

## Nordea Bank Finland Plc 20/2005 Private Placement First-to-Default Credit-Linked Notes

### Loan-specific terms to Nordea Bank Finland Plc's medium term note programme.

These loan-specific terms together with the general terms of Nordea Bank Finland Plc's medium term note programme, dated 10.3.2005, are the terms of this loan. The general terms will apply unless otherwise stated in these loan-specific terms.

Issuer	Nordea Bank Finland Plc
Nominal Amount of the Loan.	Max. Euro 25,000,000
Form of Loan	The notes will be in paper form, but physical bearer notes will not be printed.
Priority status of the Loan	The Issuer's obligations under this Loan rank at least pari passu with all the Issuer's other unsecured obligations.
Denomination of Notes:	Euro 10,000
Minimum Subscription Amount:	Euro 10,000
Loan Number:	20/2005
Issue Date:	20.6.2005
Maturity Date:	20.6.2007 (the " <b>Scheduled Maturity Date</b> ") or, if applicable the Cash Settlement Date as defined in the Appendix hereto, subject in each case to adjustment in accordance with the Modified Following Business Day Convention.
Redemption Amount:	Redemption at par on the Maturity Date, <b>save that a Credit Event occurs; in such case the Credit Event Redemption Amount will be paid, as set out in the Appendix hereto.</b> The Redemption Amount will be paid to a custody account in Nordea Bank Finland Plc (later "Nordea"), which the noteholder has informed to the Issuer.  <p>"<b>Credit Event Redemption Amount</b>" means in respect of each Note in the specified Denomination of EUR 10,000 an amount which is the higher of:</p> <p>the amount in EUR as determined by the Calculation Agent in accordance with the following formula:</p> <ul style="list-style-type: none"> <li>(i) (EUR 10,000 x Final Price); and</li> <li>(ii) zero.</li> </ul>
Subscription Place:	Nordea Bank Finland Plc, Institutional Sales Aleksis Kiven katu 9, 00020 Nordea, Helsinki. The subscription will be made by telephone.
Payment for subscription:	The payment will be made on the Issue Date.
Interest:	Floating Rate: 3 Month Euribor plus 2.66 per cent. per annum. Relevant Screen Page: Telerate Page 248, <b>save that a Credit Event occurs; in such case interest on the Notes will cease to accrue from and including the</b>

**Credit Event Determination Date, as set out in the Appendix hereto.**

Interest Periods	First Interest Period: 20.6.2005 - 20.9.2005 and every 3 months thereafter until the Scheduled Maturity Date or a Credit Event Determination Date, whichever is earlier. Interest is paid for short periods.
Interest Payment Date(s)	The last day of each Interest Period provided however that in case of a Credit Event, any accrued interest will be paid on the Cash Settlement Date
Day Count Fraction:	"Actual/360"
Interest Determination Date:	Second Target Settlement Day before the first day of the relevant Interest Period
Banking Day Convention	Modified Following
Issuer's right to Early Redemption:	No, save that a Credit Event occurs, redemption will occur in accordance with the Appendix
Noteholder's right to demand Early Redemption:	No.
Payment procedure in relation to Interest and Redemption Amount:	Interest Payments and on the Maturity Date (or Cash Settlement Date, if applicable) the Redemption Amount or Credit Event Redemption Amount will be paid to such a custody account in Nordea, which the noteholder has informed to the Issuer. The Issuer has no obligation to obtain or find out the noteholder's account number.

**Information regarding the issuance of this Loan**

Decisions and authorization, subject to which this Loan is issued:	By virtue of authorization granted by Nordea Bank Finland Plc's board.
Type of issue:	A so called separate loan
Subscription rights:	The subscription rights have not been limited.
Subscription period:	8.6.2005 until 16:00 (Helsinki time)
Delivery of the notes:	A subscriber or any transferee or assignee will receive a certificate of subscription (merkintätodistus) (hereinafter "certificate") on demand and it will be held in Nordea's Custody Operations (2599 Support Operations). The noteholder/subscriber is obliged to notify the Issuer, Nordea Markets, Institutional Sales (fax: (09) 165 59511), if the subscriber/noteholder disposes of or transfers the certificates or the notes to another party.
Issue Price	100 % of the Nominal Amount

Subscription undertakings:	No
Security:	No
Listing:	No
Withholding tax:	28 %
Estimate of the nominal amount accrued to the Issuer and intended use:	Max. Euro 25,000,000, of which ca. 0,2 % is expenses related to the Issue. The Loan is part of the Issuer's funding activities.

*Noticeable information in relation to the development of the Issuer's business activities after the latest financial year or interim report:*

To the knowledge of Nordea Bank Finland Plc's board, there is no other information that has substantial effect on the value or the Loan to be issued relating to the bank's profit or financial situation, that has not been clarified in this prospectus.

Helsinki 17.6.2005  
Nordea Bank Finland Plc

**APPENDIX**  
**TO THE LOAN SPECIFIC-TERMS RELATING TO THE**  
**NORDEA BANK FINLAND PLC 20/2005**  
**PRIVATE PLACEMENT FIRST-TO-DEFAULT CREDIT-LINKED NOTES**

**ADDITIONAL CONDITIONS RELATING TO THE CREDIT EVENTS**

Words and expressions used herein and not otherwise defined shall have the meanings ascribed to them in the 2003 ISDA Credit Derivatives Definitions of the International Swaps and Derivatives Association, Inc, (the “**2003 ISDA Credit Derivatives Definitions**”) as supplemented by the May 2003 Supplement to the 2003 ISDA Derivatives Definitions.

**1 Credit Related Definitions**

1.1 “**Affiliate**” means in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, “control” of any entity or person means ownership of a majority of the voting power of the entity or person.

1.2 “**Business Day**” means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and on any day on which TARGET (the Trans-European Automated Real-time Gross settlement Express Transfer system is open).

1.3 “**Calculation Agent**” means Nordea Bank Danmark A/S;

1.4 “**Cash Settlement Date**” means a date which is the later of (i) 5 Business Days after the determination of the Final Price or (ii) the Scheduled Maturity Date.

1.5 “**Credit Event**” means the occurrence of any one or more of Bankruptcy, Failure to Pay or Restructuring where:

1.5.1 “**Bankruptcy**” means a Reference Entity (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (b) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due; (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (d) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (ii) is not dismissed, discharged, stayed or restrained in each case within thirty calendar days of the institution or presentation thereof; (e) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (g) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within thirty calendar days thereafter; or (h) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (a) to (g) (inclusive);

1.5.2 "**Failure to Pay**" means, after the expiration of any applicable Grace Period (after the satisfaction of any conditions precedent to the commencement of such Grace Period), the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations, in accordance with the terms of such Obligations at the time of such failure; and

1.5.3 "**Restructuring**" means

1.5.3.1 that, with respect to one or more Obligations which are Multiple Holder Obligations and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs in a form that binds all holders of such Obligation, is agreed between a Reference Entity or a Governmental Authority and a sufficient number of holders of such Obligation to bind all holders of the Obligation or is announced (or otherwise decreed) by a Reference Entity or a Governmental Authority in a form that binds all holders of such Obligation, and such event is not expressly provided for under the terms of such Obligation in effect as of the later of the Trade Date and the date as of which such Obligation is issued or incurred:

- a. a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals;
- b. a reduction in the amount of principal or premium payable at maturity or at scheduled redemption dates;
- c. a postponement or other deferral of a date or dates for either (A) the payment or accrual of interest or (B) the payment of principal or premium;
- d. a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation; or
- e. any change in the currency or composition of any payment of interest or principal to any currency which is not a Permitted Currency.

1.5.3.2 Notwithstanding the provisions of this paragraph 1.5.3.1, none of the following shall constitute a Restructuring:

- a. the payment in euros of interest or principal in relation to an Obligation denominated in a currency of a Member State of the European Union that adopts or has adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union;
- b. the occurrence of, agreement to or announcement of any of the events described in paragraph 1.5.3.1 a. to e. due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and
- c. the occurrence of, agreement to or announcement of any of the events described in paragraph 1.5.3.1 a. to e. in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of a Reference Entity.

1.5.3.3 For purposes of paragraph 1.5.3.1 the term Obligation shall be deemed to include Underlying Obligations for which a Reference Entity is acting as provider of any Qualifying Guarantee. In the case of a Qualifying Guarantee and an Underlying Obligation, references to a Reference Entity in this paragraph 1.5.3 1.5(C) shall be deemed to refer to the Underlying Obligor and the reference to a Reference Entity in paragraph 1.5.3.2 shall continue to refer to the Reference Entity.

1.6 “**Credit Event Notice**” means an irrevocable notice which describes a Credit Event.

1.7 “**Credit Event Redemption Amount**” means in respect of each Note in the specified Denomination of EUR 10,000 an amount which is the higher of:

1.7.1 the amount in EUR as determined by the Calculation Agent in accordance with the following formula:

(EUR 10,000 x Final Price); and

1.7.2 zero.

1.8 “**Default Requirement**” means USD 10,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of a relevant Credit Event.

1.9 “**Deliver**” means to deliver, novate, transfer (including, in the case of a Qualifying Guarantee, transfer of the benefit of the Qualifying Guarantee), assign or sell, as appropriate, in the manner customary for the settlement of the applicable Underlying Obligations (which shall include executing all necessary documentation and taking any other necessary actions), in order to convey all right, title and interest in the Underlying Obligations free and clear of any and all liens, charges, claims or encumbrances (including, without limitation, any counterclaim, defense (other than a counterclaim or defense based upon (a) any lack or alleged lack of authority or capacity of a Reference Entity to enter into any Obligation or, as applicable, an Underlying Obligor to enter into any Underlying Obligation, (b) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation or, as applicable, any Underlying Obligation, however described, (c) any applicable law, order, regulation, decree or notice however described or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described, or (d) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described) or right of set off by or of a Reference Entity or, as applicable, an Underlying Obligor); provided that to the extent that the Underlying Obligations consist of Direct Loan Participations, “Deliver” means to create (or procure the creation) of a participation in favour of the Calculation Agent and to the extent that the Underlying Obligations consist of Qualifying guarantees, “Deliver” means to Deliver both the Qualifying Guarantee and the Underlying Obligation. “Delivery” and “Delivered” will be construed accordingly. In the case of a Loan, Delivery shall be effected using documentation substantially in the form of the documentation customarily used in the relevant market for Delivery of that Loan at that time.

1.10 “**Direct Loan Participation**” means a Loan in respect of which pursuant to a participation agreement, the Underlying Obligor is capable of creating or procuring the creation of a contractual right in favour of a party (the “Party”) that provides the Party with recourse to the participation seller for a specified share in any payments due under the relevant Loan which are received by such participation seller, any such agreement to be entered into between the Party and the Calculation Agent (to the extent that the Calculation Agent is then a lender or a member of the relevant lending syndicate).

1.11 “**Final Price**” means the price of the Reference Obligation(s), expressed as a percentage, determined in accordance with the Valuation Method set out in paragraph 3.

1.12 “**Grace Period**” means:

1.12.1 subject to sub-paragraph 1.12.2 below, the applicable grace period with respect to payments under the relevant Obligation under the terms of such Obligation in effect as of the later of the Trade Date and the date as of which such Obligation is issued or incurred; and

1.12.2 if, at the later of the Trade Date and the date as of which an Obligation is issued or incurred, no grace period with respect to payments or a grace period with respect to payments of less than three Grace Period Business Days is applicable under the terms of such Obligation, a Grace Period of three Grace Period Business Days shall be deemed to apply to such Obligation; provided that such deemed Grace Period shall expire no later than the Scheduled Maturity Date.

1.13 “**Grace Period Business Day**” means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the place or places and on the days specified for that purpose in the relevant Obligation and if a place or places are not so specified, in the jurisdiction of the Obligation Currency.

1.14 “**Governmental Authority**” means any de facto or de jure government (or any agency, instrumentality, ministry or department thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of a Reference Entity or of the jurisdiction of organisation of a Reference Entity;

1.15 “**Multiple Holder Obligation**” means an Obligation that (i) at the time of the event which constitutes a Restructuring Credit Event is held by more than three holders that are not Affiliates of each other and (ii) with respect to which a percentage of holders (determined pursuant to the terms of the Obligation as in effect on the date of such event) at least equal to sixty-six-and two-thirds is required to consent to the event which constitutes a Restructuring Credit Event.

1.16 “**Notice of Publicly Available Information**” means an irrevocable notice confirming the occurrence of the Credit Event described in the Credit Event Notice. The notice given must contain a copy, or a description in reasonable detail, of the relevant Publicly Available Information. A Notice of Publicly Available Information shall be subject to the requirements regarding notices set forth in paragraph 4. If a Credit Event Notice contains Publicly Available Information, such Credit Event Notice will also be deemed to be a Notice of Publicly Available Information.

1.17 “**Obligation**” means any obligation of a Reference Entity which falls within the definition of Borrowed Money and includes, but is not limited to, any Reference Obligation.

1.18 “**Obligation Currency**” means the currency in which an Obligation is denominated.

1.19 “**Payment Requirement**” means USD 1,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of a Failure to Pay.

1.20 “**Permitted Currency**” means (1) the legal tender of any Group of 7 country (or any country that becomes a member of the Group of 7 if such Group of 7 expands its membership) or (2) the legal tender of any country which, as of the date of such change, is a member of the Organisation for Economic Co-operation and Development and has a local currency long-term debt rating of either AAA or higher assigned to it by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. or any successor to the rating business thereof, Aaa or higher assigned to it by Moody's Investors Service, Inc. or any successor to the rating business thereof or AAA or higher assigned to it by Fitch Ratings or any successor to the rating business thereof.

1.21 “**Publicly Available Information**” means information that reasonably confirms any of the facts relevant to the determination that the Credit Event described in a Credit Event Notice has occurred and which (i) has been published in or on not less than two Public Sources, regardless of whether the reader or

user thereof pays a fee to obtain such information; provided that, if the Issuer or the Calculation Agent or any of their respective Affiliates is cited as the sole source of such information, then such information shall not be deemed to be Publicly Available Information unless such party or its Affiliate is acting in its capacity as trustee, fiscal agent, administrative agent, clearing agent or paying agent for an Obligation, (ii) is information received from or published by (A) a Reference Entity or (B) a trustee, fiscal agent, administrative agent, clearing agent or paying agent for an Obligation, (iii) is information contained in any petition or filing instituting a proceeding in relation to a Credit Event falling within paragraph 1.5.1 against or by a Reference Entity or (iv) is information contained in any order, decree, notice or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body.

In the event that the Calculation Agent is (i) the sole source of information in its capacity as trustee, fiscal agent, administrative agent, clearing agent or paying agent for an Obligation and (ii) a holder of the Obligation with respect to which a Credit Event has occurred, the Calculation Agent shall be required to deliver to the Issuer a certificate signed by a Managing Director (or other substantively equivalent title) of the Calculation Agent, which shall certify the occurrence of a Credit Event with respect to a Reference Entity

In relation to any information of the type described in paragraph 1.21(ii), (iii) and (iv), the party receiving such information may assume that such information has been disclosed to it without violating any law, agreement or understanding regarding the confidentiality of such information and that the party delivering such information has not taken any action or entered into any agreement or understanding with a Reference Entity or any Affiliate of a Reference Entity that would be breached by, or would prevent, the disclosure of such information to third parties.

Publicly Available Information need not state that such occurrence (A) has met the Payment Requirement or Default Requirement, (B) is the result of exceeding any applicable Grace Period, or (C) has met the subjective criteria specified in certain Credit Events.

1.22 "**Public Source**" means each of Bloomberg Service, Dow Jones Telerate Service, Reuter Monitor Money Rates Services, Dow Jones News Wire, Wall Street Journal, New York Times, Nihon Keizai Shinbun, Asahi Shinbun, Yomiuri Shinbun, Financial Times, La Tribune, Les Echos and The Australian Financial Review (and successor publications), the main source(s) of business news in the country in which a Reference Entity is organised and any other internationally recognised published or electronically displayed news sources).

1.23 "**Reference Entity**" means each of the following companies:

- 1 METSO OYJ
- 2 SAMPO OYJ
- 3 FORTUM OYJ
- 4 ELISA OYJ
- 5 TELIASONERA AB
- 6 STORA ENSO OYJ
- 7 NOKIA OYJ
- 8 UPM-KYMMENE OYJ
- 9 M-REAL OYJ
- 10 TELEFONAKTIEBOLAGET L M ERICSSON
- 11 TDC A/S
- 12 NORSKE SKOGINDUSTRIER ASA
- 13 SECURITAS AB
- 14 ELSAM A/S
- 15 VATTENFALL AKTIEBOLAG

*and* any Successor (such entities are herein together referred to as the "Reference Entities").

1.24 “**Reference Obligation**” means any Obligation of a Reference Entity (either directly or as provider of any Qualifying Guarantee) as selected by the Calculation Agent described by the Obligation Category specified below where:

1.24.1 “**Obligation Category**” means Borrowed Money.

“**Borrowed Money**” means any obligation (excluding an obligation under a revolving credit arrangement for which there are no outstanding, unpaid drawings in respect of principal) for the payment or repayment of borrowed money (which term shall include, without limitation, deposits and reimbursement obligations arising from the drawings pursuant to letters of credit);

1.24.1.1 “**Qualifying Guarantee**” means an arrangement evidenced by a written instrument pursuant to which a Reference Entity irrevocably agrees (by guarantee of payment or equivalent legal arrangement) to pay all amounts due under an obligation (the “Underlying Obligation”) for which another party is the obligor (the “Underlying Obligor”).

1.25 “**Trade Date**” means 20 June 2005.

## **2 Interest and Redemption Following a Credit Event**

2.1 The Calculation Agent, may, in its sole and absolute discretion, at any time on or prior to the Scheduled Maturity Date, determine (the date of such determination being the “**Credit Event Determination Date**”), that a Credit Event has occurred, in which event:

2.1.1 from and including the Credit Event Determination Date interest on the Notes will cease to accrue; and

2.1.2 on a date not more than 5 Business Days after the Credit Event Determination Date (the “**Notice Date**”), the Calculation Agent will deliver a Credit Event Notice and a Notice of Publicly Available Information to the Issuer of the occurrence of a Credit Event in relation to one or more Obligations.

2.2 Following the occurrence of a Credit Event, the Notes shall be redeemed on the Cash Settlement Date at the Credit Event Redemption Amount, together with interest accrued as from (and including) the immediately preceding Interest Payment Date up to (but excluding) the Credit Event Determination Date. The Notes shall be cancelled on the Cash Settlement Date and the payment of the Credit Event Redemption Amount will satisfy all obligations of the Issuer to the Noteholders in respect of repayment of the principal amount of the Notes, and no further amounts will be due from the Issuer to the Noteholders in respect of principal.

2.3 If an occurrence would otherwise constitute a Credit Event, such occurrence will constitute a Credit Event whether or not such occurrence arises directly or indirectly from, or is subject to a defence based upon, (a) any lack or alleged lack of authority or capacity of Reference Entity to enter into any obligation, (b) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation however described, (c) any applicable law, order, regulation, decree or notice, however described, or promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice however described, or (d) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described.

## **3 Valuation Method**

3.1 The Valuation Method is Average Highest, unless there is more than one Reference Obligation, in which case the Valuation Method is Average Blended Highest.

3.1.1 For the purposes of this Paragraph 3 (*Valuation Method*), the Reference Obligation means any Obligation of a Reference Entity (either directly or as provider of any Qualifying Guarantee) as se-

lected by the Calculation Agent in the Obligation Category of Borrowed Money, that is Not Subordinated (i.e. a Senior Obligation), except for a Reference Obligation of SAMPO OYJ, which may be Subordinated (i.e. Subordinated Obligation).

3.1.2 “**Average Highest**” means the unweighted arithmetic mean of the highest Quotations obtained by the Calculation Agent in accordance with paragraph 3.2 with respect to each Valuation Date;

3.1.3 “**Average Blended Highest**” means, using values with respect to each Valuation Date determined by the Calculation Agent in accordance with the Blended Highest Valuation Method, the unweighted arithmetic mean of the values so determined with respect to each Valuation Date;

3.1.4 “**Blended Highest**” means the unweighted arithmetic mean of the highest Quotations obtained by the Calculation Agent for each Reference Obligation with respect to the Valuation Date;

3.1.5 “**Bid**” means only bid quotations shall be requested from Dealers;

3.1.6 “**Dealer**” means a dealer selected by the Calculation Agent (other than the Calculation Agent and the Issuer or any Affiliate of the Calculation Agent or Issuer) in obligations of the type of Obligation(s) for which Quotations are to be obtained.

3.1.7 “**Full Quotation**” means in accordance with the Quotation Method, each firm quotation obtained from a Dealer at the Valuation Time, to the extent reasonably practicable, for an amount of the Reference Obligation with an outstanding principal balance equal to the Quotation Amount;

3.1.8 “**Minimum Quotation Amount**” means the lower of (a) USD 1,000,000 (or its equivalent in the relevant Obligation Currency) and (b) the Quotation Amount;

3.1.9 “**Not Subordinated**” means an obligation that is not Subordinated to any unsubordinated Borrowed Money obligation of a Reference Entity. For purposes of determining whether an obligation satisfies the “Not Subordinated” Obligation Characteristic the ranking in priority of payment of the Reference Obligation shall be determined as of the later of (i) the Trade Date and (ii) the date on which such Reference Obligation was issued or incurred and shall not reflect any change to such ranking in priority of payment after such later date;

3.1.10 “**Quotation**” means each Full Quotation and the Weighted Average Quotation obtained and expressed as a percentage with respect to a Valuation Date and such Quotations shall not include accrued but unpaid interest;

3.1.11 “**Quotation Amount**” means Representative Amount;

3.1.12 “**Quotation Method**” means Bid;

3.1.13 “**Representative Amount**” means an amount that is representative for a single transaction in the relevant market and at the relevant time, such amount to be determined by the Calculation Agent in consultation with the parties.

3.1.14 “**Subordination**” means, with respect to an obligation (the “Subordinated Obligation”) and another obligation of a Reference Entity to which such obligation is being compared (the “Senior Obligation”), a contractual, trust or similar arrangement providing that (i) upon the liquidation, dissolution, reorganisation or winding up of a Reference Entity, claims of the holders of the Senior Obligation will be satisfied prior to the claims of the holders of the Subordinated Obligation or (ii) the holders of the Subordinated Obligation will not be entitled to receive or retain payments in respect of their claims against a Reference Entity at any time that a Reference Entity is in payment arrears or is otherwise in default under the Senior Obligation. “Subordinated” will be construed accordingly. For purposes of determining whether Subordination exists or whether an obligation is Subordinated with respect to another obligation to which it is being compared, the existence of preferred creditors arising by operation of law or of collateral, credit support or other credit enhancement arrangements shall not be taken into account;

3.1.15 “**Valuation Date**” means each of (i) the date that falls 60 Business Days after the Notice Date (the “First Valuation Date”) and (ii) the date that falls 10 Business Days after the First Valuation Date (the “Second Valuation Date”);

3.1.16 “**Valuation Time**” means 11:00 a.m. in the principal trading market for the Reference Obligation;

3.1.17 “**Weighted Average Quotation**” means, in accordance with the Quotation Method, the weighted average of firm quotations obtained from Dealers at the Valuation Time, to the extent reasonably practicable, each for an amount of the Reference Obligation with an outstanding principal balance of as large a size as available but less than the Quotation Amount (but of a size equal to the Minimum Quotation Amount or, if quotations of a size equal to the Minimum Quotation Amount are not available, quotations as near in size as practicable to the Minimum Quotation Amount) that in the aggregate are approximately equal to the Quotation Amount;

3.2 The Calculation Agent shall attempt to obtain Full Quotations with respect to each Valuation Date from five or more Dealers. If the Calculation Agent is unable to obtain two or more such Full Quotations on the same Business Day within three Business Days of a Valuation Date, then on the next following Business Day (and, if necessary, on each Business Day thereafter until the tenth Business Day following the relevant Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from five or more Dealers and, if two or more Full Quotations are not available, a Weighted Average Quotation.

3.3 If the Calculation Agent is unable to obtain two or more Full Quotations or a Weighted Average Quotation on the same Business Day on or prior to the tenth Business Day following the applicable Valuation Date, the Quotations shall be deemed to be any Full Quotation obtained from a Dealer at the Valuation Time on such tenth Business Day or, if no Full Quotation is obtained, the weighted average of any firm quotations for the Reference Obligation obtained from Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations were not obtained on such day. Such Quotations shall not include accrued but unpaid interest. All Quotations shall be obtained in accordance with this specification or determination.

3.4 If any Quotation obtained with respect to an Accreting Obligation is expressed as a percentage of the amount payable in respect of such obligation at maturity, such Quotation will instead be expressed as a percentage of the Accreted Amount thereof for purposes of determining the Final Price.

“**Accreted Amount**” means, with respect to an Accreting Obligation, an amount equal to (A) the sum of (i) the original issue price of such obligation and (ii) the portion of the amount payable at maturity that has accreted in accordance with the terms of the obligation (or as otherwise described below), less (B) any cash payments made by the obligor thereunder that, under the terms of such obligation, reduce the amount payable at maturity (unless such cash payments have been accounted for in paragraph 3.4(A)(ii) above), in each case calculated as of the earlier of (x) the date on which any event occurs that has the effect of fixing the amount of a claim in respect of principal and (y) the applicable Valuation Date. If an Accreting Obligation is expressed to accrete pursuant to a straight-line method or if such Obligation's yield to maturity is not specified in, nor implied from, the terms of such Obligation, then, for purposes of this paragraph 3, the Accreted Amount shall be calculated using a rate equal to the yield to maturity of such Obligation. Such yield shall be determined on a semi-annual bond equivalent basis using the original issue price of such obligation and the amount payable at the scheduled maturity of such obligation, and shall be determined as of the earlier of (x) the date on which any event occurs that has the effect of fixing the amount of a claim in respect of principal and (y) the applicable Valuation Date. The Accreted Amount shall exclude, in the case of an Exchangeable Obligation, any amount that may be payable under the terms of such obligation in respect of the value of the Equity Securities for which such obligation is exchangeable.

#### **4 Requirements Regarding Notices in relation to Credit Events**

4.1 A notice delivered on or prior to 4:00 p.m. (Calculation Agent City time) on a Calculation Agent City Business Day will be effective on such Calculation Agent City Business Day. A notice delivered after 4:00 p.m. (Calculation Agent City time) on a Calculation Agent City Business Day will be deemed effective on the next following Calculation Agent City Business Day, regardless of the form in which it is delivered. For purposes of the two preceding sentences, a notice given by telephone will be deemed to have been delivered at the time the telephone conversation takes place. If the notice is delivered by telephone, a written confirmation will be executed and delivered confirming the substance of that notice within one Business Day of that notice. Failure to provide that written confirmation will not affect the effectiveness of that telephonic notice where:

**"Calculation Agent City"** means the city in which the office through which the Calculation Agent is acting for purposes of the Credit Derivative Transaction is located; and

**"Calculation Agent City Business Day"** means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the Calculation Agent City.

#### **5 Provisions for determining a Successor**

5.1 **"Successor"** means in relation to a Reference Entity, the entity or entities, if any, determined as set forth below:

5.1.1 if one entity directly or indirectly succeeds to seventy-five per cent or more of the Relevant Obligations of the Reference Entity by way of a Succession Event, that entity will be the sole Successor;

5.1.2 if only one entity directly or indirectly succeeds to more than twenty-five per cent (but less than seventy-five per cent) of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than twenty-five per cent of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entity that succeeds to more than twenty-five per cent of the Relevant Obligations will be the sole Successor;

5.1.3 if more than one entity each directly or indirectly succeeds to more than twenty-five per cent of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than twenty-five per cent of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entities that succeed to more than twenty-five per cent of the Relevant Obligations will each be a Successor;

5.1.4 if one or more entities each directly or indirectly succeeds to more than twenty-five per cent of the Relevant Obligations of the Reference Entity by way of a Succession Event, and more than twenty-five per cent of the Relevant Obligations of the Reference Entity remain with the Reference Entity, each such entity and the Reference Entity will each be a Successor;

5.1.5 if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than twenty-five per cent of the Relevant Obligations of the Reference Entity and the Reference Entity continues to exist, there will be no Successor and the Reference Entity will not be changed in any way as a result of the Succession Event; and

5.1.6 if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than twenty-five per cent of the Relevant Obligations of the Reference Entity and the Reference Entity ceases to exist, the entity which succeeds to the greatest percentage of Relevant Obligations (or, if two or more entities succeed to an equal percentage of Relevant Obligations, the entity from among those entities which succeeds to the greatest percentage of obligations of the Reference Entity) will be the sole Successor.

The Calculation Agent will be responsible for determining, as soon as reasonably practicable after it becomes aware of the relevant Succession Event (but no earlier than fourteen calendar days after the legally effective date of the Succession Event), and with effect from the legally effective date of the Succession Event, whether the relevant thresholds set forth above have been met, or which entity qualifies under paragraph 5.1.4, as applicable. In calculating the percentages used to determine whether the relevant thresholds set forth above have been met, or which entity qualifies under paragraph 5.1.4, as applicable, the Calculation Agent shall use, in respect of each applicable Relevant Obligation included in such calculation, the amount of the liability in respect of such Relevant Obligation listed in the Best Available Information and shall notify the parties of such calculation.

5.2 “**Succession Event**” means an event such as a merger, consolidation, amalgamation, transfer of assets or liabilities, demerger, spin-off or other similar event in which one entity succeeds to the obligations of another entity, whether by operation of law or pursuant to any agreement. Notwithstanding the foregoing, “Succession Event” shall not include an event in which the holders of obligations of a Reference Entity exchange such obligations for the obligations of another entity, unless such exchange occurs in connection with a merger, consolidation, amalgamation, transfer of assets or liabilities, demerger, spin-off or other similar event.

5.3 For purposes of this paragraph 5 “succeed” means, with respect to a Reference Entity and its Relevant Obligations (or, as applicable, obligations), that a party other than such Reference Entity (i) assumes or becomes liable for such Relevant Obligations (or, as applicable, obligations) whether by operation of law or pursuant to any agreement or (ii) issues Bonds that are exchanged for Relevant Obligations (or, as applicable, obligations), and in either case such Reference Entity is no longer an obligor (primarily or secondarily) or guarantor with respect to such Relevant Obligations (or, as applicable, obligations). The determinations required pursuant to this paragraph 5 shall be made, in the case of an exchange offer, on the basis of the outstanding principal balance of Relevant Obligations tendered and accepted in the exchange and not on the basis of the outstanding principal balance of Bonds for which Relevant Obligations have been exchanged.

5.4 Where, pursuant to paragraph 5.1.3 or 5.1.4, more than one Successor has been identified, a substitute Reference Obligation will be determined by the Calculation Agent in accordance with market practice applicable in the Credit Derivatives market.

5.5 “**Relevant Obligations**” means the Obligations constituting Bonds and Loans of a Reference Entity outstanding immediately prior to the effective date of the Succession Event, excluding any debt obligations outstanding between a Reference Entity and any of its Affiliates, as determined by the Calculation Agent. The Calculation Agent will determine the entity which succeeds to such Relevant Obligations on the basis of the Best Available Information. If the date on which the Best Available Information becomes available or is filed precedes the legally effective date of the relevant Succession Event, any assumptions as to the allocation of obligations between or among entities contained in the Best Available Information will be deemed to have been fulfilled as of the legally effective date of the Succession Event, whether or not this is in fact the case.

5.6 “**Best Available Information**” means

5.6.1 in the case of a Reference Entity which files information with its primary securities regulator or primary stock exchange that includes unconsolidated, pro forma financial information which assumes that the relevant Succession Event has occurred or which provides such information to its sharehol-

ders, creditors or other persons whose approval of the Succession Event is required, that unconsolidated, pro forma financial information and, if provided subsequently to the provision of unconsolidated, pro forma financial information but before the Calculation Agent makes its determination for the purposes of this paragraph 5, other relevant information that is contained in any written communication provided by a Reference Entity to its primary securities regulator, primary stock exchange, shareholders, creditors or other persons whose approval of the Succession Event is required; or

5.6.2 in the case of a Reference Entity which does not file with its primary securities regulators or primary stock exchange, and which does not provide to shareholders, creditors or other persons whose approval of the Succession Event is required, the information contemplated in (i) above, the best publicly available information at the disposal of the Calculation Agent to allow it to make a determination for the purposes of this paragraph 5.

Information which is made available more than fourteen calendar days after the legally effective date of the Succession Event shall not constitute Best Available Information.