect of all such Indices comprised in the Basket of Indices are scheduled to be open for trading during their respective regular trading session(s), and (ii) in respect

of each Multi-Exchange Index, (a) the Index Sponsor is scheduled to publish the level of that Multi-Exchange Index and (b) each Related Exchange, if any, is scheduled to be open for trading during its regular trading session, in each case, in respect of all Multi-Exchange Indices comprised in the Basket of Indices.

"Scheduled Trading Day (Per Index Basis)" means (i) in respect of any Index other than a Multi-Exchange Index, any day on which the relevant Exchange and each Related Exchange, if any, in respect of such Index is scheduled to be open for trading for their respective regular trading session(s) or (ii) in respect of any Multi-Exchange Index, any day on which (a) the Index Sponsor is scheduled to publish the level of such Index; and (b) each Related Exchange, if any, in respect of such Index is scheduled to be open for trading during its regular trading session. If Scheduled Trading Day (Per Index Basis) is specified in the applicable Pricing Supplement or otherwise applicable in accordance with these Index Linked Conditions, where any date for payment or delivery is determined by reference to any Averaging Date (the **"Relevant Averaging Date"**), Observation Date (the **"Relevant Observation Date"**) or Valuation Date (the **"Relevant Valuation Date"**), such Relevant Averaging Date, Relevant Observation Date or Relevant Valuation Date, as applicable, will be deemed to be the last such Relevant Averaging Date, Relevant Observation Date or Relevant Valuation Date to occur in respect of any Index taking into account the adjustments in the definition of Averaging Date, Observation Date or Valuation Date, as applicable.

"Scheduled Trading Day (Single Index Basis)" means any day on which (i) in respect of an Index other than a Multi-Exchange Index, the Exchange and each Related Exchange, if any, are scheduled to be open for trading during their respective regular trading session(s), or (ii) in respect of a Multi-Exchange Index (a) the Index Sponsor is scheduled to publish the level of such Multi-Exchange Index and (b) each Related Exchange, if any, is scheduled to be open for trading during its regular trading session.

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

"Trading Disruption" means:

- (a) in relation to an Index which is not specified in the applicable Pricing Supplement as being a Multi-Exchange Index, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (i) on any relevant Exchange(s) relating to securities that comprise 20 per cent. or more of the level of the relevant Index, or (ii) in futures or options contracts relating to the Index on any relevant Related Exchange;
- (b) in relation to an Index which is specified in the applicable Pricing Supplement as being a Multi-Exchange Index, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise: (i) relating to any Component Security on the Exchange in respect of such Component Security; or (ii) in futures or options contracts relating to the Index on the Related Exchange.

"Valuation Cut-Off Date" means the eighth Scheduled Trading Day immediately following the Scheduled Valuation Date.

"Valuation Date" means each Valuation Date (including any Initial Valuation Date or Final Valuation Date) specified in the applicable Pricing Supplement, or if such date is not a Scheduled Trading Day the first Scheduled Trading Day thereafter, unless, in the opinion of the Calculation Agent such day is a Disrupted Day. If such day is a Disrupted Day, then:

- (a) where the Index Linked Notes relate to a single Index, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the Scheduled Trading Days immediately following the Scheduled Valuation Date up to and including the Valuation Cut-Off Date is a Disrupted Day. In that case, (i) the Valuation Cut-Off Date shall be deemed to be the Valuation Date (notwithstanding the fact that such day is a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant level or price in the manner set out in the applicable Pricing Supplement or, if not set out or if not practicable, determine the relevant level or price by determining the level of the Index as of the Valuation Time on the Valuation Cut-Off Date by reference to such source(s) and/or methodology(ies) as it deems appropriate in its sole discretion which may include, without limitation, applying (subject to paragraph 4 of these Index Linked Conditions below) the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the Valuation Cut-Off Date of each security comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on the Valuation Cut-Off Date, its good faith estimate of the value for the relevant security as of the Valuation Time on the Valuation Cut-Off Date); or
- (b) where the Index Linked Notes relate to a Basket of Indices, the Valuation Date for each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date and the Valuation Date for each Index affected (each an "**Affected Index**") by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Index, unless each of the Scheduled Trading Days immediately following the Scheduled Valuation Date up to and including the Valuation Cut-Off Date is a Disrupted Day relating to the Affected Index. In that case, (i) the Valuation Cut-Off Date shall be deemed to be the Valuation Date for the Affected Index (notwithstanding the fact that such day is a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant level or price using, in relation to the Affected Index, the level of that Index determined in the manner set out in the applicable Pricing Supplement or, if not set out or if not practicable, using the level of that Index as of the Valuation Time on the Valuation Cut-Off Date as determined by the Calculation Agent by reference to such source(s) and/or methodology(ies) as it deems appropriate in its sole discretion which may include, without limitation, applying (subject to paragraph 4 of these Index Linked Conditions) the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the Valuation Cut-Off Date of each security comprised in that Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on the Valuation Cut-Off Date, its good faith estimate of the value for the relevant security as of the Valuation Time on the Valuation Cut-Off Date).

If a Valuation Date is deemed to fall after the Scheduled Valuation Date and any date specified in the applicable Pricing Supplement for payment or delivery of any amount calculated by reference to a value determined in respect of such Valuation Date would thereby fall before the second Business Day immediately following that delayed Valuation Date, such relevant date for payment or delivery will be delayed until the second Business Day immediately following such delayed Valuation Date.

"Valuation Time" means:

- (a) where the relevant Index is not specified in the applicable Pricing Supplement to be a Multi-Exchange Index, the Valuation Time specified in the applicable Pricing Supplement or, if no Valuation Time is specified, the Scheduled Closing Time on the relevant Exchange on the relevant Valuation Date, Observation Date or Averaging Date, as the case may be, in relation to each Index to be valued. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time;

- (b) where the relevant Index is specified in the applicable Pricing Supplement to be a Multi-Exchange Index, the Valuation Time specified in the applicable Pricing Supplement or if no Valuation Time is specified (i) for the purposes of determining whether a Market Disruption Event has occurred: (x) in respect of any Component Security, the Scheduled Closing Time on the relevant Exchange and (y) in respect of any options contracts or futures contracts on the Index, the close of trading on the relevant Related Exchange, and (ii) in all other circumstances, the time at which the official closing level of the Index is calculated and published by the Index Sponsor; or
- (c) where the Index Level is to be determined during any period on any Scheduled Trading Day, each relevant time at which the Index Level is so determined.

3. Market Disruption

"Market Disruption Event" means:

- (a) in respect of an Index other than a Multi-Exchange Index, the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time, Knock-in Valuation Time, Knock-out Valuation Time, Trigger Event Valuation Time or Mandatory Early Redemption Valuation Time, as the case may be, or (iii) an Early Closure; or
- (b) in respect of an Index which is a Multi-Exchange Index either:
 - (i) (A) the occurrence or existence, in respect of any Component Security, of:
 - I. a Trading Disruption, which the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time, Knock-in Valuation Time, Knock-out Valuation Time, Trigger Event Valuation Time or Mandatory Early Redemption Valuation Time, as the case may be, in respect of the Exchange on which such Component Security is principally traded;
 - II. an Exchange Disruption, which the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time, Knock-in Valuation Time, Knock-out Valuation Time, Trigger Event Valuation Time or Mandatory Early Redemption Valuation Time, as the case may be, in respect of the Exchange on which such Component Security is principally traded; or
 - III. an Early Closure; and
 - (B) the aggregate of all Component Securities in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists, comprises 20 per cent. or more of the level of the Index; or
 - (ii) the occurrence or existence, in respect of futures or options contracts relating to the Index, of (A) a Trading Disruption, (B) an Exchange Disruption which in either case the Calculation Agent determines is material, at any time during the one hour period that ends at the Valuation Time, the Knock-in Valuation Time, the Knock-out Valuation Time, the Trigger Event Valuation Time or the Mandatory Early Redemption Valuation Time, as the case may be, in respect of any Related Exchange or (C) an Early Closure.

For the purposes of determining whether a Market Disruption Event in respect of an Index exists at any time, if a Market Disruption Event occurs in respect of a security included in the Index or such Component Security at any time, then the relevant percentage contribution of that security or Component Security, as the case may be, to the level of the Index shall be based on a comparison of (i) the portion of the level of the Index attributable to that security or Component Security, as the case may be, and (ii) the overall level of the Index, in each case either (a) except where the Index is not a Multi-Exchange Index, immediately before the occurrence of such Market Disruption Event or (b) where that Index is a Multi-Exchange Index, using the official opening weightings as published by the Index Sponsor as part of the market "opening data".

4. Adjustments and Corrections to an Index

(a) Successor Index Sponsor Calculates and Reports an Index

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

(b) Modification and Cessation of Calculation of an Index

If in the determination of the Calculation Agent (i) on or prior to any date on which any Index valuation or obligation is scheduled to occur the relevant Index Sponsor makes or announces that it will make a material change in the formula for or the method of calculating a relevant Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalisation or contracts and other routine events) (an "**Index Modification**"), (ii) the relevant Index Sponsor permanently cancels a relevant Index and no Successor Index exists (an "**Index Cancellation**"), or (iii) on any date on which any Index valuation or obligation is scheduled to occur the Index Sponsor or, if applicable, the Successor Index Sponsor fails to calculate and announce a relevant Index (an "**Index Disruption**" and, together with an Index Modification and an Index Cancellation, each an "**Index Adjustment Event**"), then the Issuer may take the action described in (A) or (B) below:

- (A) require the Calculation Agent to determine if such Index Adjustment Event has a material effect on the Index Linked Notes and, if so, calculate the relevant level or price using, in lieu of a published level for that Index, the level for that Index as at the relevant time as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to the change, failure or cancellation, but using only those securities that comprised that Index immediately prior to that Index Adjustment Event; or
- (B) on giving notice to the Noteholders in accordance with Condition 13, redeem all (but not some only) of the Index Linked Notes, each nominal amount of Index Linked Notes equal to the Calculation Amount being redeemed at the Early Redemption Amount.

Upon the occurrence of an Index Adjustment Event, the Issuer shall give notice as soon as reasonably practicable to the Noteholders in accordance with Condition 13, as applicable giving details of the action proposed to be taken in relation thereto, provided that any failure to give, or non-receipt of, such notice will not affect the validity of such action. The Issuer shall make available for inspection by Noteholders copies of any such determinations.

(c) Corrections to an Index

If the level of a relevant Index published on any Valuation Date, Knock-in Valuation Date, Knock-out Valuation Date, Observation Date, Averaging Date, or any other date for Index valuation or observation, as the case may be, by the relevant Index Sponsor or (if applicable) the relevant Successor Index Sponsor and which is utilised for any calculation or determination made for the purposes of the Index Linked Notes (a **"Relevant Calculation"**) is subsequently corrected and the correction (the **"Corrected Index Level"**) published by the relevant Index Sponsor or (if applicable) the relevant Successor Index Sponsor no later than two Business Days prior to the date of payment of any amount to be calculated by reference to the Relevant Calculation then such Corrected Index Level shall be deemed to be the relevant level for such Index on such Averaging Date, Observation Date, Valuation Date, Knock-in Valuation Date, Knock-out Valuation Date, or other relevant date, as the case may be, and the Calculation Agent shall use such Corrected Index Level in determining the relevant level or price.

5. Additional Disruption Events

- (a) **"Additional Disruption Event"** means any of Change in Law, Exchange-traded Contract Event, Hedging Disruption, FX Disruption and/or Increased Cost of Hedging, in each case if specified in the applicable Pricing Supplement.

"Change in Law" means that, on or after the Trade Date (as specified in the applicable Pricing Supplement) (1)(i) due to the adoption of or any change (including a future change) in any applicable law or regulation (including, without limitation, any tax law), or (ii) due to the promulgation of or any change (including a future change) in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines in its sole and absolute discretion that (A) it has become illegal to hold, acquire or dispose of any relevant security comprised in an Index or any transaction(s) or other asset(s) that the Issuer and/or any of its Affiliates or agents deems necessary or desirable to hedge the equity or other price risk of the Issuer in connection with the Index Linked Notes; and/or (B) the Issuer and/or any of its Affiliates or agents will incur a materially increased cost in performing its obligations in relation to the Index Linked Notes and/or, as applicable, in acquiring, entering into and/or maintaining any transaction(s) that the Issuer and/or any of its Affiliates or agents deems necessary or desirable to hedge the equity or other price risk of the Issuer in connection with the Index Linked Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of the Issuer and/or any of its Affiliates); and/or (2) the Issuer and/or any of its Affiliates or agents carrying out relevant hedging arrangements in respect of the Index Linked Notes is or will be required to be regulated by any additional jurisdiction or regulatory authority, or is or will be subject to any additional legal requirement or regulation considered by the Calculation Agent to be materially onerous.

"Exchange-traded Contract Event" means, in relation to an Index, (i) the official settlement price of any Exchange-traded Contract does not reflect the Index Level or Index Closing Level in a way that is necessary or desirable for the purposes of the Issuer and/or any of its Affiliates hedging the Issuer's exposure under the Index Linked Notes; (ii) the official settlement price of any relevant Exchange-traded Contract is unavailable for any reason or is amended or corrected; (iii) the terms of any Exchange-traded Contract are changed or modified in any way; and/or (iv) any Valuation Date, Averaging Date or any other date for valuation of an Index in respect of the Index Linked Notes is not a day on which an official settlement price is published in respect of any relevant Exchange-traded Contract.

"Exchange-traded Contract" means, in relation to any Index, any futures or options contract(s) relating to that Index as selected by the Calculation Agent from time to time.

"FX Disruption" means the occurrence or existence of any event or circumstance, as determined by the Calculation Agent in its sole and absolute discretion, with respect to any currency in which any

of the securities comprising an Index is traded, quoted or settled (each an **"Event Currency"**) that has the effect of preventing or delaying the Issuer and/or any of its Affiliates or agents directly or indirectly from: (i) converting the Event Currency into the Specified Currency through customary legal channels; (ii) converting the Event Currency into the Specified Currency at a rate at least as favourable as the rate for domestic institutions located in any jurisdiction which uses the Event Currency as its primary currency (an **"Event Currency Jurisdiction"**); (iii) delivering the Specified Currency from accounts inside the Event Currency Jurisdiction to accounts outside the Event Currency Jurisdiction; (iv) delivering the Event Currency between accounts inside the Event Currency Jurisdiction or to an entity that is a non-resident of the Event Currency Jurisdiction; or (v) effectively realising in the Specified Currency the value of any hedging arrangement in respect of the Index Linked Notes at any time.

"Hedging Disruption" means that the Issuer and/or any of its Affiliates or agents is unable, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity or other price risk of the Issuer issuing and performing its obligations with respect to the Index Linked Notes, or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s). Without limitation such transaction(s) or assets may include any Exchange-traded Contract(s).

"Increased Cost of Hedging" means that the Issuer and/or any of its Affiliates or agents acting on its behalf would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity or other price risk of the Issuer issuing and performing its obligations with respect to the Index Linked Notes, or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates or agents shall not be deemed an Increased Cost of Hedging.

- (b) If Additional Disruption Events are specified as applicable in the applicable Pricing Supplement, then if an Additional Disruption Event occurs, the Issuer in its sole and absolute discretion may take the action described in (i) or (ii) below:
 - (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of the terms of the Conditions and/or the applicable Pricing Supplement to account for the Additional Disruption Event and determine the effective date of that adjustment; or
 - (ii) give notice to Noteholders in accordance with Condition 13 and redeem all, but not some only, of the Index Linked Notes, each nominal amount of Index Linked Notes equal to the Calculation Amount being redeemed at the Early Redemption Amount.
- (c) Upon the occurrence of an Additional Disruption Event, the Issuer shall give notice as soon as reasonably practicable to the Noteholders in accordance with Condition 13 stating the occurrence of the Additional Disruption Event, giving details thereof and the action proposed to be taken in relation thereto provided that any failure to give, or non-receipt of, such notice will not affect the validity of the Additional Disruption Event.

6. Knock-in Event, Knock-out Event

(AA) Knock-in Event and Final Valuation Knock-in Basis

If "Knock-in Event" and "Final Valuation Knock-in Basis" are specified as applicable in the Pricing Supplement, then the payment and/or delivery obligations under the Index Linked Notes relating to the occurrence of a Knock-in Event shall be as set out in the applicable Pricing Supplement.

(BB) Knock-in Event and Continuous Observation Knock-in Basis

If "Knock-in Event" and "Continuous Observation Knock-in Basis" are specified as applicable in the Pricing Supplement, then the payment and/or delivery obligations under the Index Linked Notes relating to the occurrence of a Knock-in Event shall be as set out in the applicable Pricing Supplement; and unless otherwise specified in the applicable Pricing Supplement, subject to the following provisions:

"Knock-in Determination Date Cut-off Date" means, in respect of each Scheduled Knock-in Determination Date, the eighth Scheduled Trading Day immediately following the relevant Scheduled Knock-in Determination Date.

"Knock-in Determination Date" means each Scheduled Trading Day, provided that if any such day is a Disrupted Day then that Knock-in Determination Date for each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Knock-in Determination Date and, save as provided in the following paragraphs, that Knock-in Determination Date for each Index affected (each an **"Affected Index"**) by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Index, unless each of the Scheduled Trading Days immediately following the Scheduled Knock-in Determination Date up to and including the Knock-in Determination Date Cut-Off Date is a Disrupted Day relating to the Affected Index. In that case and save as provided in the following paragraph, (i) the Knock-in Determination Date Cut-Off Date shall be deemed to be that Knock-in Determination Date for the Affected Index (notwithstanding the fact that such day is a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant level or price using, in relation to the Affected Index, the level of that Index as of the Knock-in Valuation Time on the Knock-in Determination Date Cut-Off Date as determined by the Calculation Agent by reference to such source(s) and/or methodology(ies) as it deems appropriate in its sole discretion which may include, without limitation, applying (subject to paragraph 4 of these Index Linked Conditions) the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Knock-in Valuation Time on the Knock-in Determination Date Cut-Off Date of each security comprised in that Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on the Knock-in Determination Date Cut-Off Date, its good faith estimate of the value for the relevant security as of the Knock-in Valuation Time on the Knock-in Determination Date Cut-Off Date).

If as a result of the previous paragraph a Knock-in Determination Date for an Affected Index would fall on or after the Final Valuation Date for such Index, such date will be deemed not to be a Knock-in Determination Date for the purposes hereof and no level or price will be determined for the Affected Index in respect of the Knock-in Valuation Time on the related Scheduled Knock-in Determination Date.

If an Index Level of any Index is observed at any time on a Scheduled Knock-in Determination Date during the Knock-in Period which is a Disrupted Day, a Knock-in Event will occur if such Index Level is less than the Knock-in Level at such time for the respective Index, notwithstanding (i) that such Scheduled Knock-in Determination Date is a Disrupted Day and/or (ii) that a Market Disruption Event or other circumstance giving rise to a Disrupted Day may have occurred in respect of such time (for the purposes of determining whether a Market Disruption Event or Disrupted Day has occurred in respect of any time, references in the definition of "Market Disruption Event" and related definitions to the "Knock-in Valuation Time" are deemed to be references to "any time for determination of an Index Level for the purposes of determining whether a Knock-in Event has occurred").

"Knock-in Period" shall have the meaning specified in the applicable Pricing Supplement.

"Knock-in Valuation Time" means

(a) in respect of an Index which is not a Multi-Exchange Index, the Scheduled Closing Time on the relevant Exchange on the relevant Knock-in Determination Date, in relation to each Index to be valued. If the relevant Exchange closes prior to its Scheduled Closing Time then the Knock-in Valuation Time shall be the actual closing time for its regular trading session;

(b) in respect of a Multi-Exchange Index, (i) for the purposes of determining whether a Market Disruption Event has occurred: (x) in respect of any Component Security, the Scheduled Closing Time on the relevant Exchange and (y) in respect of any options contracts or futures contracts on the Index, the close of trading on the relevant Related Exchange, and (ii) in all other circumstances, the time at which the official closing level of the Index is calculated and published by the Index Sponsor.

"Scheduled Knock-in Determination Date" means the relevant original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Knock-in Determination Date.

For all purposes (including for the purposes of determining whether a Knock-in Event occurs on the Final Valuation Date or any Observation Date, and whether a Disrupted Day (including in relation to Disrupted Day related provisions) has occurred on the Final Valuation Date), **"Scheduled Trading Day"** means Scheduled Trading Day (All Indices Basis), provided that, references to "Scheduled Trading Day" (x) in the definitions of "Knock-in Determination Date", "Knock-in Determination Date Cut-off Date" and related provisions and (y) in the definition of "Scheduled Closing Time" and (z) in "Disrupted Day" and related provisions solely for the purposes of determining whether a Disrupted Day has occurred on any Scheduled Trading Day in the Knock-in Period mean Scheduled Trading Day (Per Index Basis).

For all purposes (including for the purposes of determining whether a Knock-in Event occurs on the Final Valuation Date or any Observation Date, and whether a Disrupted Day (including in relation to Disrupted Day related provisions) has occurred on the Final Valuation Date), **"Exchange Business Day"** means Exchange Business Day (All Indices Basis), provided that, references to "Exchange Business Day" in the definition of "Early Closure" and related provisions mean, solely for the purposes of determining whether a Disrupted Day has occurred on any Scheduled Trading Day in the Knock-in Period mean Exchange Business Day (Per Index Basis).

(CC) Knock-in Event and Closing Level Observation Knock-in Basis

If "Knock-in Event" and "Closing Level Observation Knock-in Basis" are specified as applicable in the Pricing Supplement, then the payment and/or delivery obligations under the Index Linked Notes relating to the occurrence of a Knock-in Event shall be as set out in the applicable Pricing Supplement; and unless otherwise specified in the applicable Pricing Supplement, subject to the following provisions:

"Knock-in Determination Date Cut-off Date" means, in respect of each Scheduled Knock-in Determination Date, the eighth Scheduled Trading Day immediately following the relevant Scheduled Knock-in Determination Date.

"Knock-in Determination Date" means each Scheduled Trading Day, provided that if any such day is a Disrupted Day then that Knock-in Determination Date for each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Knock-in Determination Date and, save as provided in the following paragraph, that Knock-in Determination Date for each Index affected (each an **"Affected Index"**) by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Index, unless each of the Scheduled Trading Days immediately following the Scheduled Knock-in Determination Date up to and including the Knock-in Determination Date Cut-Off Date is a Disrupted Day relating to the Affected Index. In that case and save as provided in the following paragraph, (i) the Knock-in Determination Date Cut-Off Date shall be deemed to be that Knock-in Determination Date for the Affected Index

(notwithstanding the fact that such day is a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant level or price using, in relation to the Affected Index, the level of that Index as of the Knock-in Valuation Time on the Knock-in Determination Date Cut-Off Date as determined by the Calculation Agent by reference to such source(s) and/or methodology(ies) as it deems appropriate in its sole discretion which may include, without limitation, applying (subject to paragraph 4 of the Index Linked Conditions) the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Knock-in Valuation Time on the Knock-in Determination Date Cut-Off Date of each security comprised in that Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on the Knock-in Determination Date Cut-Off Date, its good faith estimate of the value for the relevant security as of the Index Valuation Time on the Knock-in Determination Date Cut-Off Date).

If as a result of the previous paragraph a Knock-in Determination Date for an Affected Index would fall on or after the Final Valuation Date for such Index, such date will be deemed not to be a Knock-in Determination Date for the purposes hereof and no level or price will be determined for the Affected Index in respect of the related Scheduled Knock-in Determination Date.

"Knock-in Period" shall have the meaning specified in the applicable Pricing Supplement.

"Knock-in Valuation Time" means

(a) in respect of an Index which is not a Multi-Exchange Index, the Scheduled Closing Time on the relevant Exchange on the relevant Knock-in Determination Date, in relation to each Index to be valued. If the relevant Exchange closes prior to its Scheduled Closing Time then the Knock-in Valuation Time shall be the actual closing time for its regular trading session;

(b) in respect of a Multi-Exchange Index, (i) for the purposes of determining whether a Market Disruption Event has occurred: (x) in respect of any Component Security, the Scheduled Closing Time on the relevant Exchange and (y) in respect of any options contracts or futures contracts on the Index, the close of trading on the relevant Related Exchange, and (ii) in all other circumstances, the time at which the official closing level of the Index is calculated and published by the Index Sponsor.

"Scheduled Knock-in Determination Date" means the relevant original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Knock-in Determination Date.]

For all purposes (including for the purposes of determining whether a Knock-in Event occurs on the Final Valuation Date or any Observation Date, and whether a Disrupted Day (including in relation to Disrupted Day related provisions) has occurred on the Final Valuation Date), **"Scheduled Trading Day"** means Scheduled Trading Day (All Indices Basis), provided that, references to "Scheduled Trading Day" (x) in the definitions of "Knock-in Determination Date", "Knock-in Determination Date Cut-off Date" and related provisions and (y) in "Disrupted Day" and related provisions solely for the purposes of determining whether a Disrupted Day has occurred on any Scheduled Trading Day in the Knock-in Period mean Scheduled Trading Day (Per Index Basis).

For all purposes (including for the purposes of determining whether a Knock-in Event occurs on the Final Valuation Date or any Observation Date, and whether a Disrupted Day (including in relation to Disrupted Day related provisions) has occurred on the Final Valuation Date), **"Exchange Business Day"** means Exchange Business Day (All Indices Basis), provided that, references to "Exchange Business Day" in the definition of "Early Closure" and related provisions mean, solely for the purposes of determining whether a Disrupted Day has occurred on any Scheduled Trading Day in the Knock-in Period mean Exchange Business Day (Per Index Basis).

(B) Knock-out Event

If "Knock-out Event" is specified as applicable in the Pricing Supplement, then the payment and/or delivery obligations under the Index Linked Notes relating to the occurrence of a Knock-out Event shall be as set out in the applicable Pricing Supplement.

Unless otherwise specified in the applicable Pricing Supplement:

Knock-out Disrupted Day Adjustments" means:

- (a) if the Knock-out Valuation Time is a single time on each relevant day and Knock-out Determination Date is a Disrupted Day then, if "Knock-out Determination Date consequences of a Disrupted Day" is specified in the applicable Pricing Supplement as:
 - (i) **"Omission"**, then such date will be deemed not to be a Knock-out Determination Date for the purposes of determining whether a Knock-out Event has occurred; provided that if the Knock-out Period Ending Date is a Disrupted Day and no Knock-out Event has occurred in the Knock-out Determination Period, the Knock-out Period Ending Date shall be treated as a Valuation Date and the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant level or price on the Knock-out Period Ending Date, as applicable, as if such Knock-out Period Ending Date, as applicable, were a Valuation Date that was a Disrupted Day and the Calculation Agent shall determine the relevant level or price of the relevant Index or Indices in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Pricing Supplement, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Knock-out Event shall occur; or
 - (ii) **"Postponement"**, then the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant level or price on that Knock-out Determination Date as if such Knock-out Determination Date, as the case may be, were a Valuation Date that was a Disrupted Day and the Calculation Agent shall determine the relevant level or price of the relevant Index(ices) in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Pricing Supplement, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for purposes of determining whether a Knock-out Event shall occur; or
- (b) if the Knock-out Valuation Time specified in the applicable Pricing Supplement is other than a single time on each relevant day and if on any Knock-out Determination Date as of any Knock-out Valuation Time a Knock-out Event has or would have occurred but the conditions for a Disrupted Day have been satisfied at such time then, if "Knock-out intraday valuation consequences of disruption" is specified in the applicable Pricing Supplement as:
 - (i) **"Omission"**, then such Knock-out Valuation Time, as the case may be, shall be ignored for purposes of determining whether a Knock-out Event has occurred, provided that if no Knock-out Event has occurred in the Knock-out Determination Period and the conditions for a Disrupted Day are satisfied as of the last occurring Knock-out Valuation Time on the Knock-out Period Ending Date, as applicable, then such day shall be treated as a Valuation Date and the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant level or price on the Knock-out Period Ending Date, as applicable, as if such Knock-out Period Ending Date, as applicable, were a Valuation Date that was a Disrupted Day and the Calculation Agent shall determine the relevant level or price

of the relevant Index or Indices in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Pricing Supplement, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Knock-out Event shall occur; or

- (ii) **"Materiality"**, then (i) where the Calculation Agent determines that the relevant event or occurrence giving rise to such Disrupted Day is not material for the purposes of determining the Index Level as of such time, the Knock-out Event, as applicable, may occur notwithstanding such event or occurrence, or (ii) where the Calculation Agent determines that the relevant event or occurrence giving rise to such Disrupted Day is material for the purposes of determining the Index Level as of such time, then the Knock-out Event shall be deemed not to have occurred at such time provided that if no Knock-out Event has occurred in the Knock-out Determination Period and the conditions for a Disrupted Day are satisfied as of the last occurring Knock-out Valuation Time on the Knock-out Period Ending Date, as applicable, then such day shall be treated as a Valuation Date and the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant level or price on the Knock-out Period Ending Date, as applicable, as if such Knock-out Period Ending Date, as applicable, were a Valuation Date that was a Disrupted Day and the Calculation Agent shall determine the relevant level or price of the relevant Index or Indices in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Pricing Supplement, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Knock-out Event shall occur.

With respect to each of (a) and (b) above, if a Knock-out Determination Date or Knock-out Period Ending Date is deemed to fall after the scheduled Knock-out Determination Date or Knock-out Period Ending Date and any date specified in the applicable Pricing Supplement for payment or delivery of any amount calculated by reference to a value determined in respect of such Knock-out Determination Date or Knock-out Period Ending Date would thereby fall before the second Business Day immediately following such delayed Knock-out Determination Date or Knock-out Period Ending Date, such relevant date for payment or delivery will be delayed until the second Business Day immediately following such delayed Knock-out Determination Date or Knock-out Period Ending Date.

"Knock-out Determination Date" means the date(s) specified as such in the applicable Pricing Supplement, or, if any such date is not a Scheduled Trading Day, the first succeeding Scheduled Trading Day thereafter or, if not so specified, each Scheduled Trading Day during the Knock-out Determination Period, subject, in each case, as provided in Knock-out Disrupted Day Adjustments above.

"Knock-out Determination Period" means the period which commences on, and includes, the Knock-out Period Beginning Date and ends on, and includes, the Knock-out Period Ending Date.

"Knock-out Event" is as specified in the applicable Pricing Supplement.

"Knock-out Level" means, in respect of an Index, the level or value of the Index specified as such or otherwise determined as provided in the applicable Pricing Supplement.

"Knock-out Period Beginning Date" means the date specified as such in the applicable Pricing Supplement or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

"Knock-out Period Ending Date" means the date specified as such in the applicable Pricing Supplement or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

"Knock-out Valuation Time" means the time or period of time on any Knock-out Determination Date specified as such in the applicable Pricing Supplement or, if no such time is so specified, the Knock-out Valuation Time, for which purposes references in the definition of Valuation Time to "Valuation Date", shall be deemed to be to "Knock-out Determination Date".

7. Trigger Event

If "Trigger Event" is specified as applicable in the Pricing Supplement, then the payment and/or delivery provisions under the Index Linked Notes relating to the occurrence of a Trigger Event shall be as set out in the applicable Pricing Supplement.

Unless otherwise specified in the applicable Pricing Supplement:

"Trigger Event" means a Trigger Event (Closing Observation), a Trigger Event (Intraday Observation) or such other event as specified in the applicable Pricing Supplement.

"Trigger Event (Closing Observation)" means, unless otherwise specified in the applicable Pricing Supplement, a determination by the Calculation Agent that, on any Trigger Event Observation Date, the Index Closing Level of any Index as calculated and announced by the Index Sponsor at the Trigger Event Valuation Time is less than or equal to the relevant Trigger Level for such Index, as determined by the Calculation Agent.

"Trigger Event Date" means a date on which a Trigger Event has occurred as determined by the Calculation Agent.

"Trigger Event Disrupted Day Adjustments" means:

- (a) if Trigger Event (Closing Observation) is specified as applicable in the applicable Pricing Supplement and any Trigger Event Observation Date is a Disrupted Day then, if "Trigger Event Observation Date consequences of a Disrupted Day" is specified in the applicable Pricing Supplement as:
 - (i) **"Omission"**, then such date will be deemed not to be a Trigger Event Observation Date for the purposes of determining whether a Trigger Event has occurred; provided that if the final Trigger Event Observation Date in any Trigger Event Observation Period is a Disrupted Day and no Trigger Event has occurred in that Trigger Event Observation Period, such final Trigger Event Observation Date in such Trigger Event Observation Period shall be treated as a Valuation Date and the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant level or price on such day as if such day were a Valuation Date that was a Disrupted Day and the Calculation Agent shall determine the relevant level or price of the relevant Index or Indices in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Pricing Supplement, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Trigger Event shall occur; or
 - (ii) **"Postponement"**, then the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant level or price on that Trigger Event Observation Date as if such Trigger Event Observation Date were a Valuation Date that was a Disrupted Day and the Calculation Agent shall determine the

relevant level or price of the relevant Index(ices) in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Pricing Supplement, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for purposes of determining whether a Trigger Event shall occur; or

(b) if "Trigger Event (Intraday Observation)" is specified as applicable in the applicable Pricing Supplement and if on any Trigger Event Observation Date as of any Trigger Event Valuation Time a Trigger Event has or would have occurred but the conditions for a Disrupted Day have been satisfied at such time then, if "Trigger Event intraday valuation consequences of disruption" is specified in the applicable Pricing Supplement as:

(i) **"Omission"**, then such Trigger Event Valuation Time shall be ignored for purposes of determining whether a Trigger Event has occurred, provided that if no Trigger Event has occurred in the Trigger Event Observation Period and the conditions for a Disrupted Day are satisfied as of the last occurring Trigger Event Valuation Time on the final Trigger Event Observation Date in such Trigger Event Observation Period, then such day shall be treated as a Valuation Date and the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant level or price on such day as if such day were a Valuation Date that was a Disrupted Day and the Calculation Agent shall determine the relevant level or price of the relevant Index or Indices in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Pricing Supplement, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Trigger Event shall occur; or

(ii) **"Materiality"**, then (i) where the Calculation Agent determines that the relevant event or occurrence giving rise to such Disrupted Day is not material for the purposes of determining the Index Level as of such time, the Trigger Event may occur notwithstanding such event or occurrence, or (ii) where the Calculation Agent determines that the relevant event or occurrence giving rise to such Disrupted Day is material for the purposes of determining the Index Level as of such time, then the Trigger Event shall be deemed not to have occurred at such time provided that if no Trigger Event has occurred in the Trigger Event Observation Period and the conditions for a Disrupted Day are satisfied as of the last occurring Trigger Event Valuation Time on the final Trigger Event Observation Date in such Trigger Event Observation Period, then such day shall be treated as a Valuation Date and the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant level or price on such day as if such day were a Valuation Date that was a Disrupted Day and the Calculation Agent shall determine the relevant level or price of the relevant Index or Indices in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Pricing Supplement, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Trigger Event shall occur.

With respect to each of (a) and (b) above, if a Trigger Event Observation Date is deemed to fall after the scheduled Trigger Event Observation Date and any date specified in the applicable Pricing Supplement for payment or delivery of any amount calculated by reference to a value determined in respect of such Trigger Event Observation Date would thereby fall before the second Business Day immediately following such delayed Trigger Event Observation Date, such relevant date for payment or delivery will be delayed until the second Business Day immediately following such delayed Trigger Event Observation Date.

"Trigger Event (Intraday Observation)" means, unless otherwise specified in the applicable Pricing Supplement, a determination by the Calculation Agent that, on any Trigger Event Observation Date, the Index Level of any Index is less than or equal to the relevant Trigger Level for such Index, as determined by the Calculation Agent.

"Trigger Event Observation Date" means each Scheduled Trading Day during the Trigger Event Observation Period, subject as provided in Trigger Event Disrupted Day Adjustments above.

"Trigger Event Observation Period" means the period specified as such in the applicable Pricing Supplement.

"Trigger Event Strike Level" means, in relation to an Index, the level specified as such in the applicable Pricing Supplement.

"Trigger Event Valuation Time" means the time or period of time on any Trigger Event Observation Date specified as such in the applicable Pricing Supplement or, if no such time is so specified, the Valuation Time for which purposes, references in the definition of Valuation Time to "Valuation Date", shall be deemed to be to "Trigger Event Observation Date".

"Trigger Level" means, in relation to an Index, an amount equal to the product of (i) the relevant Trigger Percentage and (ii) the Trigger Event Strike Level specified for such Index in the applicable Pricing Supplement.

"Trigger Percentage" means, in relation to an Index and, if so specified in the applicable Pricing Supplement, a Trigger Event Observation Date, the percentage specified as such in the applicable Pricing Supplement.

8. Index Disclaimer

The Index Linked Notes are not sponsored, endorsed, sold or promoted by any Index or any Index Sponsor and no Index Sponsor makes any representation whatsoever, whether express or implied, either as to the results to be obtained from the use of the Index and/or the levels at which the Index stands at any particular time on any particular date or otherwise. No Index or Index Sponsor shall be liable (whether in negligence or otherwise) to any person for any error in the Index and the Index Sponsor is under no obligation to advise any person of any error therein. No Index Sponsor is making any representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with the Index Linked Notes. Neither the Issuer nor any of its Affiliates or agents acting on its behalf shall have any liability to the Noteholders for any act or failure to act by the Index Sponsor in connection with the calculation, adjustment or maintenance of the Index. Except as disclosed prior to the Issue Date specified in the applicable Pricing Supplement, neither the Issuer nor its Affiliates has any affiliation with or control over the Index or Index Sponsor or any control over the computation, composition or dissemination of the Index. Although the Calculation Agent will obtain information concerning the Indices from publicly available sources it believes reliable, it will not independently verify this information. Accordingly, no representation, warranty or undertaking (express or implied) is made and no responsibility is accepted by the Issuer, its Affiliates or the Calculation Agent as to the accuracy, completeness and timeliness of information concerning the Index.

9. Calculations and Determinations

The Calculation Agent will make the calculations and determinations as described in these Index Linked Conditions in such a manner as the Calculation Agent determines is appropriate acting in good faith and in a

commercially reasonable manner (having regard in each case to the criteria stipulated in the Index Linked Conditions and the hedging arrangements in respect of the Index Linked Notes).

Notwithstanding that certain calculations, determinations and adjustments in these Index Linked Conditions may be expressed to be on a certain date, the Calculation Agent may make such calculations, determinations and adjustments in respect of that date on a date after that date determined by it in its discretion.

Pursuant to these Index Linked Conditions the Calculation Agent has a number of discretions. These are necessary since in certain circumstances it is not reasonably practicable or otherwise not appropriate for certain valuations to be carried out in relation to relevant reference assets and in these circumstances the Calculation Agent also may exercise certain discretions.

Any discretion exercised by, or any calculation made by, the Calculation Agent (in the absence of manifest error) shall be binding on the Issuer and all holders of the Index Linked Notes.

10. Tax

The interest payable by the Issuer under the Notes will be payable for the use of the issue price of the Notes and as compensation in recognition of the risk that the Issuer may not be required to repay all or any of the issue price, or (if this is the case) that the consideration itself may have been nil or lower than the return on a security that does not provide exposure to an underlying asset.

PART 2

RISK FACTORS

Investing in index linked Notes involves certain risks. Factors which are material for the purpose of assessing the market risks associated with index linked Notes are described below. Prospective investors should read these risk factors together with the Risk Factors in the Base Listing Particulars. The Issuer makes no representation that the statements set out below regarding the potential risks of the index linked Notes are exhaustive.

Undefined capitalized terms used in these risk factors shall have the meanings given to them in the Base Listing Particulars and the applicable Pricing Supplement (including the Index Linked Conditions).

General risks relating to Index Linked Notes

The Issuer may issue several issues of Index Linked Notes relating to a particular index or indices. However, no assurance can be given that the Issuer will issue any such Index Linked Notes other than the Index Linked Notes to which the applicable Pricing Supplement relate. At any given time, the number of Index Linked Notes outstanding may be substantial. Index Linked Notes provide opportunities for investment and pose risks to investors as a result of fluctuations in the level or value of the relevant index or indices.

The Issuer may issue Index Linked Notes where the early or other redemption amount or interest payable is dependent upon the level of an index or indices. The index or indices may comprise of reference equities, bonds, other securities, property, currency exchange rate or other assets or bases of reference, and may be a well known and widely published index or indices or an index or indices established by the Issuer or another entity which may not be widely published or available. An investment in Index Linked Notes will entail significant risks not associated with a conventional fixed rate or floating rate debt security.

Index Linked Notes may be redeemable by the Issuer by payment of the par value amount and/or by payment of an amount determined by reference to the value of the index or indices. Interest (if any) payable on Index Linked Notes may be calculated by reference to the value of one or more indices.

Index Linked Notes involve a high degree of risk, which may include, among others, interest rate, foreign exchange, time value and political risks. Purchasers should be prepared to sustain a total loss of the purchase price of the Index Linked Notes. Prospective purchasers of the Index Linked Notes should understand the risks of transactions involving the relevant Index Linked Notes and should reach an investment decision only after careful consideration, with their advisers, of the suitability of such Index Linked Notes in light of their particular financial circumstances, the information set forth herein and the information regarding the Index Linked Notes and the particular index or indices to which the value of, or payments in respect of, the Index Linked Notes may relate, as specified in the applicable Pricing Supplement.

Index Linked Notes will represent an investment linked to the economic performance of the relevant index or indices and prospective investors should note that the return (if any) on their investment in such Index Linked Notes will depend upon the performance of such index or indices. Potential investors should also note that whilst the market value of such Index Linked Notes is linked to such index or indices and will be influenced (positively or negatively) by such index or indices, any change may not be comparable and may be disproportionate. It is impossible to predict how the level of the relevant index or indices will vary over time. In contrast to a direct investment in the relevant index or indices, the Index Linked Notes represent the right to receive payment of the early or other redemption amount, as the case may be, as well as payments of interest (if specified in the applicable Pricing Supplement in respect of the Index Linked Notes), all or some of which and the value of which will be determined by reference to the performance of the relevant index or indices.

As the amounts payable in respect of Index Linked Notes are linked to the performance of the relevant index or indices, a purchaser of such Index Linked Notes must generally be correct about the direction, timing and magnitude of an anticipated change in the value of the relevant index or indices. Assuming all other factors are held constant, the lower the value of Index Linked Notes and the shorter the remaining term to redemption or cancellation, as applicable, the greater the risk that purchasers of such Index Linked Notes will lose all or part of their investment.

PROSPECTIVE INVESTORS MUST REVIEW THE APPLICABLE PRICING SUPPLEMENT TO ASCERTAIN WHAT THE RELEVANT INDEX OR INDICES (IF ANY) ARE AND TO SEE HOW THE EARLY OR OTHER REDEMPTION AMOUNT, AS THE CASE MAY BE, AND ANY INTEREST PAYMENTS ARE DETERMINED AND WHEN SUCH AMOUNTS ARE PAYABLE, BEFORE MAKING ANY DECISION TO PURCHASE ANY INDEX LINKED NOTES.

Fluctuations in the value and/or volatility of the relevant index or indices will affect the value of the Index Linked Notes and such fluctuations may not correlate with changes in interest rates, currencies or other indices. Other factors which may influence the market value of the Index Linked Notes include interest rates, potential dividend or interest payments (as applicable) in respect of the relevant index or indices, changes in the method of calculating the relevant index or indices from time to time and market expectations regarding the future performance of the relevant index or indices, its composition and such Index Linked Notes. The timing of changes in the relevant index or indices may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the level of an index or result of a formula, the greater the effect on yield.

Potential investors in Index Linked Notes should be aware that depending on the terms of the Index Linked Notes (i) they may receive no or a limited amount of interest, (ii) payments may occur at a different time than expected and (iii) except in the case of Index Linked Notes which are principal protected at maturity, they may lose all or a substantial portion of their investment if the value of the index or indices do not move in the anticipated direction.

If the early or other redemption amount or interest payable, are determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the level of the index or the indices on the early or other redemption amount or interest payable, will be magnified.

Index Linked Notes may, if so specified in the applicable Pricing Supplement, be structured to include any of the following features:

- "Knock-in", being the occurrence of a specified knock-in event when the level of the relevant index or indices reaches or breaches a pre-defined barrier on a specified date(s) or during an observation period, which results in a certain payout on maturity and/or an interim payment;
- "Knock-out", being the occurrence of a specified knock-in event when the level of the relevant index or indices reaches or breaches a pre-defined barrier on a specified date(s) or during an observation period, which results in the deactivation of a certain payout on maturity and/or an interim payment; and
- "Trigger Event", being the occurrence of any index being equal to or less than the specified level for such index during the relevant observation period or on specified date(s).

In such circumstances, the market value of the Index Linked Notes may be more volatile than for securities that do not include such features and the timing of changes to the level of the index or indices may affect the return on the Index Linked Notes even if the level is generally consistent with an investor's expectations.

Other than circumstances where the Knock-in Event may only be triggered by reference to the Index Closing Level of the index or indices, if on any Scheduled Trading Day during a Knock-in Period a market disruption event or other circumstance giving rise to a disrupted day occurs but, notwithstanding such disruption, an

Index Level is available at on such day, a Knock-in Event will be triggered if such Index Level is less than the Knock-in Level for the relevant Index. A market disruption event or circumstance giving rise to a disrupted day may cause significant swings in the level of an Index and any Index Level observed at such time may differ significantly from the Index Level which would have prevailed if that disruption had not occurred. This may make it more likely a Knock-in Event will occur.

If "Mandatory Early Redemption Provisions" are specified as applicable in the applicable Pricing Supplement, on the occurrence of a specified event (such as an index or indices exceeding or falling below a specified level on an observation date or during an observation period), such Index Linked Notes will be redeemed or cancelled prior to their designated Maturity Date at the specified Mandatory Early Redemption Amount and no further amounts will be payable in relation to such Index Linked Notes.

In such circumstances, investors are subject to reinvestment risk as they may not be able to replace their investment in such Index Linked Notes with an investment that has a similar profile as the Index Linked Notes. In addition, investors will only receive the specified Mandatory Early Redemption Amount and will not benefit from any movement in the level of the relevant index or indices that would have resulted in a higher return on the Index Linked Notes if they had not been redeemed or cancelled prior to their designated Maturity Date.

If the Calculation Agent determines that an event giving rise to a Disrupted Day has occurred at any relevant time, such determination may have an effect on the timing of valuation and consequently the value of the Index Linked Notes and/or may delay settlement in respect of the Index Linked Notes. Prospective purchasers should review the relevant Index Linked Conditions of the Index Linked Notes and the applicable Pricing Supplement to ascertain whether and how such provisions apply to the Index Linked Notes.

The market price of Index Linked Notes may be volatile and may depend on the time remaining to the redemption date and the volatility of the level of the index or indices. The level of the index or indices may be affected by the economic, financial and political events in one or more jurisdictions, including the stock exchange(s) or quotation system(s) on which any securities comprising the index or indices may be traded.

Market Disruption Event and Disrupted Day

If an issue of Index Linked Notes includes provisions dealing with the occurrence of a market disruption event or a failure to open of an exchange or related exchange on a Valuation Date or an Averaging Date and the Calculation Agent determines that a market disruption event or such failure has occurred or exists on a Valuation Date or an Averaging Date, any consequential postponement of the Valuation Date or Averaging Date or any alternative provisions for valuation provided in any Index Linked Notes may have an adverse effect on the value of such Index Linked Notes and may delay payments or deliveries under the Notes.

No claim against any Index

An Index Linked Note will not represent a claim against any asset comprised in any index or indices and, in the event of any loss, a Holder will not have recourse under an Index Linked Note to any asset comprised in any index or indices.

Calculation Agent's discretion

The Calculation Agent (which may be UBS AG, London Branch) has a broad discretionary authority to make various determinations and adjustments under the Index Linked Notes, any of which may have an adverse effect on the value and/or the amounts payable under the Index Linked Notes. Prospective investors should be aware that any determinations made by the Calculation Agent may have an impact on the value and financial return of the Index Linked Notes. Where the Calculation Agent is required to make a determination it may do so without taking into account the interests of the Noteholders.